



**Sino Great Wall Co., Ltd.**

**2018 Annual Report**

**April 2019**

## I. Important Notice, Table of Contents and Definitions

The Board of Directors and the directors, Supervisory Committee and supervisors and Senior Executives of the Company hereby warrant that at the year, there are no misstatement, misleading representation or important omissions in this report and shall assume joint and several liability for the authenticity, accuracy and completeness of the contents hereof.

Mr. Chen Lue, The Company leader, Ms. Yang Chunling, Chief Financial Officer and the person in charge of the accounting department (the person in charge of the accounting) hereby confirm the authenticity and completeness of the financial report enclosed in this annual report.

Directors apart from the below mentioned have attended the Meeting for annual report deliberation:

| Absent Director Name | Absent Director Title | Absent Reason     | Attorney Name |
|----------------------|-----------------------|-------------------|---------------|
| Jiang Chongguang     | Independent Director  | Work Arrangements | Yu Haichun    |

Due to the inability to obtain sufficient and appropriate audit evidence as the basis for expressing audit opinions on the financial statements, Reanda Public Certified Accountants (LLP) issued an audit report that could reservation opinions on the company. The board of directors and the board of supervisors of the Company have made detailed explanations on relevant matters, to which investors shall pay attention.

Any plans for the future and other forward-looking statements mentioned

**in this Report shall Not be considered as absolute promises of the Company to investors. Therefore, investors are kindly reminded to pay attention to possible investment risks.**

**Possible risks faced by the Company and countermeasures have been explained in “Operating Performance Discussion and Analysis” herein, which investors are kindly reminded to pay attention to.**

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

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## Definition

| Terms to be defined                   | Refers to | Definition  |
|---------------------------------------|-----------|---|
| <i>Company Law</i>                    | Refers to | <i>Company Law of the People's Republic of China</i>                    |
| Securities Law                        | Refers to | <i>Securities Law of the People's Republic of China</i>                 |
| “CSRC”                                | Refers to | China Securities Regulatory Commission                                  |
| Company, The Company, Sino Great Wall | Refers to | Sino Great Wall Co., Ltd.   |
| Sino International                    | Refers to | Sino Great Wall International Engineering Co., Ltd.                     |
| Reanda                                | Refers to | Reanda Certified Public Accountants LLP                                 |
| SSE                                   | Refers to | Shenzhen Stock Exchange   |
| Shenzhen Regulatory Authority         | Refers to | Shenzhen Regulatory Authority of China Securities Regulatory Commission |
| Reporting period                      | Refers to | January 1, 2018 to December 31, 2018                                    |
| Wuhan Commercial Worker Hospital      | Refers to | Wuhan Commercial Worker Hospital Co., Ltd.                              |
| Union Holdings                        | Refers to | Union Holdings Co., Ltd.  |
| Rich Crown Investment                 | Refers to | Rich Crown Investment Co., Ltd.   |
| Baden-Baden Hospital                  | Refers to | Acura Kliniken Baden-Baden GmbH   |

## II. Basic Information of the Company and Financial index

### I. Company Information

|                                       |   |             |                |
|---------------------------------------|---|-------------|----------------|
| Stock abbreviation:                   | Sino Great Wall; Sino-B   | Stock code: | 000018; 200018 |
| Change of stock Abbreviation (If any) | Nil   |             |                |
| Stock exchange for listing            | Shenzhen Stock Exchange   |             |                |
| Name in Chinese                       | 神州长城股份有限公司  |             |                |
| Chinese Abbreviation                  | 神州长城  |             |                |
| English name (If any)                 | Sino Great Wall Co., Ltd.   |             |                |
| English Abbreviation (If any)         | Sino Great Wall; Sino-B   |             |                |
| Legal Representative                  | Chen Lue  |             |                |
| Registered address                    | 26 Kuipeng Road, Kuiyong Town, Longgang District, Shenzhen                                  |             |                |
| Postal code of the Registered Address | 518119  |             |                |
| Office Address                        | Sino Great Wall Building, No.3 Jinxiu Street,Economic Technology Development Zone , Beijing |             |                |
| Postal code of the office address     | 100176  |             |                |
| Internet Web Site                     | www.sgwde.com   |             |                |
| E-mail                                | 000018sz@sina.com   |             |                |

### II. Contact person and contact manner

|                 | Board secretary   | Securities affairs Representative   |
|-----------------|---|---|
| Name            | Yang Chunling   | Sun Yu  |
| Contact address | Sino Great Wall Building, No.3 Jinxiu Street,Economic Technology Development Zone , Beijing | Sino Great Wall Building, No.3 Jinxiu Street,Economic Technology Development Zone , Beijing |
| Tel             | 010-89045855  | 010-89045855  |
| Fax             | 010-89045856  | 010-89045856  |
| E-mail          | 1208806865@qq.com   | 000018sz@sina.com   |

### III. Information disclosure and placed

|  |   |
|--|---|
| Newspapers selected by the Company for information | Securities Times and Hongkong Commercial Daily. |
|--|---|

|   |  |
|---|--|
| disclosure  |  |
| Internet website designated by CSRC for publishing the Annual report of the Company | http://www.cninfo.com.cn   |
| The place where the Annual report is prepared and placed                            | Securities Department, Sino Great Wall Building, No.3 Jinxiu Street, Economic Technology Development Zone, Beijing |

#### IV. Changes in Registration

|   |                    |
|---|--------------------|
| Organization Code   | 91440300618801483A |
| Changes in principal business activities since listing (if any) | Nil                |
| Changes is the controlling shareholder in the past (is any)     | Nil                |

#### V. Other Relevant Information

CPAs engaged

|  |   |
|--|---|
| Name of the CPAs   | Reanda Certified Public Accountants LLP   |
| Office address:  | 11/F, Building E, Sino-Ocean International, No.210, Ciyuansi Beili, Chaoyang District, Beijing, PRC |
| Names of the Certified Public Accountants as the signatories | Wang Xinyu, Zhou Zhonghua   |

The sponsor performing persist ant supervision duties engaged by the Company in the reporting period.

Applicable  Not applicable

| Sponsor Name                       | Office address   | Representatives       | Period of supervision and guide         |
|------------------------------------|--|-----------------------|---|
| Huatai United Securities Co., Ltd. | 6/F, A Unit, Fengming International Building, No.22, Fengsheng Hutong, Xicheng District, Beijing | Wu Wenmin, Fang Yuhui | September 27, 2015 to December 31, 2018 |

The Financial advisor performing persist ant supervision duties engaged by the Company in the reporting period

Applicable  Not applicable

| Advisor Name                       | Office address   | Representatives       | Period of supervision and guide         |
|------------------------------------|--|-----------------------|---|
| Huatai United Securities Co., Ltd. | 6/F, A Unit, Fengming International Building, No.22, Fengsheng Hutong, Xicheng District, Beijing | Wu Wenmin, Fang Yuhui | September 27, 2015 to December 31, 2018 |

#### VI. Summary of Accounting data and Financial index

May the Company make retroactive adjustment or restatement of the accounting data of the previous years

□ Yes √ No

|   | 2018              | 2017              | Changed over last year<br>(%) | 2016              |
|---|-------------------|-------------------|-------------------------------|-------------------|
| Operating revenue   | 2,426,987,687.02  | 6,497,124,980.52  | -62.65%                       | 4,664,999,117.17  |
| Net profit attributable to the shareholders of the listed company (Yuan)  | -1,704,739,736.40 | 380,090,990.82    | -548.51%                      | 473,661,862.67    |
| Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan) | -1,411,440,495.34 | 377,087,197.69    | -474.30%                      | 470,274,602.37    |
| Net cash flow generated by business operation, net (Yuan)   | 827,879,055.45    | -1,781,868,618.65 | -146.46%                      | -1,687,875,813.94 |
| Basic earning per share (Yuan/Share)  | -1.004            | 0.220             | -560.45%                      | 0.28              |
| Diluted gains per share (Yuan/Share)  | -1.004            | 0.220             | -560.45%                      | 0.28              |
| Net asset earning ratio (%)   | -142.85%          | 19.35%            | -162.20%                      | 31.18%            |
|   | End of 2018       | End of<br>2017    | Changed over last year<br>(%) | End of 2016       |
| Gross assets  | 9,603,455,934.89  | 11,667,845,186.30 | -17.69%                       | 7,986,178,961.63  |
| Net assets attributable to shareholders of the listed company (Yuan)  | 235,202,473.51    | 2,151,482,467.52  | -89.07%                       | 1,777,948,117.49  |

## VII. The differences between domestic and international accounting standards

### 1. Simultaneously pursuant to both Chinese accounting standards and international accounting standards disclosed in the financial reports of differences in net income and net assets

□ Applicable √ Not applicable

Non-existence

### 2. Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards.

□ Applicable √ Not applicable

Non-existence

**VIII. Main Financial Index by Quarters**

Unit: Yuan

|  | First quarter  | Second quarter | Third quarter   | Fourth quarter    |
|--|----------------|----------------|-----------------|-------------------|
| Operating income   | 923,442,740.92 | 663,528,834.32 | 672,083,613.81  | 167,932,497.97    |
| Net profit attributable to the shareholders of the listed company  | 218,523,628.75 | -74,524,173.03 | -118,516,821.76 | -1,730,222,370.36 |
| Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company | 56,977,615.63  | -65,023,592.77 | -144,157,168.17 | 1,284,719,983.995 |
| Net Cash flow generated by business operation  | 809,676,459.22 | 288,487,906.41 | 189,148,952.32  | 459,434,262.506   |

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

Yes  No

**IX. Items and amount of non-current gains and losses**

Applicable  Not applicable

Unit: Yuan

| Items  | Amount (2018)  | Amount (2017) | Amount (2016) | Notes |
|--|----------------|---------------|---------------|-------|
| Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)  | -1,181,511.77  | -150,250.00   | -564,833.40   |       |
| Government subsidy recognized in current gain and loss (excluding those closely related to the Company's business and granted under the state's policies)  | 105,536,702.00 | 2,211,128.89  | 108,121.33    |       |
| Profit due to the situation where investment costs for the company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair Value of identifiable net assets of investees when making investments |                |               | 1,783,284.99  |       |
| Profit/loss on fair value changes of transactional financial assets and liabilities & investment profit on disposal of transactional financial assets and liabilities as well as financial assets available for                  |                |               | 443,065.98    |       |

|   |                 |              |              |    |
|---|-----------------|--------------|--------------|----|
| sale, except for effectively hedging business related to normal business operations for the Company |                 |              |              |    |
| Other non-operating income and expenditure except for the aforementioned items                      | -397,654,450.87 | 1,444,308.74 | 5,296,814.65 |    |
| Less: Amount of influence of income tax   |                 | 501,394.50   | 3,668,000.60 |    |
| Influenced amount of minor shareholders' equity (after tax)   | -19.58          |              | 11,192.65    |    |
| Total   | -293,299,241.06 | 3,003,793.13 | 3,387,260.30 | -- |

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

Applicable  Not applicable

None of Non-recurring gain /loss items recognized as recurring gain /loss/items as defined by the information disclosure explanatory Announcement No.1- Non-recurring gain/loss in the report period.



## III. Business Profile

### I .Main Business the Company is Engaged in During the Report Period

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

Yes

Civil Engineering Construction

The company shall comply with disclosure requirements in Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 7-the Listed Company Engagement in Civil Engineering Construction Business

(I) Company main business scope and business model

Within the report period, the core business of Sino Great Wall is the engineering construction and medical treatment and health industry investment and management. The engineering construction mainly includes the international EPC and domestic PPP business. The medical treatment and health industry investment and management mainly comprises the hospitals and medical treatment operation management through engagement in the industry through several ways including acquisition of existing hospitals, construction of new hospitals as well as building and investing the hospital PPP project, etc. At present, the company business covers the house building, roads and bridges, power and chemical industry as well as medical treatment and health, etc. among many countries and regions in Southeast Asia, the Middle East, South Asia and Africa, etc.

The company mainly engages in the foreign engineering construction through EPC, namely contracting the whole process or several phases among the construction project design, purchase, construction and trail operation, etc. through integrating the high-quality resources at home and abroad. For the domestic engineering construction, the company mainly adopts PPP mode, namely the project operation mode through cooperation of the governmental and social capital. Under such mode, the government will select the social capital with the investment and operation management capacity through the competitive ways and both parties shall enter into the contract subject to the equality-based consultation principle, under which, the social capital shall provide public services and the government shall pay the consideration against the social capital based on the public service achievement assessment result.

The Company business includes the project development, financing, design, procurement and construction, etc. and it will also participate in investment in and provision of operation services for high-quality projects with good development prospect.

(II) Engineering construction industry macro-situation, competition pattern and position in industry

Foreign engineering: with the comprehensive advance of the “One Belt and One Road” initiative, the Company’s contracted engineering projects industry for other countries is in the good growth momentum wholly with continuous expansion of the industry scale. During the reporting period, the company was awarded with the 138th medal in the “2018 ENR Top 250 International Contractors” (ranked 39th among Chinese enterprises and 1st among Chinese private enterprises). According to statistics from the Ministry of Commerce and the State Administration of Foreign Exchange, China's industry-wide foreign direct investment in 2018 was USD 129.83 billion, with a year-on-year increase of 4.2%. Turnover from overseas contracted projects reached USD 169.04 billion, with a year-on-year increase of 0.3%. The turnover of overseas contracted projects in 63 countries and regions along the “the Belt and Road” was USD 89.33 billion, accounting for 52% of the total for the same period. The Chinese government has continued to push forward the construction of “the Belt and Road” and has strengthened strategic docking with countries and regions along the line. It has embraced a broader cooperation space in infrastructure construction, metallurgical engineering, equipment manufacturing and other fields, and created more market opportunities for the company’s overseas business expansion.

(III) Company’s qualification

At present, the Company possesses the construction certificates such as Constructional Engineering Construction General Constructing-Grade I, Highway Engineering General Constructing-Grade I; Municipal utility construction General

Constructing-Grade I; Urban and road lighting engineering Constructing-Grade I; Environmental engineering Constructing-Grade I; Design and construction of architectural decoration Constructing-Grade I, Electromechanical Equipment Installation Project Specialized Contracting-Grade I, Construction Curtain Wall Project Specialized Contracting- Grade I, Fire Control Facilities Project Specialized Contracting-Grade I, Possessing 10 first-class qualifications of professional contracting for engineering of waterproof, anti-corrosion and insulation; meanwhile, possesses two class-a special-grade design qualifications of building curtain wall engineering design and architectural decoration engineering design; in addition, possesses 5 second-class qualifications, including the second-class general contracting qualification of construction of water conservancy and hydropower projects, the second-class of general contracting of metallurgy engineering construction, the second-class qualification of professional contracting of steel structure engineering, the second-class qualification of professional contracting of electronic and intelligent engineering and the second-class general contracting qualification of mechanical and electrical engineering construction, and possesses the third-class general contracting qualification of railway construction, the specialized contracting qualification for special projects and so forth qualifications. The scope covers architecture, highways, railways, municipal utilities, water conservancy and hydropower, petrochemical, electric power and other specialties. For the overseas market, the Company has always been developing the market, accumulating the talent and technology and improving the adaptive capacity of oversea standards and the local project management ability continuously for many years. For the domestic business, accumulates experience in aspects of the project bidding, financing ways and operation management and forms its unique operation ways.

#### (IV) Financing Situation

During the reporting period, the company's financing structure was reasonable and it better supported the company's business development. The financing during the reporting period is as follows:

Unit: Yuan

| No | Financing Channel | December 31,<br>2018 | Financing cost range | Structure |
|----|-------------------|----------------------|----------------------|-----------|
| 1  | Bank loans        | 1,664,568,470.43     | 5.2%-8.1%            | 1年以内      |
|    |                   | 160,440,152.95       | 3.5%-5.2%            | 1-2年      |
|    |                   | -                    | -                    | 2-3年      |
|    | Subtotal          | 1,825,008,623.38     |                      |           |
| 2  | Trust financing   | 666,666,608.68       | 6.09%-9.9%           | 1年以内      |
|    |                   | 876,250,000          | 6.65%-9.9%           | 1-2年      |
|    |                   | 300,000,000          | 6.56%                | 2-3年      |
|    | Subtotal          | 1,842,916,608.68     |                      |           |
| 3  | Bond financing    | 100,000,000          | 6.2%                 | 1-2年      |
|    |                   | 145,000,000          | 6.2%                 | 2-3年      |
|    | Subtotal          | 345,000,000          |                      |           |
| 4  | Notes             | 211,334,653.11       | 0-10%                | 1年以内      |
|    | Total             | 4,224,259,885.17     |                      |           |

#### (V) Quality Control System

Quality is the life of engineering construction companies. Quality is the best display and promotion of the image of construction companies. The company has always attached great importance to project quality management, has a dedicated QC (Quality Control) department, and is fully responsible for the management of the company's construction projects, forming a set of

effective and mature quality control processes and systems. Quality control measures have been continuously optimized to cover all aspects and operate efficiently; quality management is scientific and standardized. During the reporting period, the company did not have major project quality problems.

#### (VI) Safety Production Operation

The company has firmly established the guiding principle of “safety first, prevention first”, attaches great importance to safety production, carefully organizes safety education and training, adheres to the safety red line, strictly implements the safety production responsibility system, and conducts in-depth safety inspections and hidden trouble investigations, enhances safety precautions, and creates a safe, harmonious, standardized construction environment, and constantly improves the level of precision management of safety production. During the reporting period, the company did not have major safety issues, all work was carried out in an orderly manner, and the construction was safe and stable.

## II. Major Changes in Main Assets

### 1. Major Changes in Main Assets

| Main                    | Major changes  |
|-------------------------|--|
| Equity assets           | The slight change  |
| Fixed assets            | Mainly due to the scrapping of vehicles and the sale of houses   |
| Intangible assets       | Mainly due to the transfer of Sino Great Wall Intelligent Real Estate (Zhanjiang) Co., Ltd. to reduce intangible assets                                |
| Construction in process | Mainly that the Sino Zhigu Industry (Yueyang) Co., Ltd. and Chengwu County Shenguang Project Management Co., Ltd. merge the project under construction |

### 2. Main Conditions of Overseas Assets

Applicable  Not applicable

## III. Analysis On core Competitiveness

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

Yes

Civil Engineering Construction

Sino Great Wall is a leading construction & engineering contractor in China with business covers various types construction & engineering contracting. With leading projects such as PM, EPC, BT, BO and PPP, etc., The implementation of the National Strategy of “One Belt, One Road” will provide a good opportunity for the company's overseas business development. The company continues to increase efforts to open up overseas markets, thus the overseas project orders and the revenue have maintained a rapid annual growth rate. Domestic business, With the continuous promotion of national PPP projects. The company will also usher in a better development opportunity, the company's comprehensive strength, overseas influence and market competitiveness have increased year by year.

### 1. Strategic positioning advantage

The “Construction & Engineering contracting” and “Medical & Health Business” will be the company's two strategic

directions for future development. In 2013, the company set up the development goal “Making bigger and stronger overseas business, and to become the world's leading international comprehensive construction & building service provider”. In 2016, the company set up the “Medical & Health business” as another essential development direction. All of those are to comprehensively cater the needs of the national strategies of “One Belt, One Road” and “Medical & Health Industry Development”. The good prospects of “One Belt, One Road” projects and “Medical & Health Industry” will provide a broad market space for the company’s business development. In terms of engineering contracting, the early-development advantage of overseas business enables the company to have rich management experiences and high-quality customers and establish talented teams, thus laid a solid foundation for the company’s overseas business development. In terms of the Medical & Health business, the company has set up project teams in many domestic places such as Sichuan, Henan and Hubei, and the company has purchased Wuhan Commercial Worker Hospital and won the bids of many medical PPP project. Also, the company has established cooperative relationships with many hospitals and has recruited many kinds of talents in terms of medical, hospital management, investment and financing etc., thus provided a strong support for the Medical & Health business development.

#### 2. Standardized and high-efficient management system, fully market-oriented operation mechanism

With the increasingly expanding of the company scale and business scope, the management for the company is becoming more complex. However, the company timely set up the sound management system and the authorization system to standardize the approval procedures, reduce the management hierarchy tiers and improve the work efficiency and execution, thus ensured the efficient operation of the company’s business operation. For the operation mechanism, the company bravely faces the fierce competition in the market, adheres to the market-oriented development, respects the objective laws of the market and constantly improves its management level, thus to timely response to changes in the market and continuously improve the company's market image, construction quality and profitability.

#### 3. Integrated design and construction advantages

The company has a wide range, high-ranking construction qualifications, and the company has integrated design and construction experiences and good project management capabilities, so the company is able to provide integrated design and construction services in terms of civil engineering, decoration, mechanical and electrical installation and full industry chain of curtain wall, and the company can independently complete the whole process of construction project. The company can form a comprehensive advantage in the field of building engineering, so it can reasonably schedule the procurement, labor use and construction plan, as well as the company can constantly optimize the process to reduce the project costs. The company’s excellent design ability, sound construction quality, high-efficient construction planning and the comprehensive high-quality service greatly enhanced the customers’ satisfaction.

#### 4. Costs advantages and quality-control advantages

The core management staff of the company all have more than 10 years experiences of building and engineering construction. Upon the deep understanding of the industry, the company established a relatively perfect material procurement, labor management and quality control system. Through the price ceiling mode for procurement, the company screens the suppliers in the early stage of a project, thus to ensure that the procurement costs of the project materials would be in a reasonable scope. By locking the technical requirements and time requirements of the project, the company can lock the labor costs. The company has set up strict quality-control system for the design drawing, raw material procurement and each aspect of the project construction management, thus to strictly ensue the project construction quality, so the company has won good reputation and got trust and recognition by a great number of customers.

## IV. Management's Discussion and Analysis

### I. Overview

2018 was an extremely difficult year for the company, with the global economic situation increasingly complicated, international trade protection on the rise, growth rate of foreign engineering contracting industry slowed down and competition intensified. Due to the national capital management policy at the beginning of 2018 and the environmental impact of deleveraging, the company was subjected to loan recovery with different degrees such as loan withdrawal and loan cut, resulting in the liquidity difficulties of the company's operating funds and triggering a series of chain reactions of operating difficulties. Overdue repayment appeared in the financing of the company, its subsidiaries and banks and other financial institutions. Major accounts, some assets and shares of subsidiaries were frozen by overdue financial institutions in pre litigation preservation, further causing some employees of the company to default on their wages, some suppliers to default on their debts, and bidding for new projects was also greatly affected. The company's operating income has been greatly reduced, and the annual operating results in 2018 show losses for the first time. In 2018, the company realized operation income of RMB 2.431 billion, a decrease of 62.58% from the last year; realized the operating profits of RMB- 1.48 billion, a decrease of 391.32% from the last year; and the net profit attributable to the parent company was RMB -1.736 billion, a decrease of 556.66% from the last year.

In terms of engineering construction, the company overcame difficulties and obstacles, rooted in the existing business area and scale, and continued to steadily expand its business. During the reporting period, the company faced difficulties both domestically and abroad. In terms of foreign business, the company undertook the traditional construction business-Cambodia Mekong River Villa Project; Meanwhile, it actively participated in investment and financing, development, construction and operation projects, and jointly develops Dongpoxi Comprehensive Park in Laos with international engineering companies; In addition, It completed and delivered the residential and commercial buildings of the stock project NAGA Phase II Integrated entertainment in Cambodia and the Cambodia Haoli Diamond Project, and maintained the normal operation of the stock projects in Cambodia, Russia, Sri Lanka, Malaysia, Algeria and Myanmar regions. In terms of domestic business, the company has successfully connected with strategic projects such as Chengdu Rennan Square Project, Future New World Project, Xinhui Hilton Hotel and Villa Project. Meanwhile, it actively expands its major clients and reaches strategic cooperation intentions with well-known real estate developers and investment companies, which are expected to sign high-value business contracts with the company in 2019.

The medical and health industry is an important pillar in the company's transformation and development strategy. Due to the influence of the adjustment of national financial policies, the company actively expanded the traditional construction business of infrastructure, utilized existing resources, and strengthened horizontal integration. It is expected that some breakthroughs will be made in Medical engineering and proton therapy projects in the future.

In smart housing sector, it will locate the trend and accurately position it, and comprehensively push forward the implementation of strategic development goals. In recent years, the Chinese government has successively issued relevant policies to vigorously promote the transformation of the construction industry to construction industrialization. The company has set up a "Sino Great Wall Intelligence Residential Co, LTD." in Zhanjiang, Guangdong, to produce fabricated supporting products. During the reporting period, the construction of the base's factory building framework was basically completed. Due to the financial environment, the production line has not yet been established and put into production. Meanwhile, the company promoted the rural assembly business and made a preliminary layout in key regions of the country.

Faced with the financial difficulties, the company has made concerted efforts from top to bottom to conquer the difficulties. It has successively carried out a series of reforms and innovations in enterprise management mode, timely investigated and re-elected board members, integrated the senior management team, re-organized the business sectors, defined the responsibility assessment, strengthened the asset preservation, comprehensively optimized control and other measures to effectively stimulate enterprise

development potential in adversity.

## II. Main business analysis

### 1. General

Refer to relevant contents of “1.Summarization” in “Discussion and Analysis of Management”.

### 2. Revenue and cost

#### (1) Revenue structure

Unit: Yuan

|                            | 2018             |            | 2017             |            | Year-on-year<br>increase/decrease |
|----------------------------|------------------|------------|------------------|------------|-----------------------------------|
|                            | Amount           | Proportion | Amount           | Proportion |                                   |
| Total of operating revenue | 2,426,987,687.02 | 100%       | 6,497,124,980.52 | 100%       | -62.65%                           |
| On industry                |                  |            |                  |            |                                   |
| EPC                        | 1,853,545,312.44 | 76.37%     | 4,268,109,664.43 | 65.69%     | -56.57%                           |
| Engineering design         | 6,971,646.83     | 0.29%      | 19,119,855.94    | 0.29%      | -63.54%                           |
| Decoration work            | 430,784,976.15   | 17.75%     | 2,015,057,491.48 | 31.01%     | -78.62%                           |
| Medical Service revenue    | 135,685,751.60   | 5.59%      | 132,427,255.48   | 2.04%      | 2.46%                             |
| Other                      |                  |            | 62,410,713.19    | 0.96%      | -100.00%                          |
| On product                 |                  |            |                  |            |                                   |
| EPC                        | 1,853,545,312.44 | 76.37%     | 4,268,109,664.43 | 65.69%     | -56.57%                           |
| Engineering design         | 6,971,646.83     | 0.29%      | 19,119,855.94    | 0.29%      | -63.54%                           |
| Decoration work            | 430,784,976.15   | 17.75%     | 2,015,057,491.48 | 31.01%     | -78.62%                           |
| Medical Service revenue    | 135,685,751.60   | 5.59%      | 132,427,255.48   | 2.04%      | 2.46%                             |
| Other                      |                  |            | 62,410,713.19    | 0.96%      | -100.00%                          |
| On Area                    |                  |            |                  |            |                                   |
| Domestic                   | 1,725,531,194.49 | 71.10%     | 3,750,012,620.09 | 57.72%     | -53.99%                           |
| Overseas                   | 701,456,492.53   | 28.90%     | 2,747,112,360.43 | 42.28%     | -74.47%                           |

## (2) Situation of Industry, Product and District Occupying the Company's Business Income and Operating Profit with Profit over 10%

Applicable  Not applicable

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

Yes

Civil Engineering Construction

Unit: Yuan

|                 | Turnover         | Operation cost   | Gross profit rate (%) | Increase/decrease of revenue in the same period of the previous year (%) | Increase/decrease of business cost over the same period of previous year (%) | Increase/decrease of gross profit rate over the same period of the previous year (%) |
|-----------------|------------------|------------------|-----------------------|--|--|--|
| On Industry     |                  |                  |                       |  |  |  |
| EPC             | 1,853,545,312.44 | 1,854,176,312.80 | -0.03%                | -56.57%  | -38.80%  | -29.05%  |
| Decoration work | 430,784,976.15   | 494,437,274.02   | -14.78%               | -78.62%  | -70.55%  | -31.47%  |
| On Product      |                  |                  |                       |  |  |  |
| EPC             | 1,853,545,312.44 | 1,854,176,312.80 | -0.03%                | -56.57%  | -38.80%  | -29.05%  |
| Decoration work | 430,784,976.15   | 494,437,274.02   | -14.78%               | -78.62%  | -70.55%  | -31.47%  |
| On Area         |                  |                  |                       |  |  |  |
| Domestic        | 1,725,531,194.49 | 1,817,363,558.28 | -5.32%                | -53.99%  | -40.14%  | -24.36%  |
| Overseas        | 701,456,492.53   | 632,137,076.59   | 9.88%                 | -74.47%  | -65.84%  | -22.76%  |

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest on year's scope of period-end.

Applicable  Not applicable

## (3) Whether the Company's Physical Sales Income Exceeded Service Income

Yes  No

## (4) Degree of Performance of the Significant Sales Contract Signed up to this Report Period

Applicable  Not applicable

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

Yes

## Civil Engineering Construction

The company is required to comply with the disclosure requirements of No. 7 of Shenzhen Stock Exchange's Industry Information Disclosure Guidelines - Listed Companies Engaged in Civil Engineering Construction Business.

| Major Projects   | Business Mode           | Price Setting Policy | Repayment Arrangements            | Financing Methods | Preferential Policies | Franchising (If Applicable) | Operating Period (If Applicable) | Source of Income And Attribution (If Applicable) | Guaranteed Base Operations (If Applicable) | Investment Income Protection Measures (If Applicable) |
|--|-------------------------|----------------------|-----------------------------------|-------------------|-----------------------|-----------------------------|----------------------------------|--|--|---|
| Subcontracted Project of the Military Academy of Kuwait National Ministry of Defence | EPC General contracting | Negotiated pricing   | Execute according to the contract | Bank loan         | None                  | Not applicable              | Not applicable                   | Construction income                              | Not applicable                             | Not applicable  |
| Qatar Newport NPP/0057 Housing and Infrastructure Engineering                        | EPC General contracting | Negotiated pricing   | Execute according to the contract | Bank loan         | None                  | Not applicable              | Not applicable                   | Construction income                              | Not applicable                             | Not applicable  |
| 5 million tons / year refinery project in Cambodia                                   | EPC General contracting | Negotiated pricing   | Execute according to the contract | Bank loan         | None                  | Not applicable              | Not applicable                   | Construction income                              | Not applicable                             | Not applicable  |
| Cambodia Haoli Diamond Project (Phnom Penh National Assembly                         | EPC General contracting | Bidding pricing      | Execute according to the contract | Bank loan         | None                  | Not applicable              | Not applicable                   | Construction income                              | Not applicable                             | Not applicable  |

|   |                           |                    |                                   |           |      |                |                |                     |                |                |
|---|---------------------------|--------------------|-----------------------------------|-----------|------|----------------|----------------|---------------------|----------------|----------------|
| Street Commercial/Residential Area Development Project)   |                           |                    |                                   |           |      |                |                |                     |                |                |
| PPP project of Baiyang Lake Headquarters Economic Port, Xingang District, Chenglingji, Hunan Province | PPP mode                  | Bidding pricing    | Execute according to the contract | Bank loan | None | Not applicable | Not applicable | Construction income | Not applicable | Not applicable |
| Chongqing Yinglong Lake Rural Revitalization Demonstration Park Project                               | Investment                |                    |                                   |           |      |                |                |                     |                |                |
| Development of the Dongpoxi Special Economic Zone in Vientiane, Laos — EPC General Contract           | EPC General contracting   | Negotiated pricing | Execute according to the contract | Bank loan | None | Not applicable | Not applicable | Construction income | Not applicable | Not applicable |
| General contracting of 5000 sets of modern affordable   | EPC+F General contracting | Negotiated pricing | Execute according to the contract | Bank loan | None | Not applicable | Not applicable | Construction income | Not applicable | Not applicable |

|   |  |  |    |  |  |  |  |  |  |  |
|---|--|--|----|--|--|--|--|--|--|--|
| housing projects in the Republic of Congo |  |  | ct |  |  |  |  |  |  |  |
|---|--|--|----|--|--|--|--|--|--|--|

Status of completed (completed acceptance) project during the reporting period:

Unit: Yuan

| Business Model          | Number of Projects | Item Amount      | Acceptance Situation | Revenue Confirmation | Settlement Situation | Repayment Situation |
|-------------------------|--------------------|------------------|----------------------|----------------------|----------------------|---------------------|
| EPC General contracting | 1                  | 1,100,000,000.00 | Handed over          | Revenue confirmed    | Unsettlement         | 1,080,142,722.26    |

Status of completed (non-completed acceptance) project during the reporting period:

Unit: Yuan

| Business Model            | Number of Projects | Item Amount       | Accumulated Confirmed Revenue | Amount of Non-completed Parts |
|---------------------------|--------------------|-------------------|-------------------------------|-------------------------------|
| PPP mode                  | 1                  | 2,000,000,000.00  | 9,137,796.59                  | 1,990,862,203.41              |
| EPC+F General contracting | 1                  | 2,000,000,000.00  | 0.00                          | 0.00                          |
| Investment                | 1                  | 10,000,000,000.00 | 0.00                          | 0.00                          |

Unit: Yuan

| Project Name   | Completion       | Business Model          | Start Date     | Duration   | Percentage of Completion | Current Confirmed Revenue | Accumulated Confirmed Revenue | Repayment Situation | Receivables Balance |
|--|------------------|-------------------------|----------------|------------|--------------------------|---------------------------|-------------------------------|---------------------|---------------------|
| Subcontracted Project of the Military Academy of Kuwait National Ministry of Defence | 2,100,000,000.00 | EPC General contracting | June 21, 2015  | 1,460 days | 57.00%                   |                           | 1,174,079,614.23              | 483,557,587.63      | 716,094,881.32      |
| Qatar Newport NPP/0057 Housing and Infrastructure Engineering                        | 1,500,000,000.00 | EPC General contracting | March 20, 2015 | 971 days   | 100.00%                  | 54,541,245.26             | 1,981,727,577.07              | 1,320,438,761.02    | 674,079,636.78      |
| 5 million  | 4,268,000,000.00 | EPC                     | May 4,         | 1,381      | 9.00%                    | 0.00                      | 369,885,008.                  | 172,83              | 197,051,27          |

|   |                           |                                   |                          |               |         |              |                      |                          |                   |
|---|---------------------------|-----------------------------------|--------------------------|---------------|---------|--------------|----------------------|--------------------------|-------------------|
| tons / year<br>refinery<br>project in<br>Cambodia   | 0,000.00                  | General<br>contracti<br>ng        | 2017                     | days          |         |              | 26                   | 3,735.0<br>6             | 3.20              |
| Cambodia<br>Haoli<br>Diamond<br>Project<br>(Phnom<br>Penh<br>National<br>Assembly<br>Street<br>Commercial/<br>Residential<br>Area<br>Developmen<br>t Project) | 1,100,00<br>0,000.00      | EPC<br>General<br>contracti<br>ng | August<br>14,<br>2014    | 1,996<br>days | 100.00% | 0.00         | 1,070,958,57<br>5.31 | 1,080,1<br>42,722.<br>26 | 2,766,807.<br>52  |
| PPP project<br>of Baiyang<br>Lake<br>Headquarter<br>s Economic<br>Port,<br>Xingang<br>District,<br>Chenglingji,<br>Hunan<br>Province                          | 2,000,00<br>0,000.00      | PPP<br>mode                       | Novem<br>ber 01,<br>2017 | 1,095<br>days |         | 9,137,796.59 | 9,137,796.59         | -                        | 10,051,576<br>.25 |
| Chongqing<br>Yinglong<br>Lake Rural<br>Revitalizatio<br>n<br>Demonstrati<br>on Park<br>Project  | 10,000,0<br>00,000.0<br>0 | Investme<br>nt                    |                          |               |         |              |                      |                          |                   |
| Developmen<br>t of the<br>Dongpoxi<br>Special<br>Economic<br>Zone in  | 8,736,00<br>0,000.00      | EPC<br>General<br>contracti<br>ng |                          | 2,190<br>days |         |              |                      |                          |                   |

|   |                      |                                     |  |  |  |  |  |  |  |
|---|----------------------|-------------------------------------|--|--|--|--|--|--|--|
| Vientiane,<br>Laos —<br>EPC General<br>Contract   |                      |                                     |  |  |  |  |  |  |  |
| General<br>contracting<br>of 5000 sets<br>of modern<br>affordable<br>housing<br>projects in<br>the Republic<br>of Congo | 2,000,00<br>0,000.00 | EPC+F<br>General<br>contracti<br>ng |  |  |  |  |  |  |  |

Other notes  Applicable  Not applicable

Status of completed outstanding projects in inventory:

Unit: Yuan

| Accumulated<br>Incurred | Costs | Accumulated<br>Confirmed Gross Profit | Expected Loss | Already<br>Settled<br>Amount | Completed<br>Outstanding<br>Balance |
|-------------------------|-------|---------------------------------------|---------------|------------------------------|-------------------------------------|
|                         |       |                                       |               |                              |                                     |

Unit: Yuan

| Project name | Amount | Already Settled Amount | Completed Outstanding<br>Balance |
|--------------|--------|------------------------|----------------------------------|
|              |        |                        |                                  |

Other Notes  Applicable  Not applicable

Does the company carry out overseas projects?

| 项目区域 | 项目数量 | 项目金额 (亿元) |
|------|------|-----------|
| 中东   | 4    | 47        |
| 非洲   | 2    | 22.82     |
| 东南亚  | 12   | 134.17    |
| 南亚   | 2    | 23.77     |
| 总计   | 19   | 227.66    |

 Yes  No

Unit: Yuan

| Project name   | Amount           | Business Model          | Completion  |
|--|------------------|-------------------------|---|
| Subcontracted Project of the<br>Military Academy of Kuwait<br>National Ministry of Defence | 2,100,000,000.00 | EPC General contracting | The civil construction structure and<br>masonry of each building are<br>completed, and the doors and<br>windows, decoration, and<br>electromechanical professional<br>construction are in progress. |
| Qatar Newport NPP/0057<br>Housing and Infrastructure<br>Engineering                        | 1,500,000,000.00 | EPC General contracting | Under finishing construction  |

|  |                   |                           |  |
|--|-------------------|---------------------------|--|
| 5 million tons / year refinery project in Cambodia   | 4,268,000,000.00  | EPC General contracting   | Earthwork backfilling, earthmoving work; construction of concrete mixing plant; temporary infrastructure construction, and temporary camp construction   |
| Cambodia Haoli Diamond Project (Phnom Penh National Assembly Street Commercial/Residential Area Development Project) | 1,100,000,000.00  | EPC General contracting   | The structure is completed and handed over, the podium building is completed and handed over, the SOHU decoration is completed and handed over; the APT tower decoration is completed and handed over; the podium curtain wall is completed and handed over; the electromechanical construction is completed and handed over |
| PPP project of Baiyang Lake Headquarters Economic Port, Xingang District, Chenglingji, Hunan Province                | 2,000,000,000.00  | PPP mode                  |  |
| Chongqing Yinglong Lake Rural Revitalization Demonstration Park Project  | 10,000,000,000.00 | Investment                |  |
| Development of the Dongpoxi Special Economic Zone in Vientiane, Laos — EPC General Contract                          | 8,736,000,000.00  | EPC General contracting   | On-site camp and temporary construction are completed  |
| General contracting of 5000 sets of modern affordable housing projects in the Republic of Congo                      | 2,000,000,000.00  | EPC+F General contracting |  |

## (5) Composition of business cost

The company shall comply with disclosure requirements in Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 7-the Listed Company Engagement in Civil Engineering Construction Business.

## Component of business cost

Unit: Yuan

| Composition | 2018             |            | 2017             |        | Increase /decrease Proportion |
|-------------|------------------|------------|------------------|--------|-------------------------------|
|             | Amount           | Proportion | Amount           | Amount |                               |
| Labor       | 1,504,503,479.98 | 61.42%     | 2,765,222,215.84 | 56.59% | -45.59%                       |
| Material    | 695,785,282.38   | 28.41%     | 1,483,612,055.43 | 30.36% | -53.10%                       |

|       |                |        |                |        |         |
|-------|----------------|--------|----------------|--------|---------|
| Other | 249,211,872.51 | 10.17% | 527,498,994.96 | 10.80% | -52.76% |
|-------|----------------|--------|----------------|--------|---------|

## Industry Category

Unit: Yuan

| Industry           | Items    | 2018             |            | 2017             |            | Increase<br>/decrease |
|--------------------|----------|------------------|------------|------------------|------------|-----------------------|
|                    |          | Amount           | Proportion | Amount           | Proportion |                       |
| EPC                | Labor    | 1,231,327,330.77 | 50.27%     | 2,506,781,251.44 | 51.30%     | -50.88%               |
| EPC                | Material | 522,483,649.03   | 21.33%     | 1,286,809,864.40 | 26.33%     | -59.40%               |
| EPC                | Other    | 100,365,333.00   | 4.10%      | 433,230,315.67   | 8.87%      | -76.83%               |
| Medical service    |          | 99,316,403.49    | 4.05%      | 97,366,145.37    | 1.99%      | 2.00%                 |
| Engineering design |          | 1,570,644.56     | 0.06%      | 13,262,528.25    | 0.27%      | -88.16%               |
| Decoration work    | Labor    | 273,176,149.21   | 11.15%     | 258,440,964.40   | 5.29%      | 5.70%                 |
| Decoration work    | Material | 173,301,633.35   | 7.07%      | 196,802,191.03   | 4.03%      | -11.94%               |
| Decoration work    | Other    | 47,959,491.46    | 1.96%      | 94,268,679.29    | 1.93%      | -49.12%               |

Unit: Yuan

| Product            | Items    | 2018             |            | 2017             |            | Increase<br>/decrease |
|--------------------|----------|------------------|------------|------------------|------------|-----------------------|
|                    |          | Amount           | Proportion | Amount           | Proportion |                       |
| EPC                | Labor    | 1,231,327,330.77 | 50.27%     | 2,506,781,251.44 | 51.30%     | -50.88%               |
| EPC                | Material | 522,483,649.03   | 21.33%     | 1,286,809,864.40 | 26.33%     | -59.40%               |
| EPC                | Other    | 100,365,333.00   | 4.10%      | 433,230,315.67   | 8.87%      | -76.83%               |
| Medical service    |          | 99,316,403.49    | 4.05%      | 97,366,145.37    | 1.99%      | 2.00%                 |
| Engineering design |          | 1,570,644.56     | 0.06%      | 13,262,528.25    | 0.27%      | -88.16%               |
| Decoration work    | Labor    | 273,176,149.21   | 11.15%     | 258,440,964.40   | 5.29%      | 5.70%                 |
| Decoration work    | Material | 173,301,633.35   | 7.07%      | 196,802,191.03   | 4.03%      | -11.94%               |
| Decoration work    | Other    | 47,959,491.46    | 1.96%      | 94,268,679.29    | 1.93%      | -49.12%               |

Note

**(6) Whether Changes Occurred in Consolidation Scope in the Report Period**

√ Yes □ No

During the reporting period, the changes in the scope of consolidated statements are detailed in the notes to the financial reports.

**(7) Relevant Situation of Significant Changes or Adjustment of the Business, Product or Service in the Company's Report Period**

□ Applicable √ Not applicable

**(8) Situation of Main Customers and Main Supplier**

## Information of Main Customers

|  |                  |
|--|------------------|
| Total sales amount to top 5 customers (RMB)  | 1,175,772,799.58 |
| Proportion of sales to top 5 customers in the annual sales (%)   | 48.45%           |
| Proportion of the sales volume to the top five customers in the total sales to the related parties in the year | 0.00%            |

## Information of the Company's top 5 customers

| No    | Name       | Amount (RMB)     | Proportion (%) |
|-------|------------|------------------|----------------|
| 1     | Customer 1 | 588,855,867.69   | 24.26%         |
| 2     | Customer 2 | 323,621,751.26   | 13.33%         |
| 3     | Customer 3 | 100,635,898.11   | 4.15%          |
| 4     | Customer 4 | 84,152,835.11    | 3.47%          |
| 5     | Customer 5 | 78,506,447.41    | 3.23%          |
| Total | --         | 1,175,772,799.58 | 48.45%         |

## Other notes of major customers

□ Applicable √ Not applicable

## Major suppliers

|  |                |
|--|----------------|
| Total purchase of top 5 Suppliers (RMB)  | 645,383,000.58 |
| Percentage of total purchase of top 5 suppliers in total annual purchase (%)   | 26.35%         |
| Proportion of purchase amount from the top 5 suppliers in the total purchase amount from the related parties in the year | 0.00%          |

## Information about the top 5 suppliers

| No | Name | Amount (RMB) | Proportion |
|----|------|--------------|------------|
|----|------|--------------|------------|

|       |            |                |        |
|-------|------------|----------------|--------|
| 1     | Supplier 1 | 390,603,102.00 | 15.95% |
| 2     | Supplier 2 | 77,094,220.90  | 3.15%  |
| 3     | Supplier 3 | 67,334,330.25  | 2.75%  |
| 4     | Supplier 4 | 56,090,518.76  | 2.29%  |
| 5     | Supplier 5 | 54,260,828.64  | 2.22%  |
| Total | --         | 645,383,000.58 | 26.35% |

Other notes of major suppliers

Applicable  Not applicable

### 3. Expenses

Unit: Yuan

|                         | 2018           | 2017           | Increase/Decrease (%) | Notes   |
|-------------------------|----------------|----------------|-----------------------|---|
| Sale expenses           | 28,300,802.42  | 32,213,247.97  | -12.15%               |   |
| Administration expenses | 311,698,800.53 | 312,957,207.20 | -0.40%                |   |
| Financial expenses      | 606,015,536.23 | 432,590,607.55 | 40.09%                | Mainly due to interest on bank loans and damages for breach of contract |

### 4. R&D Expenses

Applicable  Not applicable

In order to enhance the company's core competitiveness and meet the needs of sustainable development, the Company's main R&D direction during the reporting period was decoration engineering design, project general contracting, etc. Currently, each project has been progressed as scheduled, and after practical application, the good economic and social benefits have been achieved.

Situation of Research and Development Input by the Company

|  | 2018          | 2017           | Increase /decrease (%) |
|--|---------------|----------------|------------------------|
| Number of Research and Development persons (persons)                   | 40            | 146            | -72.60%                |
| Proportion of Research and Development persons                         | 4.87%         | 5.08%          | -0.21%                 |
| Amount of Research and Development Investment (In RMB)                 | 31,536,641.34 | 156,200,083.05 | -79.81%                |
| Proportion of Research and Development Investment of Operation Revenue | 1.30%         | 2.40%          | -1.10%                 |

|   |       |       |       |
|---|-------|-------|-------|
| Amount of Research and Development Investment Capitalization (In RMB)                                   | 0.00  | 0.00  | 0.00% |
| Proportion of Capitalization Research and Development Investment of Research and Development Investment | 0.00% | 0.00% | 0.00% |

The Reason of the Prominent Change in Total Amount of Research and Development Input Occupying the Business Income Year on Year

Applicable Not applicable

Explanation of the Reason for Substantial Changes in the Research and Development Input's Capitalization Rate and Its Reasonableness

Applicable Not applicable

## 5. Cash Flow

Unit: Yuan

| Items   | 2018              | 2017              | YoY Increase/Decrease (%) |
|---|-------------------|-------------------|---------------------------|
| Subtotal of cash inflow received from operation activities  | 8,406,131,087.26  | 10,789,046,921.79 | -22.09%                   |
| Subtotal of cash outflow received from operation activities | 7,578,252,031.81  | 12,570,915,540.44 | -39.72%                   |
| Net cash flow arising from operating activities             | 827,879,055.45    | -1,781,868,618.65 | -146.46%                  |
| Subtotal of cash inflow received from investing activities  | 3,824,000.00      | 2,085,000.00      | 83.41%                    |
| Subtotal of cash outflow for investment activities          | 195,480,772.24    | 1,022,993,256.12  | -80.89%                   |
| Net cash flow arising from investment activities            | -191,656,772.24   | -1,020,908,256.12 | -81.23%                   |
| Subtotal cash inflow received from financing activities     | 1,481,623,182.06  | 5,092,144,392.35  | -70.90%                   |
| Subtotal cash outflow for financing activities              | 2,638,553,654.50  | 2,564,264,123.49  | 2.90%                     |
| Net cash flow arising from financing activities             | -1,156,930,472.44 | 2,527,880,268.86  | -145.77%                  |
| Net increase in cash and cash                               | -521,454,793.60   | -296,482,731.93   | 75.88%                    |

|             |  |  |  |
|-------------|--|--|--|
| equivalents |  |  |  |
|-------------|--|--|--|

Notes to the year-on-year change of the relevant data

Applicable Not applicable

In 2018, the company encountered liquidity difficulties, the scale of its operations shrank, and the inflow and outflow of operating funds decreased from the previous year; Affected by this, foreign investment has decreased significantly; Meanwhile, due to environmental influences such as bank loan withdrawal and financial deleveraging, the Company has difficulty in financing, the cash inflow from financing has been greatly reduced, and the net cash flow from financing activities has been negative

Notes to the big difference between cash flow from operating activities and net profit in the reporting year

Applicable Not applicable

### III. Analysis of Non-core Business

Applicable Not applicable

### IV. Condition of Asset and Liabilities

#### 1. Condition of Asset Causing Significant Change

Unit: Yuan

|                             | End of 2018      |                                    | End of 2017      |                                    | Proportion increase/decrease | Notes to the significant change  |
|-----------------------------|------------------|------------------------------------|------------------|------------------------------------|------------------------------|--|
|                             | Amount           | Proportion in the total assets (%) | Amount           | Proportion in the total assets (%) |                              |  |
| Monetary funds              | 658,714,886.48   | 6.86%                              | 1,604,973,916.12 | 13.76%                             | -6.90%                       | Mainly due to the deduction of guarantee deposit on account of guarantee claim |
| Account receivable          | 4,202,594,258.24 | 43.76%                             | 5,706,675,244.08 | 48.91%                             | -5.15%                       | Mainly due to the decrease of income during the report period                  |
| Inventory                   | 717,531,578.23   | 7.47%                              | 556,839,325.50   | 4.77%                              | 2.70%                        |  |
| Long-term Equity Investment | 106,837,810.83   | 1.11%                              |                  | 0.00%                              | 1.11%                        |  |
| Fixed assets                | 158,746,947.91   | 1.65%                              | 174,537,150.56   | 1.50%                              | 0.15%                        |  |
| Construction in process     | 36,697,284.04    | 0.38%                              | 4,968,590.96     | 0.04%                              | 0.34%                        |  |
| Short-term loans            | 2,862,584,629.01 | 29.81%                             | 3,477,200,420.55 | 29.80%                             | 0.01%                        |  |
| Long-term                   | 120,000,000.     | 1.25%                              | 843,092,471.     | 7.23%                              | -5.98%                       | Mainly due to the repayment and  |

|       |    |  |    |  |  |  |
|-------|----|--|----|--|--|--|
| loans | 00 |  | 02 |  |  | decrease of loans during the report period |
|-------|----|--|----|--|--|--|

## 2. Asset and Liabilities Measured by Fair Value

Applicable Not applicable

## 3. Restricted asset rights as of the end of this Reporting Period

| Items              | Year-end book value | Reason                  |
|--------------------|---------------------|-------------------------|
| Monetary funds     | 532,947,089.60      | Margin and frozen funds |
| Account receivable | 716,094,881.32      | Pledge                  |
| Fixed asset        | 15,963,305.27       | Financial lease assets  |
| Total              | 1,265,005,276.19    |                         |

## V. Investment situation

### 1. General condition

Applicable Not applicable

|                |                |        |
|----------------|----------------|--------|
| 182,993,849.80 | 840,948,723.77 | 78.24% |
|----------------|----------------|--------|

### 2. Condition of Acquiring Significant Share Right Investment during the Report Period

Applicable Not applicable

### 3. Situation of the Significant Non-equity Investment Undergoing in the Report Period

Applicable Not applicable

### 4. Investment of Financial Asset

#### (1) Securities investment

Applicable Not applicable

The Company had no securities investment in the reporting period.

#### (2) Investment in Derivatives

Applicable Not applicable

The Company had no investment in derivatives in the reporting period.

## 5. Application of the raised capital

√Applicable □Not applicable

### (1) General application of the raised funds

√Applicable □Not applicable

Unit: 10,000 Yuan

| Year of Raising | Way of Raising      | Total raised capital | Total Amount of the Raised Fund Used at the | Total amount of Raised Funds | Amount of raised capital of which the purpose was changed in the report period | Accumulative amount of raised capital of which the purpose has been changed | Proportion of raised capital of which the purpose has been changed (%) | Total Amount of the Unused Raised Fund at the Current Period | Use and Whereabouts of the Unused Raised Fund      | Amount of the Raised Fund with over 2 Years' Idling |
|-----------------|---------------------|----------------------|---|------------------------------|--|---|--|--|--|---|
| 2015            | Non-public offering | 25,500               | 0   | 11,739.85                    | 0  | 0   | 0.00%  | 13,760.15  | For temporary replenishment of corporate liquidity | 0   |
| 合计              | --                  | 25,500               | 0   | 11,739.85                    | 0  | 0   | 0.00%  | 13,760.15  | --   | 0   |

#### Notes to use of raised capital

Upon the approval from the CSRC with the document of the 2015-No.1774 Zheng Jian Xu Ke -Reply of the Major Asset Restructuring and the Issue of Shares to Objects such as Chen Lue to Purchase Assets and Raise Matching Funds by Shenzhen Victor Onward Textile Industrial Co., Ltd., Sino Great Wall International Engineering Co., Ltd. (hereinafter referred to as: "company or the company") had non-publicly issued 25,914,633 shares of RMB common share(A share), of which the par value per share was RMB 1.00, the issuing price per share was RMB 9.84, the total funds raised was RMB 254,999,988.72, and after deducting the issuance expenses of RMB 14,500,000.00 directly from the raised funds, the actual net amount of the raised funds is RMB 240,499,988.72.

As of December 31, 2018, the company accumulatively used the raised funds of RMB 117,398,462.65, of which the Company used the raised funds of RMB 0 in 2018. By the end of 2018, the company accumulatively invested RMB 100,000,000.00 in the overseas marketing network construction project and RMB 276,000 in the second phase of informatization construction project, and the taxes and charges and the intermediary fees related to this transaction was RMB 17,122,462.65, yet the not-yet-used balance of the raised funds was 137,601,526.07; besides, the idle raised funds used for temporarily supplementing the Company's liquidity was RMB 139,327,254.00, the interest income from the special account for raised funds

was RMB 1,732,150.44, the expenditure for the handling charges of the special account for raised funds was RMB 1,043.92, and the actual balance of the special account for raised funds was RMB 5,883.59.

## (2) Promised projects of raised capital

√Applicable □Not applicable

Unit: 10,000 Yuan

| Committed investment projects and investment   | Project changed (including partial change)   | Total raised capital invested as committed | Total investment after adjustment (1) | Amount invested in the reporting period | Accumulated amount invested at the end of the reporting period (2) | Investment progress ended the reporting period (%) (3) = (2)/(1) | Date when the project has reached the predicted applicable status | Benefit realized in the reporting period | Has the predicted result be realized | Has any material change taken place in feasibility |
|--|--|--|---------------------------------------|---|--|--|---|--|--------------------------------------|--|
| Committed investment projects  |  |  |                                       |   |  |  |   |  |                                      |  |
| 1. Overseas marketing network construction project                                       | Yes  | 10,000                                     | 10,000                                |   | 10,000   | 100.00%  |   |  | Yes                                  | No   |
| 2. Informatization Construction Phase II   | No   | 2,500                                      | 2,500                                 |   | 27.6   | 1.10%  |   |  | No                                   | Yes  |
| 3. Related taxes and agency fees of this transaction                                     | No   | 13,000                                     | 13,000                                |   | 1,712.25   | 13.17%   |   |  | Not applicable                       | Yes  |
| Subtotal of committed investment projects  | --   | 25,500                                     | 25,500                                |   | 11,739.85  | --   | --  |  | --                                   | --   |
| Investment orientation for und arising out of plan                                       |  |  |                                       |   |  |  |   |  |                                      |  |
| Not applicable   |  |  |                                       |   |  |  |   |  |                                      |  |
| Total  | --   | 25,500                                     | 25,500                                | 0                                       | 11,739.85  | --   | --  | 0  | --                                   | --   |
| Situation about not coming up to schemed progress or expected revenue and the reason (in | 1. Phase II Information Construction Project: The Sino Great Wall has changed from its core business of decoration construction before listing to its core business of general contracting after listing. After that, it has gradually transitioned its core business to engineering construction and investment and management of medical and health industries. In recent years, the business model of listed companies has changed. However, the phase II information construction project to be invested in at the initial stage of listing is |  |                                       |   |  |  |   |  |                                      |  |

|   |  |
|---|--|
| specific project)   | <p>no longer suitable for the current development status.</p> <p>2. Taxes and intermediary expenses related to the transaction of raised funds: The company has registered for filing the special tax treatment for enterprise restructuring at the Dapeng New District Local Taxation Bureau on May 26, 2016. The type of special tax treatment for enterprise restructuring is equity acquisition, and the filing number is SDSPB [2016] No.22. For this reorganization of the company, special reorganization is selected in terms of tax. The part of the value of the company's placed assets that is equivalent to the value of the placed assets is recognized according to the original book value of the placed assets. Therefore, the transfer income of the relevant assets is not recognized for the time being during this reorganization, and the income tax liability is not generated for the time being during this reorganization. In the later period, in case of any income from asset transfer, the company will fulfill its tax obligations in a timely manner in accordance with the provisions of the tax law. In order to maximize the use efficiency of raised funds and reduce financial expenses, the company held the fourth meeting of the eighth board of directors on January 26, 2019, and deliberated and passed the Proposal on Termination of Some Funded Investment Projects and Use of Funds Raised for Temporary Supplementary Working Capital for Permanent Supplementary Working Capital. The Company plans to terminate the raised funds investment project "Phase II Informatization Construction Project" and "taxes and intermediary fees related to the raised funds transaction" and use the remaining raised funds of RMB 137,601,537.35 (excluding interest) for permanent replenishment of working capital. On February 13, 2019, the above proposal was reviewed and approved by the company's first extraordinary shareholders' meeting in 2019.</p> |
| Notes to significant change in feasibility of the project   | Please refer to the above-mentioned "circumstances and reasons for not achieving the planned schedule or expected revenue".  |
| Amount, application and application progress of the unbooked proceeds                                     | Not applicable   |
| About the change of the implementation site of the projects invested with the proceeds                    | Applicable   |
| Adjustment of the implementation way of investment funded by raised capital                               | Not applicable   |
| About the initial investment in the projects planned to be invested with the proceeds and the replacement | Not applicable   |

|   |  |
|---|--|
| Using the idle proceeds to supplement the working capital on temporary basis                    | <p>Applicable</p> <p>In order to maximize the use efficiency of the raised funds and reduce financial expenses, the Company will, in consideration of the funds use plan for the projects invested by the raised funds, use RMB 120 million of idle raised funds to temporarily supplement the liquidity, with a term of such use no more than 12 months, From the date of approval by the board of directors of the company, the special account for raised funds shall be returned in full upon maturity. The matter has been examined and approved by the 35th meeting of the seventh board of directors of the company, and the board of supervisors, independent directors and recommendation agencies of the company have all expressed their opinions of agreement. During its use, the company did not change the use of the raised funds in disguised form, did not affect the normal operation of the investment plan of the raised funds, and did not carry out securities and other risk investments. The company transferred out the raised capital of RMB 120,000,000.00 from August 1 in 2018. Due to a contract dispute in Bank of Ningbo, the Company's account number 23001892778 of Bank of Shanghai Beijing Branch was deducted RMB 14,158,049.00 on August 8, 2018. Due to the execution of (2018) W0928Z No.13610-251370, the company's account number 03002719068 was deducted RMB 5,169,205.00 on October 25, 2018, resulting in the company's raised funds temporarily supplementing the actual use amount of working capital by RMB 139,327,254.00, exceeding the amount approved by the board of directors by RMB 327,254.00.</p> |
| Balance of the proceeds in process of project implementation and the cause                      | Not applicable   |
| About application and status of the proceeds unused   | As of December 31, 2018, the unused raised funds are still in the raised funds account. The company held the fourth meeting of the eighth board of directors on January 26, 2019, and deliberated and passed the Proposal on Termination of Some Funded Investment Projects and Use of Funds Raised for Temporary Supplementary Working Capital for Permanent Supplementary Working Capital. On February 13, 2019, the above proposal was deliberated and passed by the company's first extraordinary shareholders' meeting in 2019. The unused fund raised by the company has permanently replenished the working capital.  |
| Problems existing in application of the proceeds and the information disclosure or other issues | <p>1. On March 6, 2019, the Company received the Decision on Taking Corrective Measures against Sino Great Wall Co., Ltd. ([2019] No.11) from Shenzhen Supervision Bureau of China Securities Regulatory Commission (hereinafter referred to as the "Decision on Correction"). The Decision on Correction raises the following questions regarding the use of the company's raised funds: the Management System for the Use of Raised Funds does not involve the accountability mechanism for the illegal use of raised funds, and the provisions on the hierarchical examination and approval authority, decision-making procedures, risk control measures, etc. for the use of raised funds are unclear, which do not conform to the provisions of Article 3 of the Guidelines No.2 for the Supervision of Listed Companies - Regulatory Requirements for the Management and Use of Raised Funds by Listed Companies. Currently, the Company has fulfilled its obligations on the use of raised funds and information disclosure in accordance with the Guidelines No.2 for the Supervision of Listed Companies - Regulatory Requirements for the Management and Use of Raised Funds by Listed Companies, Measures for the Administration of Information Disclosure by Listed Companies and Listing Rules of Shenzhen Stock Exchange. On March 18, 2019, the Company held the fifth meeting of the eighth board of directors and deliberated and passed</p>  |

the Proposal on revising the Management System of Raised Funds, improving the accountability mechanism for illegal use of raised funds, and specifying the grading approval authority, decision-making procedures and risk control measures for the use of raised funds.

2. In 2018, the board of directors of the company passed the Proposal on Temporary Replenishment of Circulating Fund with Part of Idle Raised Funds and agreed to temporarily replenish the working capital with 139 million yuan of raised funds. The company transferred out the raised capital of RMB 120,000,000.00 from August 1 in 2018. Due to a contract dispute in Bank of Ningbo, the Company's account number 23001892778 of Bank of Shanghai Beijing Branch was deducted RMB 14,158,049.00 on August 8, 2018. Due to the execution of (2018) W0828Z No.13610-251370, the company's account number 03002719068 was deducted RMB 5,169,205.00 on October 25, 2018, resulting in the company's raised funds temporarily supplementing the actual use amount of working capital by RMB 139,327,254.00, exceeding the amount approved by the board of directors by RMB 327,254.00. In view of the resolution of the Company's first extraordinary shareholders' meeting on February 13, 2019 to consider and pass the Proposal on Termination of Some Funded Investment Projects and Use of Funds Raised for Temporary Supplementary Working Capital for Permanent Supplementary Working Capital, the Company will no longer return the above-mentioned part of raised funds exceeding the amount approved by the Board of Directors to the special account for raised funds.

### (3) Changes of raised funds projects

Applicable Not applicable

The Company had no sales of major assets in the reporting period.

## VI. Sales of major assets and equity

### 1. Sales of major assets

Applicable Not applicable

The Company had no sales of major assets in the reporting period.

### 2. Sales of major equity

Applicable Not applicable

| Counter party | Sold equities | Sold date | Transaction price (Ten thousand yuan) | Net profits contributed by the equities to the listed | Influence of the selling of the Company | Proportion of the net profits of the contributed | Pricing principles of the equities selling | Whether was the related transaction | Relationship with the center party | Whether the involved equities all completed the owner | Whether execute as scheduled and if failed, should state the | Disclosure date | Disclosure index |
|---------------|---------------|-----------|---------------------------------------|---|---|--|--|-------------------------------------|------------------------------------|---|--|-----------------|------------------|
|               |               |           |                                       |   |   |  |  |                                     |                                    |   |  |                 |                  |

|  |     |                  |       | companies from the period - begin to the sold date (Ten thousand yuan) | amount of the equities selling to the listed companies to the total amount of the net profits |        |            |    |            | ship transfer | reasons and the adopted measurements of the company |  |  |
|--|-----|------------------|-------|--|---|--------|------------|----|------------|---------------|---|--|--|
| Sino Great Wall Constructional Engineering Co., Ltd. | 60% | December 6, 2018 | 9,000 | -3,681.44  | The sale of the company generated a return on investment of RMB 15.11 million                 | -0.88% | fair value | No | fair value | Yes           | Yes   |  |  |

## VII. Analysis of the Main Share Holding Companies and Share Participating Companies

√Applicable □Not applicable

Situation of Main Subsidiaries and the Joint-stock Company with over 10% net profit influencing to the Company

Unit: Yuan

| Company Name | Company type | Sectors engaged in | Registered capital | Total assets | Net assets | Turnover | Operating profit | Net Profit |
|--------------|--------------|--------------------|--------------------|--------------|------------|----------|------------------|------------|
|              |              |                    |                    |              |            |          |                  |            |

|   |              |   |               |                  |                |                  |                 |                   |
|---|--------------|---|---------------|------------------|----------------|------------------|-----------------|-------------------|
| Sino Great Wall International Engineering Co., Ltd. | Subsidiaries | General contracting, subcontracting, engineering survey and design; professional contracting; architectural decoration engineering; architectural curtain wall; project and technology study and experimental development; sell building material, machinery, hardware, plastic articles; technology development, technology consultation, technology service; goods import and export; | 1,000,000,000 | 8,591,829,570.83 | 880,871,998.00 | 2,330,186,998.92 | -916,877,204.86 | -1,183,696,469.41 |
|---|--------------|---|---------------|------------------|----------------|------------------|-----------------|-------------------|

|  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|
|  |  | technology import and export; agent import and export. |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|

Acquirement and disposal of subsidiaries in the Reporting period

Applicable Not applicable

| Name   | Mode     | Influence |
|--|----------|-----------|
| Sino Great Wall (Beijing) Investment Fund Management Co., Ltd. | Transfer |           |
| Sino Great Wall Zhihui Building Industry (Zhanjiang) Co., Ltd. | Transfer |           |
| Sino Great Wall Jianjie Engineering Co., Ltd.                  | Transfer |           |
| Guangzhou Heebeina Interior design Co., Ltd.                   | Transfer |           |
| Shenzhen Yatian Decorative Design Engineering Co., Ltd.        | Transfer |           |

Note

Sino Great wall International Construction Co., Ltd. is a subsidiary of the company and is the main of income and profits of the company, which accounts for more than 90% of all the company's operating income and net profit and the rest subsidiaries account for less than 10% of all the company's operating income and net profit, which weight less in the whole company's operation.

## VIII. Special purpose vehicle controlled by the Company

Applicable Not applicable

## IX. Prospect for future development of the Company

### (1) Strategy of the Company's Development

It is the 70th anniversary of the founding of New China in 2019. It is the key year for comprehensively building a well-off society to achieve its first 100-year goal. The 2019 Government Work Report emphasizes that the central government will launch a new round of comprehensive reform and opening-up and the second round of structural reforms in supply-side economics to further stabilize employment, finance, foreign trade, foreign investment, investment and expectations, boost market confidence, and maintain sustained and healthy economic development and overall social stability. In 2019, China will promote all-round opening to the outside world, further expand the scope of opening up, optimize the layout of opening up, and further release the policy dividend.

#### 1. Building construction

As one of the pillar industries of China's economic development, construction plays an important role in national economy and social life. During the "The thirteenth Five-Year Plan" period, China's economic development has entered a new normal. The economic structure has been optimized and upgraded, with its driving force shifted from investment-driven to innovation-driven. China has entered a key period of reform in which the market plays a decisive role in the allocation of resources and the government

plays a better role as the core. New urbanization, coordinated development of Beijing, Tianjin and Hebei, the development of the Yangtze River economic belt and the construction of "the Belt and Road" form an important driving force and valuable opportunity for the future development of the construction industry. According to the latest research report on the development prospects of the industry, in the medium and long term, with the continuous improvement of people's requirements for quality of life and supporting facilities, the sustainable development of the construction industry will be continuously promoted.

In addition, with the steady recovery of macro-economy and the rapid advancement of new urbanization, the unfavorable development trend of the construction industry market will be effectively alleviated, which will definitely have a positive impact on the construction industry. Overseas, the resolution of the 19th National Congress on Constitution of the Communist Party of China (Amendment) explicitly stated that the promotion of "the Belt and Road" construction and other contents shall be included in the Party Constitution. Since 2017, the construction of "the Belt and Road" has entered a golden period of development, and the economic exchanges and cooperation between China and the countries along the "the Belt and Road" will be closer. According to the latest report of the Asian Development Bank, from 2016 to 2030, the demand for infrastructure in the Asian region is expected to exceed USD 22.6 trillion, with an average annual demand of more than USD 1.5 trillion. The market of countries along the "the Belt and Road" will continue to be the growth point and driving force for the development of the foreign contracted engineering industry, and China's construction and decoration enterprises will usher in a golden development period for "going out". Meanwhile, other countries will continue to invest in infrastructure, and infrastructure development will continue to rise steadily. As a well-known international engineering construction contractor, the company, relying on its rich construction experience and market image, will earnestly seize the historic development opportunities in the overseas engineering contract market, carry out in-depth research and project exploration in countries and regions with existing investment layout, and meanwhile continue to develop the overseas business platform by using various advantageous resources, fully explore the "the Belt and Road" market, actively promote the sustainable development of overseas business, further increase the proportion of overseas market performance in the company's overall performance, and strengthen the brand and status of private enterprise pioneer for "the belt and road initiative" of Sino Great Wall.

## 2. Healthcare

In 2018, the National Health Commission and the National Healthcare Security Administration were formally established. The "Comprehensive Work Plan for Comprehensive Improvement of County-Level Hospitals (2018-2020)" issued by the People's Republic of China pointed out that by 2020, 500 county hospitals (including some impoverished county and county hospitals) and county Chinese medicine hospitals will reach "third-level hospitals" and The service capacity requirements of "three-level Chinese medicine hospitals" strive to make 90% of county hospitals and county hospitals in China meet the basic standards for medical service capacity of county hospitals and county hospitals. County-level hospitals officially entered the stage of explosive comprehensive construction, and China's medical engineering will usher in a golden period of development. During the reporting period, the company invested in the Yinglong Lake Commercial Medical Treatment and Health Care Rural Complex Project (Yinglong Lake Rural Revitalization Demonstration Project). The project integrates the herbal medicine health research institute, the international medical treatment and health care zone, the hot spring resort sanitarium area and other sectors, implements the "powerful combination" strategy, and collaborates with social capital to jointly build a modern medical care and rehabilitation complex with complete functions and facilities. Meanwhile, combining with the company's resource advantages, through the construction of medical real estate and supporting medical treatment and health care engineering, a medical treatment and health care development model with the company's characteristics in combination of medical treatment and health care and centered by medical treatment is formed.

### (2) The Company's Development Strategy

The company focuses its development strategy on two aspects: one is to strengthen the project contracting and investment of the Belt and Road Initiative, and the other is to enhance the domestic medical investment. At present, the company has possessed abundant projects in Southeast Asia, South Asia, the Middle East and Africa. In the field of medical and health care, apart from investing in the construction of health care engineering, it will further choose to purchase mature hospitals and introduce foreign

advanced proton therapy technologies and leading medical services. The company will give full play to the advantages of listed companies in financing, engineering construction coordination, investment decision-making, medical expert resources and modern corporate governance, gather medical experts from Beijing and Shanghai and hospital management experts, and strive to build a hospital management group with important status and influence in the industry. Centering around the development strategies of “enlarging and strengthening overseas business to become an integrated international construction services supplier” and “developing the health-care industry”, in the future, the company will devote major efforts to developing abroad business and arranging the medical industry so as to enhance its capacity for core competitiveness and profit constantly and eventually strive to build itself into a prominent business group developed by the mutual driving forces of construction and health-care industry.

### (3) The Company's Business Plans

Facing the difficulties both domestically and internationally in 2018, the company will focus on the following work in 2019:

#### 1. Optimize the business structure and management system, and improve the company's performance appraisal system

In 2019, in combination with the internal and external environment faced by the company for development, the company's business organization and business structure will be adjusted upon the review of the company's board of directors; The company's staffing will be re-combed, the salary and performance appraisal system will be formulated according to company management structure and business model to reduce the personnel cost effectively, and control various expenses reasonably for more scientific and efficient business management.

#### 2. Comb the internal control system to improve the level of fine management

The company will re-comb its corporate governance system and strengthen construction of internal control systems to improve its fine management level. According to the Shenzhen Securities Regulatory Bureau's decision to order the company to make corrections, the company will fully supervise the implementation of the rectification measures in accordance with the contents of the rectification report, make reasonable plans for the overall financial situation of the company, continue to consolidate the basic work of financial accounting, form a stable financial control system, reduce management costs and financial risks, and well ensure the safeguarding of the company's business development.

#### 3. Strengthen the collection of accounts receivable and actively promote debt restructuring

In 2019, the company will intensify the collection of accounts receivable, include the collection of accounts receivable as a key assessment index, set up a special "debt collection decision leading group", formulate a corresponding debt collection incentive system, and link the collection of overdue accounts receivable with individual performance assessment. If necessary, legal proceedings and assigned responsible persons will be used to strengthen the collection of overdue accounts receivable, and the collection of accounts receivable will be implemented as a key special management work to effectively improve the company's asset quality. Meanwhile, investment and financing capability is an important prerequisite for the medium and long-term stable development of the enterprise. The company will resolve the existing on-balance-sheet litigation as soon as possible, enhance the confidence of external financial institutions, actively adjust the loan structure, reduce the financing cost, realize the dynamic balance of funds, promote the investment and financing activities on the right track, In addition, the company actively communicated and sought solutions for current debt overdue, litigation and arbitration matters, and did not rule out the use of judicial restructuring and debt restructuring to solve the company's current financial difficulties.

#### 4. Consolidate existing overseas projects and continue to expand overseas markets

In 2019, the company will focus on the national strategic layout, continue to deepen the overseas market, strengthen exchanges and cooperation with the governments of countries and regions along the "the Belt and Road", fully seize the construction project opportunities brought by the countries and regions along the "the Belt and Road", focus on intensive cultivation in key markets, continue to strengthen business expansion, strengthen the comprehensive management of EPC contracting for overseas projects, refine the classification of management subjects, and further promote regional and project responsibility management, so as to meet the relevant requirements of the company for professional business and fine management. Meanwhile, it will take root in the existing business areas, moderately expand the volume of professional engineering, and actively expand the industrial energy construction market in the advantageous market areas.

#### 5. Actively expand smart houses and build up medical treat and health care businesses

In 2019, the company will continue to raise funds to complete the construction of the smart housing industry base in Zhanjiang City, Guangdong Province, and ensure that it passes the commissioning acceptance and goes into production within the year; Meanwhile, the company will accelerate the expansion of the smart housing sector in the domestic real estate industry, closely follow the good policy of China to vigorously build the beautiful countryside, actively promote the construction of a new socialist countryside, and strive to open a smart housing rural sector operation center in Xiong'an New Area in 2019, so as to build high-quality village houses for farmers; In addition, in combination with the company's advantageous resources in the health care sector and relying on the construction of health care facilities, the sales, operation and service of health care apartments, the company actively created a new pattern of transformation and upgrading.

#### 6. Actively expand smart houses and profit growth points

In 2019, the company will continue to raise funds to complete the construction of the smart housing industry base in Zhanjiang City, Guangdong Province, to ensure that the trials will be completed and put into production during the year. At the same time, the company will accelerate the expansion of the smart housing sector in the domestic real estate industry, closely following the country's efforts to build beautiful villages. Policies, actively promote the construction of a new socialist countryside, and strive to open a smart housing rural sector operation center in Xiong'an New District in 2019 to build high-quality village houses for the majority of farmers; in addition, combined with the superior resources of the company's Kangyang plate, relying on Kang The construction of facilities, the sales, operation and service of Kangyang Apartment will actively create a new pattern of transformation and upgrading of the company.

#### (4) Main Risks faced by the Company and Solutions

##### 1. Macro economy and policy-related influences

The company belongs to the construction industry. The change of economic cycle is closely related to the development of construction industry, and factors such as the operation of national economy and the development of urbanization process will directly affect the construction industry. The company's main business is in a fully competitive market with low industry barriers and fierce competition. The company is in a period of rapid development, and the rapid development and expansion of domestic and foreign businesses raise higher requirements for the company's organizational operations and project management.

Solutions: Pay constant attention to the international and domestic economic situation to make reasonable prejudgment. Make timely adjustment for operating strategy and marketing policy and make pre-arranged planning which copes with market changes to guarantee the smooth realization for business goals in 2019.

##### 2. Risks Aggravated by the Market Competition

As to the international market, on the one hand, the combinations among the strong ones of the giant international contractors in Europe, America, Japan and South Korea are increasingly common, which can increasingly strength the aspects including the technology, financing and management; on the other hand, more domestic enterprises have participated in the international market competition of construction & engineering, intensified the overseas construction market competition. In the domestic market, with the continuous rise of the attractiveness of medical engineering projects, many companies have participated in the construction of medical engineering projects. Thus, the medical engineering projects have been more difficult to bid and have fierce competition, which imposes a higher requirement on the Company's market expansion.

Solutions: Strengthen team construction and take first-mover advantage of the Company's overseas business. Draw lessons from the past, improve the capacity of management and control for the Company's own projects to constantly heighten the Company's core competitiveness.

##### 3. Management Risks Brought by Constant Business Scope Enlargement

The company's business and scale continue to expand, putting forward higher requirements for the management of the company's management mode, talent reserve, technological innovation and market development.

Solutions: The company will continue to improve the management level, strengthen the talent reserve, adjust and improve the management system, continue to strengthen the information management, and form big data precipitation and analysis of various

data in the operation process through advanced technical means, so as to promote the improvement of management efficiency and widen the management coverage.

#### 4. Operation-related risks

##### (1) Risks of period in project construction

The engineering construction project may be affected by factors such as changes in project design, delays in the payment of project funds, restrictions on transportation, power supply and water supply, land acquisition and relocation, and bad weather, etc., resulting in the failure to proceed as the project schedule agreed in the contract, the risk of the project not being completed and delivered on schedule, and the impact on the company's operating performance and reputation.

##### (2) Risk of increased material price

The construction industry is mainly about fixed cost contract, so gross profit margin is somehow sensitive to the fluctuation of purchasing price of construction materials. The bulk materials used by the company mainly include concrete and steel. Due to the long construction period in construction projects, the price increase of these bulk materials will directly lead to the increase of construction costs, resulting in the difference between the actual construction costs and the project budget, affecting the company's operating performance.

##### (3) Operational risks of overseas businesses

Although the company's overseas businesses are mainly in Southeast Asia and other regions, the company will face potential economic risks, exchange rate risks, political risks and other risks in the process of overseas business operation. In case of major fluctuations or economic crises in the economic development of the countries or regions where the company's overseas target markets are located, they will adversely affect the company's overseas business and the further development of new markets in the future.

Solutions: For the above risks, the company will integrate internal and external resources, strengthen technological innovation according to the professional development ideas, seek expansion of business areas and construction qualifications, improve operation quality and benefits, create green and high-quality projects, realize multi-field professional construction operations and enterprise development, and continuously upgrade brand strength.

#### 5. Risk of bad debt caused by accounts receivable

Some countries have entered the debt repayment period, with increased financial pressure, increased risk of debt default, insufficient confidence of investors, and scarce funds for infrastructure construction. The company has a large balance of accounts receivable, and the high proportion of net accounts receivable to total assets is due to the characteristics of the industry. With the expansion of the company's business scale, the balance of the company's accounts receivable is generally on the increase, and the proportion of net accounts receivable to total assets is expected to remain at a relatively high level. The failure to recover the company's accounts receivable in time will affect the company's capital turnover rate and cash flow from operating activities, thus adversely affecting the company's production, operation and performance level.

Solutions: Strengthen fund management, rationally allocate fund structure, and establish assessment mechanism for project fund recovery to resolve and prevent potential fund risks.

#### 6. Risks of litigation and asset freeze caused by debt repayment

Earlier, the company issued multiple announcements on litigation and arbitration matters in the designated information disclosure media. As the overdue debts of the company and its subsidiaries are not paid off and the company is under investigation by the CSRC, the company has been sued by some creditors and some of its bank accounts and company's assets have been frozen. The overdue debts of the company may be subject to payment of relevant liquidated damages, late fees and penalty interests, increasing the company's financial expenses, thus affecting the company's production and business operation, possibly weakening the confidence of other creditors in the company, thus aggravating the company's financial tension and adversely affecting the company's operation.

Solutions: The Company will continue to pay attention to the follow-up progress, fulfill its information disclosure obligations in a timely manner in accordance with relevant regulations, strengthen the management of litigation-related matters, and employ professional lawyers to actively respond to lawsuits so as to protect the legitimate rights and interests of the company. The company

is making every effort to raise debt service funds and properly handle the debt crisis. Does not rule out future borrowing judicial restructuring, debt restructuring and other ways to solve the company's current financial difficulties.

#### 7. Risk of share suspension

The company is currently being investigated by the China Securities Regulatory Commission because of suspected illegal information disclosure. According to the relevant provisions of the Shenzhen Stock Exchange Listing Rules (Revised in November 2018), if the company is involved in the illegal material information disclosure and under other forced delisting situations stipulated in Article 13.2.1, the company's shares will be subject to the delisting risk warning. The company's shares will be suspended on the next trading day after the expiration of the 30-trading-day period in the delisting risk warning until the Shenzhen Stock Exchange makes a decision on whether to suspend the listing of the company's shares within 15 trading days after the suspension. If the investigation items that the company is involved in are not found to have any major illegal acts by the CSRC, the company's shares will not be at risk of suspension.

Solutions: The Company will actively cooperate with the CSRC to carry out investigations, and perform its information disclosure obligations according to the relevant provisions of the Shenzhen Stock Exchange Listing Rules and disclose risk alert announcements at least once a month.

## X. About researches, visits and interviews received in this reporting period

### 1、Records about researches, visits and interviews received in the reporting period

√ Applicable   □ Not applicable

| Reception time  | Way of reception     | Types of visitors | Basic index  |
|---|----------------------|-------------------|--|
| March 8,2018  | Onsite investigation | Organization      | The interactive relation with the investors on Shenzhen Stock Exchange platform about Sino Great Wall International Engineering Co., Ltd: Record of the investors relations activities on March 8, 2018. |
| Reception times   | 1                    |                   |  |
| Reception agency amount   | 3                    |                   |  |
| Reception personal number   | 0                    |                   |  |
| Others  | 0                    |                   |  |
| Whether to disclose, reveal or disclose non-public material information | No                   |                   |  |

## V. Important Events

### I. Specification of profit distribution of common shares and capitalizing of common reserves

Formulation, implementation and adjustment of profit distribution policy of common shares especially cash dividend policy during the reporting period

√Applicable □Not applicable

During the reporting period, the formulation and implementation of the company's cash dividend policy comply with the provisions of the Articles of Association and the requirements of the resolutions of the shareholders' meeting. The dividend standard and proportion are explicit and clear. Relevant decision-making procedures and mechanisms are complete. Independent directors fulfill their duties and play their due roles. The shareholders' meeting and the daily investor reception work provide small and medium shareholders with the opportunity to fully express their opinions and demands, and the legitimate rights and interests of small and medium shareholders are fully protected.

| Special cash dividend policy description   |                |
|--|----------------|
| Whether meets the requirements of the provisions of the articles of association or shareholders' meeting resolutions:  | Yes            |
| Whether dividends standard and proportion are clear  | Yes            |
| Whether decision making and supervision mechanism for profit distribution are completed  | Yes            |
| Whether independent directors perform their duties responsibly and play its due role:  | Yes            |
| Whether the Minority shareholders have adequate opportunity to express their views and aspirations and Their legitimate rights and interests have been fully protected | Yes            |
| Whether the Cash dividend policy to adjust or change the conditions and procedures are compliant and transparent   | Not applicable |

The profit distribution preplan or proposal and the preplan or proposal of conversion of the capital reserve into share capital in the past three years (with the reporting period inclusive):

#### 1. Profit distribution plan for 2016

the Company distributed cash dividends of RMB 0.60 (including tax) for every 10 shares based on the existing 1,698,245,011 shares. with a total distribution of RMB 101,894,700.66. No bonus shares were given and no capital reserves were conversed. The remaining un-allocated profit will be carried over to the next year. The 2016 profit distribution plan has been approved and implemented at the 2016 shareholders' meeting of the company.

#### 2. Profit distribution plan for 2017

On April 23,2018, The 32nd meeting of the 7th board of directors of the company deliberated and approved the 2017 profit distribution plan. The Company distributed cash dividends of RMB 0.40 (including tax) for every 10 shares based on the existing 1,698,245,011 shares. With a total distribution of RMB 67,929,800.44. No bonus shares were given, and no capital reserves were conversed. The remaining un-allocated profit will be carried over to the next year. The 2017 profit distribution plan has been approved and implemented at the 2017 shareholders' meeting of the company.

## 3. Profit distribution Preplan for 2018:

On April 28, 2019, The 7th meeting of the 8th board of directors of the company deliberated and approved the 2018 profit distribution plan. No cash dividend, no bonus shares, no capital reserve converted into share capital. The above profit distribution plan shall be examined and approved by the company's 2018 annual shareholders' meeting. On April 28, 2019, the 7th session of the 8th Board of Directors of the company

Dividend distribution of the latest three years

Unit: Yuan

| Year | Amount for cash bonus (tax included) | Net profit attributable to the over of the parent company in the consolidated financial statements | Ratio in net profit attributable to the parent company in the consolidated financial statements | Amount of cash dividends from cash offer to repurchase shares of the funds | Proportion of cash dividends from cash offer to repurchase shares of the funds | Amount for cash bonus (tax included) | Ratio of the total cash bonus (other ways included) in net profit attributable to common stock shareholders of listed company contained in consolidation statement |
|------|--------------------------------------|--|---|--|--|--------------------------------------|--|
| 2018 | 0.00                                 | -1,704,739.736.40  | 0.00%   | 0.00   | 0.00%  | 0.00                                 | 0.00%  |
| 2017 | 67,929,800.44                        | 380,090,990.82   | 17.87%  | 0.00   | 0.00%  | 67,929,800.44                        | 17.87%   |
| 2016 | 101,894,700.66                       | 473,661,862.67   | 21.51%  | 0.00   | 0.00%  | 101,894,700.66                       | 21.51%   |

In the reporting period, both the Company's profit and the parent company's retained earnings were positive however not cash dividend distribution proposal has been put forward.

Applicable Not applicable

## II. Profit distribution plan and capitalizing of common reserves plan for the Period

Applicable Not applicable

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

### III. Commitments to fulfill the situation

1. The fulfilled commitments in the reporting period and under-fulfillment commitments by the end of the reporting period made by the company, shareholder, actual controller, acquirer, director, supervisor, senior management personnel and other related parties.

√ Applicable   □ Not applicable

| Commitment   | Commitment maker    | Type       | Contents  | Time of making commitment | Period of commitment | Fulfillment  |
|--|---------------------|------------|---|---------------------------|----------------------|--|
| Commitment on share reform   | No                  | No         | No  |                           | No                   | No   |
| Commitment in the acquisition report or the report on equity changes | No                  | No         | No  |                           | No                   | No   |
| Commitments in assets reorganization                                 | Chen Lue, He Feiyan | Stock lock | Shares acquired by purchases of assets through issuing shares: "I will not transfer the new shares of Victor Onward Holdings acquired through this restructuring, including but not limited to the public transfer through the stock market or by agreement, and I will not entrust anybody | March 19, 2015            | 36 months            | Fully completed (shares acquired by Chen Lue and He Feiyan from issuing shares to purchase assets have been released from restriction on sale) Please refer to the detailed content published on juchao information website (www.cninfo.com.cn) on October |

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|  |  |  | <p>else to manage my shares of Victor Onward Holdings, within 36 months from the date new shares list and before the date I've carried out my obligations of performance compensation under this restructuring(subject to whatever is early, hereinafter referred to as "lock-up periods"). If the closing price of shares of Victor Onward Holdings were lower than this issue price for 20 continuous trading days in 6 months after the restructuring</p> |  | <p>23, 2018(Announcement No.:2018-123)</p> |
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|  |  |  | <p>transaction has been completed, or the final closing price were lower than this issue price 6 months after the transaction has been completed, the lock-up periods of my shares of Victor Onward Holdings are automatically prolonged for 6 months. (The above-mentioned issue price will be calculated according to the price after the adjustment of ex-dividend, etc. if ex-dividend behaviors of the company, including distribution of</p> |  |  |  |
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|  |  |  | <p>dividends, giving bonus, conversion of share capital, rationing shares, and etc., were happened during the above-mentioned periods. If the restructuring transaction were March 19, 2015 36 months Strict performing Shenzhen Victor Onward Textile Industrial Co., Ltd. The Third Quarterly Report 2015. 14 investigated by judicial authorities or China Securities Regulatory Commission due to false record, misleading statement or</p> |  |  |  |
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|  |          |            |   |                |           |                   |
|--|----------|------------|---|----------------|-----------|-------------------|
|  |          |            | <p>major omission of the information provided or disclosed, I will not transfer my shares of the company before the conclusion of the case has been made clear. After the above-mentioned lock-up periods, I will sell or transfer the new shares of the company acquired from this restructuring following relevant regulations of China Securities Regulatory commission and Shenzhen Stock Exchange.</p> |                |           |                   |
|  | Chen Lue | Stock lock | <p>Shares acquired by matching funds raised: “I</p>   | March 19, 2015 | 36 months | Strict performing |

|  |          |                       |   |               |           |                   |
|--|----------|-----------------------|---|---------------|-----------|-------------------|
|  |          |                       | <p>will not transfer the new shares of Victor Onward Holdings acquired through this issuing by any way, including but not limited to the public transfer through the stock market or by agreement, within 36 months from the date new shares list. If regulation rules or regulators have longer requirements for lock-up periods, it should be executed accordingly.</p> |               |           |                   |
|  | Chen Lue | No capital occupation | <p>Up to the issue day of the letter, I and other corporations controlled by me haven't</p>   | March 19,2015 | Long-term | Strict performing |

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|  |  |  | <p>possessed funds of Sino Great Wall; After the transaction is completed, I and other companies controlled by me (if any), except for listed companies and their holding subsidiaries, will not possess the funds of listed companies or Sino Great Wall by any way, including cash in advance, other expenses, direct or indirect loans, assumption, etc. and try our best to avoid fund intercourse with listed companies or Sino Great Wall, which has</p> |  |  |
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|  |  |  | <p>nothing to do with normal operations. If Sino Great Wall got penalized by government administration departments due to the money lending which was happened before the transaction, I will bear the total compensation for the company's loss resulting from it by cash in order to guarantee Sino Great Wall won't suffer any loss. Meanwhile, I will actively urge Sino Great Wall to establish complete inner control</p> |  |  |  |
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|  |          |                   |   |               |           |                   |
|--|----------|-------------------|---|---------------|-----------|-------------------|
|  |          |                   | system and funds management system within lawful authority.   |               |           |                   |
|  | Chen Lue | Cash compensation | In view of the fact that the houses rented by Sino Great Wall and its son subsidiaries, subsidiaries, haven't rental registration, I promise, if Sino Great Wall and its son subsidiaries, subsidiaries, were penalized by real estate management department or suffered other losses resulting from it, I agree to compensate the loss of the company by cash. | March 19,2015 | Long-term | Strict performing |
|  | Chen Lue | Cash compensation | During the reporting period, the  | March 19,2015 | Long-term | Strict performing |

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|  |  | n | <p>project which Sino Great Wall is involved in is the decoration engineering construction project of Libo Grand Hotel (hereinafter referred to as “Libo project”) which the company contracted before the bidding process. Sino Great Wall is not involved in any other projects except for Libo project before bidding process. As to the violating issues existed in the Libo project, I promise as follows: if Sino Great Wall got penalized by government</p> |  |  | og |
|--|--|---|--|--|--|----|

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|--|----------|--------------------------|---|-------------------|-----------|---|
|  |          |                          | <p>administrati<br/>on<br/>departments<br/>or suffered<br/>any<br/>economic<br/>loss resulted<br/>from it, I<br/>will<br/>compensate<br/>the<br/>company by<br/>cash;<br/>Meanwhile,<br/>I, within<br/>lawful<br/>authority,<br/>will also<br/>promise to<br/>urge the<br/>company to<br/>undertake<br/>related<br/>construction<br/>projects<br/>legally so as<br/>to avoid<br/>violating<br/>issues<br/>happened<br/>before<br/>implementat<br/>ion of<br/>bidding<br/>process, i.e.,<br/>at the time<br/>for<br/>construction<br/>again.</p> |                   |           |   |
|  | Chen Lue | Cash<br>compensatio<br>n | <p>“1. Up to<br/>October<br/>13th,2014,<br/>the related<br/>expenses of</p>   | March 19,<br>2015 | Long-term | It has been<br>fulfilled (on<br>May 21,<br>2018, Chen<br>Lue paid |

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|  |  | <p>the litigation and arbitration cases, including the actual price, compensation, penalty, litigation costs, etc. which the parent-subsidiary companies of Sino Great Wall needs to pay caused by the final results of litigation and arbitration cases, exceed the amount of liabilities which recognized in the “Audit Report” made for Sino Great Wall by Ruihua CPA (Special Ordinary Partnership) on the basis of the audit base day of July 31st,</p> | <p>the company a payment of RMB 5,601,460.21 for the difference between the lawsuit and arbitration of parent company and subsidiary of Sino Great Wall Co., Ltd.. For details information, please refer to the Announcement on the Payment of Cash by the Controlling Shareholder and the Actual Controller to the Company to Fulfill the Commitment published by the company on the website of Juchao Information (cninfo.com.cn) on May 22, 2018.)</p> |
|--|--|--|---|

|  |          |                   |   |               |           |                   |
|--|----------|-------------------|---|---------------|-----------|-------------------|
|  |          |                   | 2014, I promise to bear the balance by cash unconditionally so as to guarantee the parent-subsidiaries of Sino Great Wall won't suffer any loss. 2. This commitment letter is irrevocable.  |               |           |                   |
|  | Chen Lue | Cash compensation | 1. On condition that ownership defect exists in the lease of house property of parent-subsidiary companies of Sino Great Wall and its subsidiary corporation, which resulted in inability for parent-subsidiary companies of Sino Great Wall and its subsidiary | March 19,2015 | Long-term | Strict performing |

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|  |  |  | <p>corporation to continue leasing this house property but having to relocate, or parent-subsidiary companies of Sino Great Wall and its subsidiary corporation can't timely find suitable workplace for lawful operation in related area, I will undertake to compensate by cash for parent-subsidiary companies of Sino Great Wall's losses which are caused by operation and finance due to the above-mentioned matters. 2. I undertake to unconditionally bear the relevant fines by</p> |  |  |
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|  |  |  | <p>cash for parent-subsi diary companies of Sino Great Wall on condition that the rental house property of parent-subsi diary companies of Sino Great Wall and its subsidiary corporation is in absence of handling procedures for filing house leasing ,whi ch resulted in that parent-subsi diary companies of Sino Great Wall and its subsidiary corporation are fined by property administrati ve department.</p> <p>3.The commitment letter is irrevocable.</p> |  |  |
|--|--|--|--|--|--|

|  |          |                   |   |                |           |                   |
|--|----------|-------------------|---|----------------|-----------|-------------------|
|  | Chen Lue | Cash compensation | “In condition that parent-subsidiary companies of Sino Great Wall or its son subsidiary haven’t paid social security or housing fund for staff according to law, which resulted in any losses to Sino Great Wall , including the competent authorities’ requirement for Sino Great Wall or its subsidiary to make supplementary payment, to be punished and resourced, I will bear by full-amount cash for the fee of supplementary payment | March 19, 2015 | Long-term | Strict performing |
|--|----------|-------------------|---|----------------|-----------|-------------------|

|  |          |                   |  |               |           |                   |
|--|----------|-------------------|--|---------------|-----------|-------------------|
|  |          |                   | and the expense and fee for being punished or resourced, which is to guarantee Sino Great Wall and its subsidiary to avoid suffering from any loss ”.  |               |           |                   |
|  | Chen Lue | Cash compensation | “At present, Suzhou Lvbang has possessed one state-own land use right, of which the land certificate is Suzhou Guo Yong(2014) No.Y2014086”, locates in Danan Village, Dadian Town, Yongqiao District, Suzhou City with 32,966 square meters of area and the purpose for industry. Suzhou | March 19,2015 | Long-term | Strict performing |

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|  |  |  | <p>Lvbang possesses its own factory with 9,843.87 square meters of area above-mentioned, which is the building reserved on the former selling land. Suzhou Lvbang is carrying out refurbishing and reconstruction for this factory and has acquired “License of Construction Land Planning ”with No.2014-08-001 approved and issued by Yongqiao District, Suzhou City’s housing and rural construction bureau, of which other examination</p> |  |  |  |
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|  |  |  | <p>and approval procedures of construction are in the process of handling “I undertake to actively supervise and urge Suzhou Lvbang on handling procedures of the approval process involved with factor refurbishing and reconstruction, and which is suffered from administrative punishment by relevant competent authorities in reason of claiming certificate of title, or in which any dispute or controversy exist in construction and</p> |  |  |  |
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|  |          |                   |  |                |           |                   |
|--|----------|-------------------|--|----------------|-----------|-------------------|
|  |          |                   | ownership, which shall be my responsibility to carry out solution, and I undertake to compensate by cash for Suzhou Lvbang's losses which are due to this matter, guaranteeing no losses occur to Sino Great Wall and Suzhou Lvbang for this matter. |                |           |                   |
|  | Chen Lue | Cash compensation | “According to the “Agreement of Significant Asset Replacement and Issue of Share to Buy Asset”(hereinafter referred to as “Agreement”) signed among Victor Onward Holdings,  | March 19, 2015 | Long-term | Strict performing |

|  |  |  |   |  |  |  |
|--|--|--|---|--|--|--|
|  |  |  | <p>all shareholders of Sino Great Wall and Union Development Group Co., Ltd (hereinafter referred to as “ Union Group”) on October 13, 2014, all the creditor’s rights and liabilities related to place-out asset before the delivery date of Victor Onward Holdings shall be Union Group’s responsibility to carry out solution; After the asset delivery date, if any losses occur to Victor Onward Holdings in reason of the liability transfer of asset delivery,</p> |  |  |  |
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|  |  |  | <p>personnel placement, unsettled dispute or controversy and other compensation related to place-out asset, payment obligation and punishment, Union Group or the specified third party shall sufficiently compensate all losses for Victor Onward Holdings for the above matters. I undertake, if Union Group and the specified third party refuse to compensate the losses caused by the above mentioned matters for Victor Onward</p> |  |  |
|--|--|--|--|--|--|

|  |                     |                        |  |              |           |           |
|--|---------------------|------------------------|--|--------------|-----------|-----------|
|  |                     |                        | Holdings according to the “Agreement”, I will compensate by cash for the Victor Onward Company within 5 working day in advance. Meanwhile, I will reserve the resource rights for Union Group and the specified third party “. |              |           |           |
|  | Chen Lue, He Feiyan | Performance commitment | According to “Agreement of Shenzhen Victor Onward Textile Industrial Co., Ltd., Chen Lue and He Feiyan Concerning on Performance Compensation” and its supplement 1  | May 11, 2015 | Long-term | Completed |

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|--|--|--|---|--|--|--|
|  |  |  | <p>agreement ,<br/>Chen Lue’s<br/>promised<br/>Sino Great<br/>Wall that<br/>the net<br/>profit<br/>deducted by<br/>incidental<br/>losses and<br/>attributable<br/>to the parent<br/>companies’<br/>owners after<br/>audition of<br/>2015, 2016<br/>and 2017<br/>shall be<br/>respectively<br/>more than<br/>RMB 345.8<br/>million,<br/>RMB 438.5<br/>million and<br/>RMB 538.2<br/>million. If<br/>the net<br/>profit of<br/>Sino Great<br/>Wall is less<br/>than the<br/>promised<br/>net profit<br/>mentioned<br/>above ,<br/>Chen Lue<br/>and He<br/>Feiyan will<br/>compensate<br/>for listed<br/>company in<br/>accordance<br/>with<br/>“Performan</p> |  |  |  |
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|  |                        |                            |  |                      |           |                          |
|--|------------------------|----------------------------|--|----------------------|-----------|--------------------------|
|  |                        |                            | ce<br>Compensati<br>on<br>Agreement”<br>and its<br>supplementa<br>l agreement  |                      |           |                          |
|  | Chen Lue;<br>He Feiyan | Independent<br>competition | 1. This<br>reorganizati<br>on is<br>planned to<br>place in<br>asset. At<br>present,<br>complete<br>separation<br>has existed<br>between me<br>or other<br>enterprises<br>under my<br>possession<br>(if any) and<br>the listed<br>company in<br>staff, asset,<br>finance,<br>institution<br>and<br>business of<br>Sino Great<br>Wall.<br>Independen<br>ce exists in<br>both staff,<br>asset,<br>finance,<br>institution<br>and<br>business<br>and no<br>confusion<br>exists. 2. I<br>undertake, | September<br>30,2015 | Long-term | Strict<br>performin<br>g |

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|--|--|--|---|--|--|--|
|  |  |  | <p>after this reorganization, to ensure the continued complete separation between me or other enterprises under my possession (if any) and the listed company in staff, asset, finance, institution and business, sustaining the independence in the listed company's staff, asset, finance, institution and business, as follows:</p> <p>(1). The Ensurance of Independence for Listed Company's Personnel Ensure that the general manager, the vice-general</p> |  |  |  |
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|  |  |  | <p>manger, the chief financial officer, the board secretary and the senior executives of the Company only accept salary in listed company, including no holding of any post except director and supervisor in my enterprise or other enterprises under my possession.</p> <p>2.Ensure the complete independence exists among the listed company's labor, personnel, and salary management and me. 3. The director, supervisor, general manager</p> |  |  |
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|  |  |  | <p>and other senior executives recommended by me have all been through the legal procedures, and I will not intervene the company's board and the shareholder's decision for appointing and dismissing personnel by exercising official power.</p> <p>(2)The Insurance of the Asset Independence of Listed Company</p> <p>1.Ensure that the listed company possesses business system related to operation and the</p> |  |  |  |
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|  |  |  | <p>relevant completely-independent asset.</p> <p>2.Ensure that no occupation of mine exists in capitals and assets of the listed company.</p> <p>3.The Insurance of the Financial Independence of Listed Company</p> <p>1.Ensure that the independent finance department and the independent financial calculating system set up by the listed company, which possess normative and independent financial and accounting rules. 2. Ensure that the listed</p> |  |  |  |
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|  |  |  | <p>company independently opens a bank account, not sharing the same bank account with me.</p> <p>3. Ensure that the financial staff of the listed company holds no part-time post in my enterprise and other enterprises under my possession.</p> <p>4. Ensure that the listed company pays taxes according to law.</p> <p>5. Ensure that the listed company makes the financial decision-making independently, I will not intervene the utilization of the listed company's</p> |  |  |  |
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|  |  |  | <p>capital.<br/>                 (4)The Insurance of the Institutional Independence of Listed Company<br/>                 1.Ensure that the listed company sets up perfect governance structure for the share company’s legal person, which possesses independent and complete institutional framework<br/>                 2.Ensure that the shareholder’s meeting, the board of director, the independent director, the supervisor and the general managers exercise official powers according to laws,</p> |  |  |  |
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|  |  |  | <p>regulations and articles of incorporation (5)The Insurance of the Business Independence of Listed Company 1. Ensure that the listed company possesses the asset, staff, qualification and ability for independently holding business activities, which possesses the independent , autonomous and sustain operation ability catering to the market.</p> <p>2. Ensure that I will not intervene the listed company's business activities except exercising</p> |  |  |  |
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|  |  |  | <p>shareholder's rights.</p> <p>3.Ensure that I or other enterprises under my possession will avoid working on the listed company's main business which possesses substantial competition.</p> <p>4. Ensure to reduce the related transaction between me and the listed company or between other enterprises under my possession and the listed company as much as possible;</p> <p>When confirming necessary but unavoidable related transaction, I will ensure</p> |  |  |  |
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|  |                       |                      |  |                |           |                   |
|--|-----------------------|----------------------|--|----------------|-----------|-------------------|
|  |                       |                      | the fair operation according to the principle of market culture and the fair price, and fulfill the transaction procedures and the obligation of disclosing information according to relevant laws and regulations and normative document. |                |           |                   |
|  | Chen Lue;<br>He Feiya | Related transactions | “1.Before this reorganization, the fairness and reasonableness of pricing and the legitimacy and effectiveness of decision-making procedure exist in the transaction(if any) between me or the   | March 19, 2015 | Long term | Strict performing |

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|  |  |  | <p>enterprise under my possession(if any) and Sino Great Wall which is planned to place asset in, no related transaction with obvious unfairness exists ;</p> <p>2.After this reorganization, I or the enterprise under my possession will avoid and reduce the related transaction with listed company as much as possible. As for any unavoidable or reasonable related transaction, I or the enterprise under my possession will sign the agreement according to laws and fulfill the</p> |  |  |
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|  |  |  | <p>lawful procedure, and fulfill relevant approval procedure for internal decision-making and timely fulfill the obligation of disclosing information according to law, following relevant laws, regulations, other normative documents and articles of listed company, which is to guarantee the fairness and reasonableness in related transaction pricing, to guarantee the fairness of transaction condition and to guarantee not to utilize</p> |  |  |  |
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|  |  |                        |  |                      |                  |  |
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|  |  |                        | <p>the related transaction to illegally transfer the capital and profit of listed company, and not to utilize this transaction to engage in any behaviors which will cause any losses to listed company or other shareholder's legitimate rights. Once I violate the above promises and cause losses to the listed company, I will compensate the listed company for the losses caused by the this matter.</p> |                      |                  |  |
|  | <p>Union Development Group Co., Ltd.</p> | <p>Income disposal</p> | <p>During the assets reorganization, the house</p>   | <p>March 19,2015</p> | <p>Long-term</p> | <p>Fully completed (On March 29, 2018, the</p> |

|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|
|  |  |  | <p>property and land without property certificate in the disposed assets within the plant area of Kuixin Community of Kuichong Street of Longgang District and the expected compensations, as well as the expected compensations concerning to the regaining of plots planned as schools within the right of land use of Nanyou Industrial Park of Nanshan District have not been recorded in the assessment. Therefore, Union Group</p> |  |  | <p>company received an economic compensation of RMB 100 million from Shenzhen Union Development Investment Co., Ltd., and promised to complete the performance.)</p> |
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|  |  |  | <p>promises that after the reorganization, if Union or a third party appointed by Union receives compensations or incomes related to above-mentioned disposed assets which are house property and land without property certificate as well as regaining of plots planned as schools, Union will return the benefits to Victor Onward Holdings, in 10 working days since the collection. The actual costs and fees during the possession of the house</p> |  |  |
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|  |  |  | <p>property and land and the paid as well as the unpaid but necessary costs and fees for the reception of the above-mentioned benefits for Union Group or its third party will be deducted from the income. The specific benefits and payable costs and fees should be confirmed jointly by Union Group and Victor Onward Holdings based on the actual situations.</p> <p>(Note:On June 25, 2015,All shareholders of Victor Onward Holdings,</p> |  |  |  |
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|  |  |  | <p>Union Group and Sino Great Wall Signed supplementary agreement, and specified that the land and houses without ownership certificate of Victor Onward Holdings located at the factory area of Kuixin community of Kuichong street office of Longgang district (the land area is about 50,000 square meters, the built-up area of houses is about 25,000 square meters, among them about 18,000 square meters of</p> |  |  |  |
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|  |                                  |                   | buildings at built-up area are within the plan of removal and collection of government , hereinafter referred as “undocumented property) still belongs to Victor Onward Holdings. And the benefits and risks of the real estate without certificate are enjoyed and assumed by Victor Onward Holdings.” |               |           |   |
|  | Union Development Group Co., Ltd | Cash compensation | According to the Term 5.5.3 of Agreement on Major Asset Replacement and Asset Purchase Through Issuing Shares (hereinafter referred to as   | March 19,2015 | Long-term | Completed the implementation (On March 29, 2018, the company received an economic compensation of RMB 100 million from Shenzhen Union |

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|  |  |  | <p>Agreement) signed on October 13, 2014 by the company and all shareholders of Victor Onward Co. Ltd. and Sino Great Wall, Victor Onward Holdings should obtain the letter of approval concerning the transferred debts of the disposed assets from the creditor (including the guarantee, similarly hereinafter) before the date of assets delivery. In the situation of debts on Victor Onward Holdings due to the absence of creditor's consent, the company or</p> |  | <p>Development Investment Co., Ltd., and promised to complete the performance.)</p> |
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|  |  |  | <p>the third party appointed by the company is in charge of paying off debts or reaching agreement on the solution with the creditor. When there are losses caused by improper solutions of the company or the third party appointed by the company, the company or the third party appointed by the company will fully compensate for the caused losses of Victor Onward Holdings in 5 working days after receiving</p> |  |  |  |
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|  |  |  | <p>the notice. According to the Term 5.5.4 of Agreement, after the date of assets delivery, any compensations, obligations of payment and penalties caused by disposed assets as well as unsettled disputes in Victor Onward Holdings will be undertaken and solved by the company or the third party appointed by the company, and Victor Onward Holdings assumes no responsibility. When there are losses caused by it,</p> |  |  |  |
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|  |  |  | <p>the company or the third party appointed by the company will fully compensate for the caused losses of Victor Onward Holdings in 5 working days after receiving the notice. According to the Term 5.6.1 of Agreement and based on the principle of “staff arrangement according to the assets”, the labor relations, social insurance relations including pension, medical treatment, unemployment, working injury and maternity, and other</p> |  |  |  |
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|  |  |  | liable<br>welfare and<br>salary of all<br>the staff in<br>Victor<br>Onward<br>Holdings.<br>(including<br>but not<br>limited to<br>on-post<br>Shenzhen<br>Victor<br>Onward<br>Textile<br>Industrial<br>Co., Ltd.<br>The Third<br>Quarterly<br>Report<br>2015. 25<br>employees,<br>employees<br>awaiting job<br>assignments<br>, retired<br>employees,<br>retained<br>employees<br>with<br>suspend<br>salary,<br>transferred<br>employees,<br>and<br>temporary<br>employees,<br>etc) will be<br>transferred<br>to the<br>company or<br>the third<br>party<br>appointed |  |  |
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|  |  |  | <p>by the company. Compensations or related matters (if any) due to the termination of labor relationship in advance with Victor Onward Holdings, the company or the third party appointed by the company will be in charge of the payment. The company promises that for the losses caused by matters such as the above-mentioned debt transfers of disposed assets, personnel arrangement, unsettled disputes, potential</p> |  |  |  |
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|   |     |    | debts, payment obligations and penalties, the company or the third party appointed by the company will fully compensate for the losses of Victor Onward Holdings due to the above-mentioned matters based on the Agreement in cash. |  |    |    |
| Commitments make in initial public offering or re-financing   | No  | No | No  |  | No | No |
| Equity incentive commitment   | No  | No |   |  | No | No |
| Other commitments for medium and small shareholders   | No  | No |   |  | No | No |
| Completed on time(Y/N)  | Yes |    |   |  |    |    |
| If the commitments are not fulfilled on time, shall explain the specify reason and the next work plan | Nil |    |   |  |    |    |

**2.The existence of the company's assets or projects earnings forecasts and earnings reporting period is still in the forecast period, the company has assets or projects meet the original profit forecast made and the reasons explained**

Applicable Not applicable

#### IV. Particulars about the non-operating occupation of funds by the controlling shareholder

Applicable  Not applicable

No non-operating occupation from controlling shareholders and its related party in the period.

#### V. Explanation of the Supervisory Committee and Independent Directors (If applicable) on the Qualified Auditor's Report Issued by the CPAs.

Applicable  Not applicable

Reanda Certified Public Accountants (LLP) audited the financial report of Sino Great Wall Co., Ltd. (hereinafter referred to as "the Company") for 2018 and issued an Audit Report, (LADS Zi [2019] No 2333), which was unable to provide opinions. The board of directors, board of supervisors and independent directors of the company issued the following relevant explanations:

##### 1. Special Notes of the Board of Directors on Matters Involving Non-standard Audit Opinions in 2018 Financial Report

The board of directors believes that "matters that lead to the inability to express opinions" fully reveal the risks faced by the company and objectively reflect the actual situation and financial situation of the company. The board of directors of the company agrees to the audit report issued by Reanda Certified Public Accountants (Special General Partnership) for the 2018 financial report of the company that cannot express opinions. The Board of Directors of the Company will take effective measures to eliminate the above risk factors as far as possible.

##### 2. The opinions of the Board of Supervisors on the special statement of the Board of Directors on matters concerning the non-standard audit opinion in the 2018 financial report

In the opinion of the Board of Supervisors: Reanda Certified Public Accountants (Special General Partnership) has issued a disclaimer audit report on the Company's 2018 financial report based on professional judgment. We respect the professional opinions of the accountants and agree with the special statement of the Board of Directors on the matters covered in the disclaimer audit report. The Board of Supervisors will actively cooperate with the Board of Directors, keep an eye on the development of the relevant work of the Board of Directors and the management continuously, and earnestly safeguard the legitimate rights and interests of the Company and all shareholders. Meanwhile, the Board of Supervisors hopes that the Board of Directors and the management will take effective measures to eliminate the contents mentioned in the audit report that lead to the inability to express opinions as soon as possible, so as to effectively safeguard the interests of the majority of investors.

##### 3. Independent opinions of the independent directors on matters concerning the non-standard audit opinion in the 2018 financial report

After the relevant information consulted and communicating with the audit institution and relevant personnel, as an independent director of the Company, we consider that the disclaimer audit report on the 2018 financial report of the Company issued by Reanda Certified Public Accountants (LLP) is based on professional judgement, and we respect the professional opinions of the accountants and agree with the special statement of the Board of Directors on the matters covered in the disclaimer audit report. The measures taken or to be taken by the Board of Directors are conducive to eliminating the matters concerning this disclaimer audit report of opinion and their impacts. We will urge the Board of Directors and the management of the Company to pay continuous attention to this matter and earnestly safeguard the rights and interests of the Company and all shareholders.

#### VI. Explain change of the accounting policy, accounting estimate and measurement methods as compared with the financial reporting of last year.

Applicable  Not applicable

The format of financial statements of general enterprises has been revised in accordance with the provisions of Notice on Revision and Issue of 2018 Format of Financial Statements for General Enterprises (CK [2018] No.15) issued by the Ministry of Finance.

## VII. Explain retrospective restatement due to correction of significant accounting errors in the reporting period

Applicable Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

## VIII. Explain change of the consolidation scope as compared with the financial reporting of last year.

Applicable Not applicable

During the reporting period, the changes in the scope of consolidated statements are detailed in the notes to the financial reports.

## IX. Engagement/Disengagement of CPAs

CPAs currently engaged

|  |   |
|--|---|
| Name of the domestic CPAs  | Reanda Certified Public Accountants LLP |
| Remuneration for domestic accounting firm (Ten thousand yuan)    | 260                                     |
| Continuous life of auditing service for domestic accounting firm | 1                                       |
| Name of domestic CPA   | Wang Xinyu, Zhou Zhonghua               |
| Continuous life of auditing service for domestic accounting firm | 1                                       |

Has the CPAs been changed in the current period

Yes No

Whether change the appointment of account firm during the auditing period or not

Yes No

Whether perform approval procedures when change the appointment of account firm or not

Yes No

A detailed explanation of the change of employment and accounting firm

Due to the arrangement of project personnel of Shu Lun Pan CPAs (Special General Partnership) and other reasons, its 2018 annual audit work time cannot match the company's plan; Meanwhile, considering that it has provided auditing services for the company for many years, in order to ensure the independence and objectivity of the company's audit work, the fourth meeting of the company's eighth board of directors and the first extraordinary general meeting of shareholders in 2019 deliberated and passed the Proposal on Replacement of Accounting Firm, it was agreed to employ Reanda Public Certified Accountants (special general partnership) as the company's 2018 annual financial report and internal control auditing body for a period of one year. For details, please refer to the company's announcements 2019-007,2019-010 and 2019-016 published on Cninf on January 29, 2019 and February 14, 2019.

CPAs firm for the internal control audit

applicable  Not applicable

In the current year, the company engaged Reanda Certified Public Accountants LLP as the internal control audit accounting firm, during the period, the company totally pays RMB 600,000 for the internal control audit expenses.

## X. Situation of Facing Listing Suspension and Listing Termination after the Disclosure of the Yearly Report

Applicable Not applicable

## XI. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period.

## XII. Significant lawsuits and arbitrations of the Company

Applicable Not applicable

| General information   | Involved amount<br>(Ten thousand yuan) | Provision | Progress   | Decisions and effects  | Execution of decisions  | Disclosure date | Index to disclosed information  |
|---|--|-----------|--|--|---|-----------------|---|
| Loan Contract Dispute Case with Shenzhen Guodingsheng Trading Co., Ltd. | 12,811.63                              | No        | Second instance judgment is given and case is closed | First-instance judgment: Defendant I shall repay the principal of 88,082,007.52 yuan and overdue interest of 1,377,936.36 yuan; Defendants II, III and IV shall be jointly and severally liable; Defendant V shall assume the pledge guarantee responsibility and other claims are rejected. The second instance judgment was as follows: The appeal was | The Guangdong Shenzhen Intermediate People's Court issued (2019) Y03Z701 enforcement verdict, with a mandatory enforcement of 88,941,110.88 yuan. | August 31, 2018 | On August 31, 2018, it was disclosed in the 2018 Semi-annual Report on Cninf; On September 2018, Announcement on the Company, Its Wholly-owned Subsidiaries and Controlling Shareholders Receiving <Notice of Enforceme |

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|  |  |  |  | rejected and the original verdict was upheld. |  |  | nt> and < Property Report Order>; On October 23, 2018, Announcement on Reply to Inquiry Letter on Semi-annual Report of Shenzhen Stock Exchange( Announcement No.:2018-125) ; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(Announcement No.:2019-019); Announcement on the Progress of Major Litigation and Arbitration Matters on |
|--|--|--|--|---|--|--|--|

|  |          |    |  |  |  |   |
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|  |          |    |  |  |  | April 19, 2019<br>(Announcement No.: 2019-036)  |
| Financial loan contract dispute case of Zhuhai Branch of Xiamen International Bank Co., Ltd. | 4,997.22 | No | The first-instance verdict was closed and an appeal was filed. |  |  | August 31, 2018<br>On August 31, 2018, it was disclosed in the 2018 Semi-annual Report on Chinf; On September 2018, Announcement on the Company, Its Wholly-owned Subsidiaries and Controlling Shareholders Receiving <Notice of Enforcement> and <Property Report Order>; On October 23, 2018, Announcement on Reply to Inquiry Letter on Semi-annual Report |

|   |           |    |   |   |   |                |  |
|---|-----------|----|---|---|---|----------------|--|
|   |           |    |   |   |   |                | of Shenzhen Stock Exchange( Announcement No.:2018-125) ; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(Announcement No.:2019-019)         |
| Loan contract dispute case with Li Qiaoli | 16,192.92 | No | The judgment is given and the case is closed. | — | Under enforcement<br>On February 2, 2019, Shenzhen Intermediate People's Court issued (2019) Y03Z65 enforcement verdict, with a mandatory enforcement of 177.,194128 million yuan | August 31,2018 | On August 31, 2018, it was disclosed in the 2018 Semi-annual Report on Cninf; On September 2018, Announcement on the Company, Its Wholly-owned Subsidiaries and Controlling Shareholde |

|  |          |    |   |   |   |                   |   |
|--|----------|----|---|---|---|-------------------|---|
|  |          |    |   |   |   |                   | rs<br>Receiving<br><Notice of<br>Enforceme<br>nt> and <<br>Property<br>Report<br>Order>; On<br>October<br>23, 2018,<br>Announce<br>ment on<br>Reply to<br>Inquiry<br>Letter on<br>Semi-annu<br>al Report<br>of<br>Shenzhen<br>Stock<br>Exchange(<br>Announce<br>ment<br>No.:2018-1<br>25) ; On<br>February<br>20, 2019,<br>Announce<br>ment on<br>Reply to<br>Shenzhen<br>Stock<br>Exchange's<br>Letter of<br>Concern(A<br>nnounceme<br>nt<br>No.:2019-<br>019) |
| Loan contract<br>dispute case of<br>Shenzhen Brach<br>of Bank of<br>Ningbo | 9,523.09 | No | Waiting<br>for the<br>judgment<br>of first<br>instance. | — | — | August<br>31,2018 | On August<br>31, 2018, it<br>was<br>disclosed<br>in the 2018  |

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|  |  |  |  |  |  |  | Semi-annual Report on Cninf; On September 2018, Announcement on the Company, Its Wholly-owned Subsidiaries and Controlling Shareholders Receiving <Notice of Enforcement> and <Property Report Order>; On October 23, 2018, Announcement on Reply to Inquiry Letter on Semi-annual Report of Shenzhen Stock Exchange( Announcement No.:2018-125) ; On February 20, 2019, |
|--|--|--|--|--|--|--|--|

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|--|-----------|----|---|---|--|----------------|--|
|  |           |    |   |   |  |                | Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(Announcement No.:2019-019)  |
| Loan contract dispute case of Industrial Bank (China) Shenzhen Houhai Sub-branch | 29,137.97 | No | The judgment is given and the case is closed. | — | Shenzhen Intermediate People's Court issued (2018) Y03Z2798, with a mandatory enforcement of 293,399,781 yuan. | August 31,2018 | On August 31, 2018, it was disclosed in the 2018 Semi-annual Report on Cninf; On September 2018, Announcement on the Company, Its Wholly-owned Subsidiaries and Controlling Shareholders Receiving <Notice of Enforcement> and <Property Report Order>; On October 23, 2018, |

|                  |           |    |     |   |       |           |  |
|------------------|-----------|----|-----|---|-------|-----------|--|
|                  |           |    |     |   |       |           | Announcement on Reply to Inquiry Letter on Semi-annual Report of Shenzhen Stock Exchange( Announcement No.:2018-125) ; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(Announcement No.::2019-019); Announcement on the Progress of Major Litigation and Arbitration Matters on April 19, 2019 (Announcement No.: 2019-036) |
| Enforcement case | 11,711.49 | No | The | — | Under | September | On   |

|   |  |  |   |  |             |         |  |
|---|--|--|---|--|-------------|---------|--|
| of Shaanxi International Trust Co., Ltd |  |  | (2018) XZZF Zi No. 140 execution certificate issued by Xi'an Notary Office has become legally effective, and Shaanxi International Trust Co., Ltd. applied to Beijing Second Intermediate People's Court for compulsory execution |  | enforcement | 14,2018 | September 2018, Announcement on the Company, Its Wholly-owned Subsidiaries and Controlling Shareholders Receiving <Notice of Enforcement> and <Property Report Order>; On October 23, 2018, Announcement on Reply to Inquiry Letter on Semi-annual Report of Shenzhen Stock Exchange( Announcement No.:2018-125) ; On February 20, 2019, Announcement on Reply to Shenzhen |
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|--|-----------|----|---|-------------------------------|-------------------|-------------------|--|
|  |           |    |   |                               |                   |                   | Stock Exchange's Letter of Concern(Announcement No.:2019-019); Announcement on the Progress of Major Litigation and Arbitration Matters on April 19, 2019 (Announcement No.: 2019-036) |
| Enforcement case of CCB International Asset Management (Shanghai) Co., Ltd | 21,111.82 | No | The Notice of Enforcement from Beijing Third Intermediate People's Court on the Case of Notarization of Creditor's Rights Documents between the Company and CCB | Consumption restriction order | Under enforcement | September 18,2018 | On September 2018, Announcement on the Company, Its Wholly-owned Subsidiaries and Controlling Shareholders Receiving <Notice of Enforcement> and <Property Report Order>; On           |

|                                   |       |    |   |  |                   |  |   |
|-----------------------------------|-------|----|---|--|-------------------|--|---|
|                                   |       |    | International Asset Management (Shanghai) Co., Ltd. is received |  |                   | February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(Announcement No.:2019-019) |   |
| Loan dispute case with Chen Jiang | 4,980 | No | The case is closed through mediation                            | 1. Confirm the outstanding loan principal of 49.8 million yuan and interest. 2. Pay interest of 5,342,800 yuan before July 25, 2018. 3. Pay interest of 15 million yuan before July 31, 2018. 4. Pay principal of 34.8 million yuan before September 30, 2018. 5. The lawsuit fee of 290,800 yuan and preservation fee of 5000 yuan shall be borne by Sino Stock Company. Pay off before July 31, 2018. 6. Other | Under enforcement | September 18,2018  | On September 2018, Announcement on the Company, Its Wholly-owned Subsidiaries and Controlling Shareholders Receiving <Notice of Enforcement> and <Property Report Order>; On October 23, 2018, Announcement on Reply to Inquiry Letter on Semi-annu |

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|---|----------|----|--|---|---|-----------------|---|
|   |          |    |  | defendants shall pay off jointly and severally. 7. Chen Jiang shall apply for unsealing within 3 days after the aforesaid payment is completed. 8. Failure to pay the aforesaid amount may be subject to enforcement. 9. Chen Jiang has the priority of compensation for the pledge |   |                 | al Report of Shenzhen Stock Exchange; Announcement on Enforcement of Company Shares Held by Directors and Senior Executives on January 5, 2019; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(Announcement No.:2019-019) |
| Contract dispute case with Gome Cinda Factoring Co., Ltd. | 4,285.52 | No | The first-instance verdict was closed and an appeal was filed. | —   | — | October 23,2018 | On October 23, 2018, Announcement on Reply to Inquiry Letter on Semi-annual Report of Shenzhen Stock  |

|   |           |    |   |   |   |                      |  |
|---|-----------|----|---|---|---|----------------------|--|
|   |           |    |   |   |   |                      | Exchange;<br>On<br>February<br>20, 2019,<br>Announce<br>ment on<br>Reply to<br>Shenzhen<br>Stock<br>Exchange's<br>Letter of<br>Concern(A<br>nnounceme<br>nt<br>No.::2019-<br>019);<br>Announce<br>ment on<br>the<br>Progress of<br>Major<br>Litigation<br>and<br>Arbitration<br>Matters on<br>April 19,<br>2019<br>(Announce<br>ment No.:<br>2019-036) |
| Financial loan<br>contract dispute<br>case with Bohai<br>International Trust<br>Co., Ltd. | 36,492.18 | No | Waiting<br>for the<br>judgment<br>of first<br>instance. | — | — | September<br>15,2018 | Announce<br>ment on<br>Partial<br>Debt<br>Overdue on<br>September<br>15, 2018;<br>Announce<br>ment on<br>Receiving<br>Civil<br>Complaint<br>on October<br>9, 2018;   |

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|  |           |    |                                       |   |   |                   | On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(Announcement No.:2019-019)  |
| Financial loan contract dispute case with China Industrial International Trust Limited | 10,245.74 | No | The first-instance verdict was closed | — | — | September 15,2018 | Announcement on Partial Debt Overdue on September 15, 2018; Announcement on Receiving Civil Complaint on October 13, 2018; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern (Announcement No.:2019-019); |

|  |           |    |                                       |   |   |                    |  |
|--|-----------|----|---------------------------------------|---|---|--------------------|--|
|  |           |    |                                       |   |   |                    | Announcement on the Progress of Major Litigation and Arbitration Matters on April 19, 2019 (Announcement No.: 2019-036)  |
| Financial loan contract dispute case with China Industrial International Trust Limited | 10,113.78 | No | The first-instance verdict was closed | Sino Great Wall shall repay the loan principal of 100 million yuan, the interest calculated according to the interest rate agreed in the contract from June 30, 2018 to August 7, 2018, the overdue interest (default interest) calculated according to the interest rate agreed in the contract from August 8 in 2018 to the actual repayment date, and the compound interest calculated | — | September 15, 2018 | Announcement on Partial Debt Overdue on September 15, 2018; Announcement on Receiving Civil Complaint on October 13, 2018; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern (Announcement No.: 2019-019) |

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|  |  |  |  | <p>according to the interest rate agreed in the contract from July 5, 2018 to the actual repayment date; The Sino Great Wall shall pay the legal fee of 80,000 yuan; If Sino Great Wall fails to fulfill the first and second debts mentioned above, China Industrial International has the right to receive priority compensation within the scope of this judgment according to the Pledge Contract of Accounts Receivable signed by both parties; Chen Lue and He Feiyan shall bear joint and several liabilities for the first and second debts mentioned above; Other claims are rejected. The case acceptance</p> |  |  |  |
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|  |     |    |  | <p>fee is 547,488.89 yuan, of which 5050 yuan shall be borne by China Industrial International, and 542,438.89 yuan shall be borne jointly by Sino Great Wall, Chen Lue and He Feiyan. The case preservation fee of 5,000 yuan shall be shared by Sino Great Wall, Chen Lue and He Feiyan.</p> |   |                        |  |
| <p>Bill dispute case with Jiaozuo Junpeng Coal Co., Ltd.</p> | 305 | No | <p>The judgment is given and the case is closed.</p> | —  | <p>The plaintiff has not yet applied for enforcement for failure to perform</p> | <p>October 13,2018</p> | <p>Announcement on Receiving Civil Complaint on October 13, 2018; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern (Announcement No.:2019-019)</p> |

|   |     |    |   |   |  |                 |   |
|---|-----|----|---|---|--|-----------------|---|
| Bill dispute case with Tongchuan New District Hengxin Building Material Co., Ltd. | 456 | No | The judgment is given and the case is closed. | — | The plaintiff has not yet applied for enforcement for failure to perform | October 13,2018 | Announcement on Receiving Civil Complaint on October 13, 2018; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(Announcement No.:2019-019)  |
| Bill dispute case with Xian Bihui Road & Bridge Engineering Co., Ltd.             | 507 | No | The judgment is given and the case is closed. | — | The plaintiff has not yet applied for enforcement for failure to perform | October 13,2018 | Announcement on Receiving Civil Complaint on October 13, 2018; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern (Announcement No.:2019-019) |

|   |           |    |   |   |   |                    |  |
|---|-----------|----|---|---|---|--------------------|--|
| Financial loan contract dispute case with Datong Securities Co., Ltd. | 13,801.32 | No | The judgment is given and the case is closed. | — | — | September 14, 2018 | Announcement on Early Termination of Collective Funds Trust Plan for Trust Loan on September 14, 2018; Announcement on Partial Debt Overdue on September 15, 2018; Announcement on Receiving Civil Complaint on October 18, 2018(Announcement No.:2018-120);On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(Announcement No.:2019-019); |
|---|-----------|----|---|---|---|--------------------|--|

|   |         |    |                               |   |   |                  |  |
|---|---------|----|-------------------------------|---|---|------------------|--|
|   |         |    |                               |   |   |                  | Announcement on the Progress of Major Litigation and Arbitration Matters on April 19, 2019 (Announcement No.: 2019-036)  |
| Financial loan contract dispute case of Ping An International Financial Leasing Co., Ltd. | 2,905.1 | No | Waiting for a court decision. | — | — | October 24, 2018 | Announcement on Receiving Civil Complaint on October 24, 2018; Announcement on Receiving Notice of Early Maturity of Debt on October 26, 2018; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern (Announcement No.: 2019- |

|  |          |    |  |   |   |                 |  |
|--|----------|----|--|---|---|-----------------|--|
|  |          |    |  |   |   |                 | 019)   |
| Private loan dispute case with Gong Lihong                             | 3,143.18 | No | The first-instance verdict was closed and the company has appealed | — | — | October 24,2018 | Announcement on Receiving Civil Complaint on October 24, 2018; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(Announcement No.:2019-019) ; Announcement on the Progress of Major Litigation and Arbitration Matters on April 19, 2019 (Announcement No.: 2019-036) |
| Right of recourse dispute case with Shenzhen Yi'an Factoring Co., Ltd. | 301.89   | No | Waiting for the judgment of first instance                         | — | — | October 24,2018 | Announcement on Receiving Civil Complaint on October 24, 2018;   |

|  |           |    |  |   |   |                   |  |
|--|-----------|----|--|---|---|-------------------|--|
|  |           |    |  |   |   |                   | On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(Announcement No.:2019-019); Announcement on the Progress of Major Litigation and Arbitration Matters on April 19, 2019 (Announcement No.: 2019-036) |
| Loan contract dispute case with Zhongjiang International Trust Co., Ltd. | 32,738.68 | No | Waiting for the judgment of first instance | — | — | September 29,2018 | Announcement on Receiving Notice of Early Maturity of Debt on September 29, 2018 ; Announcement on Receiving Civil Complaint   |

|  |          |    |  |   |               |                  |   |
|--|----------|----|--|---|---------------|------------------|---|
|  |          |    |  |   |               |                  | on November 10, 2018; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(Announcement No.::2019-019)  |
| Loan dispute case with China Railway Trust Co., Ltd. | 2,140.87 | No | The enforcement verdict has been received. | — | In commission | February 13,2019 | Announcement on Receiving <Civil Complaint > and <Notice of Advance Mediation> on February 13, 2019; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(Announcement No.::2019- |

|  |           |    |                                    |   |   |                  |  |
|--|-----------|----|------------------------------------|---|---|------------------|--|
|  |           |    |                                    |   |   |                  | 019)   |
| Financial loan contract dispute case with Shenzhen Branch of Shanghai Pudong Development Co., Ltd. | 7,017.76  | No | No trial has yet been held.        | — | — | February 13,2019 | Announcement on Receiving <Civil Complaint > and <Notice of Advance Mediation> on February 13, 2019; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern (Announcement No.::2019-019) |
| Financial loan contract dispute case of Shenzhen Branch of China Minsheng Bank                     | 10,164.09 | No | Mediation stage before litigation. | — | — | February 13,2019 | Announcement on Receiving <Civil Complaint > and <Notice of Advance Mediation> on February 13, 2019; On February 20, 2019, Announce  |

|  |        |    |                             |   |               |                  |   |
|--|--------|----|-----------------------------|---|---------------|------------------|---|
|  |        |    |                             |   |               |                  | ment on Reply to Shenzhen Stock Exchange's Letter of Concern (Announcement No.:2019-019)  |
| Enforcement case with Beijing Zhongguancun Sci-tech Financing Guaranty Co., Ltd. | 736.1  | No | Enforcement.                | — | In commission | February 13,2019 | Announcement on Receiving <Civil Complaint > and <Notice of Advance Mediation> on February 13, 2019; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern (Announcement No.:2019-019) |
| Sales contract dispute case with Jieyang Fangyuan Stone Co., Ltd.                | 489.33 | No | No trial has yet been held. | — | —             | February 13,2019 | Announcement on Receiving <Civil Complaint > and  |

|  |          |    |                             |   |   |                  |   |
|--|----------|----|-----------------------------|---|---|------------------|---|
|  |          |    |                             |   |   |                  | <Notice of Advance Mediation> on February 13, 2019; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern (Announcement No.:2019-019)                        |
| Installation contract dispute case with lvmeiyi Environmental Construction Group Co., Ltd. | 1,412.36 | No | No trial has yet been held. | — | — | February 13,2019 | Announcement on Receiving <Civil Complaint > and <Notice of Advance Mediation> on February 13, 2019; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(A |

|  |        |    |  |   |   |   |
|--|--------|----|--|---|---|---|
|  |        |    |  |   |   | nnouncement<br>No.::2019-019)   |
| Contract of hired work dispute case with Shanghai Disheng Wood Co., Ltd. | 219.97 | No | Waiting for the judgment of first instance | — | — | February 13,2019<br>Announcement on Receiving <Civil Complaint > and <Notice of Advance Mediation> on February 13, 2019; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern (Announcement No.::2019-019); Announcement on the Progress of Major Litigation and Arbitration Matters on April 19, 2019 (Announcement No.: |

|  |          |    |  |   |   |                  |  |
|--|----------|----|--|---|---|------------------|--|
|  |          |    |  |   |   |                  | 2019-036)  |
| Loan dispute case with Henan No.1 Thermal Power Construction Co., Ltd. | 4,717.75 | No | The first-instance verdict was closed and the company has appealed | — | — | February 19,2019 | Announcement on Receiving <Civil Complaint >, <Arbitration Notice> and <Notice of Enforcement> on February 19, 2019; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(Announcement No.:2019-019) ; Announcement on the Progress of Major Litigation and Arbitration Matters on April 19, 2019 (Announcement No.: 2019-036) |

|   |          |    |   |   |   |  |
|---|----------|----|---|---|---|--|
| Contract dispute case with Gome Cinda Factoring Co., Ltd. | 4,163.7  | No | Mediation has been reached, waiting for the court to deliver the mediation document | — | — | February 19, 2019<br>Announcement on Receiving <Civil Complaint >, <Arbitration Notice> and <Notice of Enforcement> on February 19, 2019; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern (Announcement No.:2019-019) |
| Loan contract dispute case with Li Shaoxiong              | 5,860.92 | No | Awaiting judgment   | — | — | 2 February 19, 2019<br>Announcement on Receiving <Civil Complaint >, <Arbitration Notice> and <Notice of Enforcement> on February 19, 2019; On   |

|  |           |    |  |   |               |                  |   |
|--|-----------|----|--|---|---------------|------------------|---|
|  |           |    |  |   |               |                  | February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(Announcement No.::2019-019)   |
| Enforcement case with Bairui Trust Co., Ltd. | 30,736.58 | No | The enforcement verdict has been received. | — | In commission | February 19,2019 | Announcement on Receiving <Civil Complaint >, <Arbitration Notice> and <Notice of Enforcement> on February 19, 2019; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(Announcement No.::2019-019) |

|  |        |    |  |   |   |                  |   |
|--|--------|----|--|---|---|------------------|---|
| Dispute case over Lease Agreement of construction equipment with Zhejiang Huatie Construction Support Technology Co., Ltd. | 979.05 | No | In the trial of first instance             | — | — | February 19,2019 | Announcement on Receiving <Civil Complaint >, <Arbitration Notice> and <Notice of Enforcement> on February 19, 2019; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern (Announcement No.:2019-019) |
| Construction contract dispute case with Wang Kaixiang  | 304.41 | No | Waiting for the judgment of first instance | — | — | February 19,2019 | Announcement on Receiving <Civil Complaint >, <Arbitration Notice> and <Notice of Enforcement> on February 19, 2019; On   |

|  |        |    |   |   |   |                  |   |
|--|--------|----|---|---|---|------------------|---|
|  |        |    |   |   |   |                  | February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(Announcement No.:2019-019); Announcement on the Progress of Major Litigation and Arbitration Matters on April 19, 2019 (Announcement No.: 2019-036) |
| Labor subcontract dispute case with Hunan Zhongjian Construction Labor Co., Ltd. | 251.57 | No | An award is issued upon arbitration and the case is closed. | — | — | February 19,2019 | Announcement on Receiving <Civil Complaint >, <Arbitration Notice> and <Notice of Enforcement> on February 19, 2019; On February  |

|   |         |    |   |   |                |  |   |
|---|---------|----|---|---|----------------|--|---|
|   |         |    |   |   |                |  | 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern (Announcement No.:2019-019); Announcement on the Progress of Major Litigation and Arbitration Matters on April 19, 2019 (Announcement No.: 2019-036) |
| Loan contract dispute case with Beijing Tellhow Intelligent Engineering Co., Ltd. | 3,017.5 | No | — | 。 Currently, the company has repaid the loan, and the plaintiff withdrew and closed the case. | August 31,2018 |  | On August 31, 2018, it was disclosed in the 2018 Semi-annual Report on Cninf; On September 14, 2018, the Announcement on the Company, Its   |

|  |       |    |                                |   |   |                   |   |
|--|-------|----|--------------------------------|---|---|-------------------|---|
|  |       |    |                                |   |   |                   | wholly-owned Subsidiaries and Controlling Shareholders Receiving the Notice of Enforcement and the Property Report Order; On October 23, 2018, Announcement on Reply to Inquiry Letter on Semi-annual Report of Shenzhen Stock Exchange( Announcement No.:2018-125) |
| Contract dispute case for construction project with Anhui Tiangan Construction Co., Ltd. | 59.85 | No | Nolle prosequi and case closed | — | Currently, the payment has been completed and the case has been closed. | September 14,2018 | On September 14, 2018, the Announcement on the Company, Its wholly-owned Subsidiaries   |

|   |          |    |                                |   |   |                |   |
|---|----------|----|--------------------------------|---|---|----------------|---|
|   |          |    |                                |   |   |                | s and Controlling Shareholders Receiving the Notice of Enforcement and the Property Report Order; On October 23, 2018, Announcement on Reply to Inquiry Letter on Semi-annual Report of Shenzhen Stock Exchange( Announcement No.:2018-125) |
| Right to recourse dispute case with China Arts Century Construction & Decoration Design (Beijing) Co., Ltd. | 43.8     | No | Nolle prosequi and case closed | — | The plaintiff withdrew the lawsuit and closed the case. | August 24,2018 | Announcement on Receiving Civil Complaint on October 24, 2018   |
| Financial loan contract case with SPD Bank .Beijing Branch  | 7,977.89 | No | No trial has yet been held.    |   |   | March 1, 2019  | Announcement on Receiving <Civil Complaint > on March   |

|   |           |    |                                      |  |  |  |
|---|-----------|----|--------------------------------------|--|--|--|
|   |           |    |                                      |  |  | 1, 2019  |
| Financial loan contract case with Shanghai Bank .Beijing Branch                   | 27,411.99 | No | No trial has yet been held.          |  |  | March 1, 2019<br>Announcement on Receiving <Civil Complaint > on March 1, 2019                                   |
| Financial loan contract case with Bank of China.Shenzhen Futian                   | 7,934.39  | No | No trial has yet been held.          |  |  | March 1, 2019<br>Announcement on Receiving <Civil Complaint > on March 1, 2019                                   |
| Financial loan contract case with Hengfeng Bank .Fuzhou Branch                    | 10,024.5  | No | The case is closed through mediation |  |  | April 8,2019<br>Announcement on Receiving <Civil Complaint > and <Application for Arbitration > on April 8, 2019 |
| Financial loan contract case with SPD Bank Beijing Branch                         | 3,965     | No | The case is closed through mediation |  |  | April 8,2019<br>Announcement on Receiving <Civil Complaint > and <Application for Arbitration > on April 8, 2019 |
| Financial loan contract case with Hunan Jinjude Construction Investment Co., Ltd. | 502       | No | In the first instance trial          |  |  | April 8,2019<br>Announcement on Receiving <Civil Complaint > and   |

|  |           |    |                                      |   |   |                 |  |
|--|-----------|----|--------------------------------------|---|---|-----------------|--|
|  |           |    |                                      |   |   |                 | <Application for Arbitration > on April 8, 2019  |
| Dispute case over decoration and renovation contract with Xu Zhigui      | 104.07    | No | In the first instance trial          |   |   | April 8,2019    | Announcement on Receiving <Civil Complaint > and <Application for Arbitration > on April 8, 2019 |
| Financial loan contract case with Jiujiang Bank .Guangzhou Haizhu Branch | 10,223.39 | No | The case is closed through mediation |   |   | April 8,2019    | Announcement on Receiving <Civil Complaint > and <Application for Arbitration > on April 8, 2019 |
| Financial loan contract case with Baoshang Bank.Shenzhen Branch          | 20,451.46 | No | The case is closed through mediation |   |   | April 13, 2019  | Announcement on Receiving <Civil Complaint > plication > on April 13, 2019                       |
| Other small litigations  | 4,411.59  | No | —                                    | — | — | October 23,2018 | On February 20, 2019, Announcement on Reply to Shenzhen  |

|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  | Stock Exchange's Letter of Concer; On August 31, 2018, it was disclosed in the 2018 Semi-annual Report on Cninf by 34.4954 million yuan; On February 20, 2019, Announcement on Reply to Shenzhen Stock Exchange's Letter of Concern(Announcement No.:2019-019) |
|--|--|--|--|--|--|--|--|

### XIII. Situation of Punishment and Rectification

√ Applicable □ Not applicable

| Name                     | Type        | Reasons  | Type of Punishment  | Conclusion (if any)   | Disclosure date | Disclosure index                                   |
|--------------------------|-------------|--|---|---|-----------------|--|
| Sino Great Wall Co., Ltd | The company | As the company is suspected of violating laws and regulations in information disclosure, according to the relevant | An investigation is filed or an administrative punishment is imposed by the China Securities Regulatory | As of the disclosure date of this announcement, the company has not yet received the China Securities | October 19,2018 | (www.cninfo.com.cn)<br>(Announcement No.:2018-121) |

|   |                   |   |  |   |              |  |
|---|-------------------|---|--|---|--------------|--|
|   |                   | provisions of the Securities Law of the People's Republic of China, the CSRC has decided to initiate an investigation in the company.           | Commission                               | Regulatory Commission's concluding comments or decisions on relevant investigation matters.   |              |  |
| Sino Great Wall Co., Ltd  | The company       | The Shenzhen Supervision Bureau of China Securities Regulatory Commission will conduct on-site inspections of the company from May 2018 onwards | Be investigated by a competent authority | Decision on Administrative Supervision Measures of Shenzhen Supervision Bureau of China Securities Regulatory Commission ([2019] No.11)   | March 7,2019 | (www.cninfo.com.cn)<br>(Announcement No.:2019-022) |
| Chen Lue, Tian Wei, Tang Xianyong, Cui Hongli and Yang Chunling | Senior executives | The Shenzhen Supervision Bureau of China Securities Regulatory Commission will conduct on-site inspections of the company from May 2018 onwards | Be investigated by a competent authority | Decision on Administrative Supervision Measures of Shenzhen Supervision Bureau of China Securities Regulatory Commission [2019] No.12<br>[2019]No.13<br>[2019]No.14<br>[2019]No.15 and<br>[2019]No.16 | March 7,2019 | (www.cninfo.com.cn)<br>(Announcement No.:2019-022) |
| Chen Lue  | Director          | The Shenzhen Supervision  | Be investigated by a competent           | Decision on Administrative  | March 7,2019 | (www.cninfo.com.cn)                                |

|  |  |  |           |   |  |                                |
|--|--|--|-----------|---|--|--------------------------------|
|  |  | Bureau of<br>China<br>Securities<br>Regulatory<br>Commission<br>will conduct<br>on-site<br>inspections of<br>the company<br>from May 2018<br>onwards | authority | Supervision<br>Measures of<br>Shenzhen<br>Supervision<br>Bureau of<br>China<br>Securities<br>Regulatory<br>Commission<br>([2019] No.12) |  | (Announcement<br>No.:2019-022) |
|--|--|--|-----------|---|--|--------------------------------|

## Explanation on Rectification

√Applicable □Not applicable

On October 18, 2018, the company received the notice of investigation issued by the China Securities Regulatory Commission (No: JDC Zi No. 18041). As the company is suspected of violating laws and regulations in information disclosure, according to the relevant provisions of the Securities Law of the People's Republic of China, the CSRC has decided to initiate an investigation in the company. On March 6, 2019, the company received the Shenzhen Securities Regulatory Bureau's Decision on Administrative Supervision Measures (No 2019] 11, No. [2019] 12 , No. [2019] 13 ,No. [2019] 14 , No. [2019] 15, and No. [2019] 16) showing that the Shenzhen Securities Regulatory Bureau had carried out on-site inspection of the company since May 2018, and the Shenzhen Securities Regulatory Bureau had filed a case for investigation on the illegal disclosure of relevant information found in the inspection; In addition, through inspection, it is also found that the company had the following problems "I. The income cost accounting is not standardized, and expenses are charged through out-of-account fund accounts; II. It did not disclose the changes in major items in a timely manner, the preparation of performance forecasts and performance report is not prudent; III. It has capital exchanges of no real business foundation with a number of companies, and illegal foreign financial assistance; IV. The relevant management system for raising funds is not perfect; V. Registration management for information insider is not standardized". The Shenzhen Securities Regulatory Bureau decided to take corrective measures against the company, the company's relevant directors, senior management personnel, and issue warning letters to Mr. Chen Lue, Mr. Tian Wei, Mr. Tang Xianyong, Ms. Cui Hongli, Ms. Yang Chunling (see 2018-121, 2019-022,2019-033) In response to the relevant problems found during the inspection against the company, the company has made serious rectification in accordance with the matters involved in the Decision on Taking Corrective Measures against Sino Great Wall Co., Ltd. ([2019] No.11). In addition to the above matters, Shenzhen Securities Regulatory Bureau requires the company to employ a third party independent agency to conduct special inspections on the problems of NPP-0057 in Xingang, Qatar, Cambodia Refinery and NAGA Casino Phase II project in Cambodia.

As of the disclosure date of this announcement, the company has not yet received the China Securities Regulatory Commission's concluding comments or decisions on relevant investigation matters.

#### XIV. Credit Condition of the Company and its Controlling Shareholders and Actual Controllers

√Applicable □Not applicable

(I) The integrity of the company and its subsidiaries

1. The company and its wholly-owned subsidiary Sino International Engineering Co., Ltd. were incorporated into the list of defaulters due to breach by the Beijing Second Intermediate People's Court due to the dispute with Shaanxi International Trust Company Limited over financial loan contract. Currently, the case is in enforcement.
2. Due to a dispute with CCB International Asset Management (Shanghai) Co., Ltd over financial loan contract, the company and its

wholly-owned subsidiary Sino International Engineering Co., Ltd. were incorporated into the list of defaulters by the Beijing Third Intermediate People's Court. Currently, the case is in enforcement.

3. The company was incorporated into the list of defaulters by Beijing Third Intermediate People's Court due to the dispute with Bairui Trust Co., Ltd. over financial loan contract. Currently, the case is in enforcement.

4. Due to a dispute with China Railway Trust Co., Ltd. over financial loan contract, the company and its wholly-owned subsidiary Sino International Engineering Co., Ltd. were incorporated into the list of defaulters by the Chengdu Intermediate People's Court. Currently, the case is in enforcement.

5. The company and its wholly-owned subsidiary Sino International Engineering Co., Ltd. were incorporated into the list by the Haidian District People's Court of Beijing for notarizing the enforcement of creditor's rights documents with Beijing Zhongguancun Sci-tech Financing Guaranty Co., Ltd. Currently, the case is under trial.

6. Sino Great Wall International Engineering Co., Ltd., a subsidiary of the company, was incorporated into the list of defaulters by Tangshan Intermediate People's Court for the dispute over the liability of victims of labor service providers with Cao Zhenrong. Currently, the case is in enforcement.

7. Sino Great Wall International Engineering Co., Ltd., a subsidiary of the company, was incorporated into the list of defaulters by the Tongzhou District People's Court of Beijing for its labor arbitration with Zhang Jie. Currently, the case is in enforcement.

For details of the above cases, please refer to the company's announcements 2018-107, 2018-125, 2018-109, 2019-018, 2019-019, 2019-015 published on Cninf (www.cninfo.com.cn) on September 14, 2018, October 23, 2018, September 18, 2018, February 19, 2019, February 20, 2019

#### (II) Integrity of controlling shareholders and actual controllers

1. Chen Lue, the controlling shareholder and actual controller of the company, has been incorporated into the list of defaulters, due to his failure to perform the obligations specified in the effective legal documents, including:

1) In the dispute between the company and Shanxi International Trust Co., Ltd. over financial loan contract, Chen Lue, as the guarantor and counter-guarantor, assumed joint and several guarantee liability for the above debts and was incorporated into the list of defaulters by the Beijing Second Intermediate People's Court. Currently, the case is in enforcement.

2) In the dispute between the company and China Railway Trust Co., Ltd. over financial loan contract, Chen Lue, as the guarantor of the counter-guarantor, assumed joint guarantee liability for the debt and was incorporated into the list of defaulters by the Chengdu Intermediate People's Court. Currently, the case is in enforcement.

3) Chen Lue was incorporated into the list of defaulters by Tongzhou District People's Court of Beijing for a dispute over private lending with Xia Honggan. Currently, the case is in the process of enforcement.

4) In the case of notarization of creditor's rights documents between the company and Beijing Zhongguancun Sci-tech Financing Guaranty Co., Ltd., Chen Lue, as the guarantor and counter-guarantor, assumed joint and several guarantee liabilities for the debts and was incorporated into the list of defaulters by the Haidian District People's Court of Beijing. Currently, the case is under trial.

5) In the dispute between the company and Bairui Trust Co., Ltd. over financial loan contract, Chen Lue, as the guarantor and counter-guarantor, assumed joint guarantee liability for the debt and was incorporated into the list of defaulters by the Beijing Third Intermediate People's Court. Currently, the case is in enforcement.

6) In the case of dispute over the financial loan contract between the Company and CCB International Asset Management (Shanghai) Co., Ltd., Chen Lue as the counter guarantor assumed a joint surety bond liability for the debt and was incorporated by Beijing Third Intermediate People's Court into the list of defaulters. Currently, the case is in enforcement.

Regarding particulars of the preceding case, please refer to Announcement 2018-107, 2018-125, 2019-015, 2019-019, 2019-018, and 2018-109 published by the Company at Cninf (www.cninfo.com.cn) on September 14, 2018, October 23, 2018, February 13, 2019, February 20, 2019, February 19, 2019 and September 18, 2018 respectively.

2. The Company's holding shareholder and actual controller Chen Lue held 583,454,556 shares of the Company, accounting for 34.36% of its total capital stock. In the report period, all the shares held by Mr. Chen Lue were frozen and waited for being frozen, attributable to a property preservation caused by his assumption of personal joint guarantee for a subsidiary to carry out business

financing. For more information, please refer to Announcement on Waiting to Freeze Shares of the Holding Shareholder 2018-112, 2018-124, 2018-139, 2018-143, 2018-145, 2018-150, 2018-153, 2018-155, 2019-017 and 2019-025 published by the Company at Cninf (www.cninfo.com.cn) on September 22, 2018, October 23, 2018, November 2, 2018, November 14, 2018, November 15, 2018, November 20, 2018, November 28, 2018, December 22, 2018, February 6, 2019 and March 27, 2019 respectively.

## **XV. Implementation Situation of Stock Incentive Plan of the Company, Employee Stock Ownership Plan or Other Employee Incentive Measures**

Applicable  Not applicable

The second meeting of the seventh board of directors, the second meeting of the seventh board of supervisors and the 2015 third extraordinary general shareholder meeting were respectively convened by the company on Nov 5, 2015 and Nov 23, 2015, at which the Proposal on the First Phase of Employee Stock Ownership Plan (draft) of Shenzhen Victor Onward Textile Industrial Co., Ltd was examined and approved.

Please refer to the published on November 7, 2015 and November 24, 2015 (www.cninfo.com.cn) on the relevant announcement.

On December 24, 2015, the company as the asset trustor of the ESOP asset management plan, together with the asset manager- Xingzheng Securities Asset Management Co., Ltd. and the asset trustee- China Everbright Bank Co., Ltd. signed the contract of No.57 Xing Zheng Zi Guan Xin Zhong Assets Management Contract of the Collection Assets Management Plan which concretely explained and stipulated the information included the basic information of the collection plan, participating in and withdrawal of the collection plan, guarantee, classification of the collection plan, the management methods and the management rights of the customer assets in the collection plan, the establishment of the collection plan, the expenses of the collection plan, the proceeds and its distribution of the collection plan, investment philosophy and investment strategy, investment decision-making and risk control, restrictions and prohibited behaviors of investment, information disclosure of the collection plan, transfer of the share of the collection plan, non-transaction transfer ownership and freezing and so on.

Please refer to the published on December 29, 2015 (www.cninfo.com.cn) on the relevant announcement.

As of January 7, 2016, the company's first phase of the employee stock ownership plan has completed the share-purchasing by means of buying in the secondary security market, of which the average position price is RMB44.7578 per share, the total purchase quantity is 833,187 shares which account for 0.1864% of the company's total share capital, and the total turnover is RMB37,291,630. The lock-up period of the shares purchased under the plan is 12 months commenced from the date of this Announcement. Please refer to the published on January 8, 2016 (www.cninfo.com.cn) on the relevant announcement.

On November 20, 2017, with the consent of more than two-thirds of the holders presented at the holders' meeting, the "Proposal on the one-year extension of the company's first phase ESOP" was passed. On November 21, 2017, the company held the twenty-sixth meeting of the seventh board of directors, which reviewed and adopted the "Proposal on the one-year extension of the company's first phase ESOP", and according to the voting result of the holders' meeting, the board agreed to extend the duration of the company's first phase ESOP by one year, meaning that the ESOP can sell shares within the afore-said extension of one year (until November 23, 2018). If the shares are not sold before the expiration of the extended one year, a further meeting of the holders and the meeting of the board of directors can be convened two months before the expiration to consider the follow-up matters. Please refer to the published on November 22, 2017 (www.cninfo.com.cn) on the relevant announcement.

On November 20, 2018, attendees of the holders' meeting with 2/3 of shares agreed and adopted the Proposal on Extending the Company's First Staff Shareholding Plan for One Year. On November 21, 2018, the Company convened the second meeting of the eighth Board of Directors, deliberating and adopting the Proposal on Extending the Company's First Staff Shareholding Plan for One Year. According to voting results at the holders' meeting, the Board of Directors agreed to extend the Company's first staff shareholding plan for one year, i.e., the former expiry date was extended to one year later--November 23, 2019. In the duration, once

the Company's shares held in the staff shareholding plan are sold out, the staff shareholding plan may be terminated beforehand. If shares are not sold upon the expiry of the extended period, a holders' meeting and meeting of Board of Directors may be convened 2 months before the expiration to deliberate relevant following matters. Please refer to the published on November 22, 2018 (www.cninfo.com.cn) on the relevant announcement.

## XVI. Material related transactions

### 1. Related transactions in connection with daily operation

Applicable Not applicable

Nil

### 2. Related-party transactions arising from asset acquisition or sold

Applicable Not applicable

No related transactions by assets acquisition and sold for the Company in reporting period.

### 3. Related-party transitions with joint investments

Applicable Not applicable

No main related transactions of joint investment outside for the Company in reporting period.

### 4. Credits and liabilities with related parties

Applicable Not applicable

Nil

### 5. Other significant related-party transactions

Applicable Not applicable

On March 12, 2018, the company and Union Development Group Co., Ltd. and Chen Lue signed an Agreement on the Economic Compensation for the Events after the Major Asset Restructuring Period of Shenzhen Victor Onward Textile Industrial Co., Ltd. On March 17, 2018, the company and Union Development Group and Mr. Chen Lue signed a Supplementary Agreement on Agreement on the Economic Compensation for the Events after the Major Asset Restructuring Period of Shenzhen Victor Onward Textile Industrial Co., Ltd. On March 29, 2018, the company received RMB 100 million as the economic compensation paid by Shenzhen Union Development Investment Co., Ltd.

Website for temporary disclosure of the connected transaction

| Announcement  | Date of disclosure | Website for disclosure  |
|---|--------------------|---|
| Announcement on Signing the Economic Compensation Agreement and Changes in Shareholders' Commitments and Related Transactions | March 20,2018      | <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> |

|   |               |   |
|---|---------------|---|
| Announcement on the Supplemental Agreement for the Signing of the Economic Compensation Agreement | March 20,2018 | <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> |
|---|---------------|---|

## XVII. Particulars about significant contracts and their fulfillment

### 1. Particulars about trusteeship, contract and lease

#### (1) Trusteeship

Applicable  Not applicable

No trusteeship, contract or leasing for the Company in reporting period.

#### (2) Contract

Applicable  Not applicable

No any contract for the Company in the reporting period.

#### (3) Lease

Applicable  Not applicable

Notes

During the reporting period, the company's leasing expenses were mainly the company's office space and staff quarters' capital expenditures.

The company's profit and loss has reached more than 10% of the company's total profit during the reporting period

Applicable  Not applicable

Nil

### 2. Guarantees

Applicable  Not applicable

#### (1) Guarantees

Unit: 10,000 Yuan

| Guarantee of the Company for the controlling subsidiaries (Exclude controlled subsidiaries) |                              |                     |                                     |                            |                |                |                         |                         |
|---|------------------------------|---------------------|-------------------------------------|----------------------------|----------------|----------------|-------------------------|-------------------------|
| Name of the Company   | Relevant disclosure date/No. | Amount of Guarantee | Date of happening (Date of signing) | Actual amount of guarantee | Guarantee type | Guarantee term | Complete implementation | Guarantee for associate |
|   |                              |                     |                                     |                            |                |                |                         |                         |

|   | of the guarantee provided amount           |                         | agreement)  |                            |                              |        | or not           | d parties (Yes or no) |
|---|--|-------------------------|---|----------------------------|------------------------------|--------|------------------|-----------------------|
| Guarantee of the company for its subsidiaries |  |                         |   |                            |                              |        |                  |                       |
| Guarantee provided to                         | Amount of guarantee and date of disclosure | Amount of the guarantee | Actual date of occurring (signing date of agreements) | Actual amount of guarantee | Type of guarantee            | Term   | Completed or not | Related guarantee     |
| Sino International                            | March 31, 2016                             | 70,000                  | January 16, 2017                                      | 70,000                     | The joint liability guaranty | 1 year | No               | No                    |
| Sino International                            | May 20, 2017                               | 12,000                  | October 28, 2016                                      | 12,000                     | The joint liability guaranty | 1 year | No               | No                    |
| Sino International                            | March 31, 2016                             | 7,000                   | February 20, 2017                                     | 7,000                      | The joint liability guaranty | 1 year | Yes              | No                    |
| Sino International                            | May 20, 2017                               | 12,000                  | March 12, 2018  | 12,000                     | The joint liability guaranty | 1 year | No               | No                    |
| Sino International                            | March 31, 2016                             | 20,000                  | April 14, 2017  | 20,000                     | The joint liability guaranty | 1 year | Yes              | No                    |
| Sino International                            | March 31, 2016                             | 18,000                  | January 3, 2017                                       | 18,000                     | The joint liability guaranty | 1 year | Yes              | No                    |
| Sino International                            | May 20, 2017                               | 12,000                  | June 7, 2017  | 12,000                     | The joint liability guaranty | 1 year | Yes              | No                    |
| Sino International                            | March 29, 2018                             | 11,990                  | August 22, 2018                                       | 11,990                     | The joint liability guaranty | 1 year | No               | No                    |
| Sino International                            | May 20, 2017                               | 40,000                  | July 25, 2017   | 40,000                     | The joint liability guaranty | 1 year | No               | No                    |
| Sino International                            | May 20, 2017                               | 22,000                  | June 30, 2017   | 22,000                     | The joint liability guaranty | 1 year | No               | No                    |

|   |                |           |                    |  |                              |           |        |            |
|---|----------------|-----------|--------------------|--|------------------------------|-----------|--------|------------|
| Sino International  | May 20, 2017   | 20,000    | October 18, 2017   | 20,000   | The joint liability guaranty | 1 year    | No     | No         |
| Sino International  | May 20, 2017   | 10,000    | November 22, 2017  | 10,000   | The joint liability guaranty | 1 year    | No     | No         |
| Sino International  | May 20, 2017   | 10,000    | November 30, 2017  | 10,000   | The joint liability guaranty | 1 year    | No     | No         |
| Sino International  | March 31, 2016 | 8,400     | March 31, 2017     | 8,400  | The joint liability guaranty | 30 months | No     | No         |
| Sino International  | May 20, 2017   | 8,000     | February 13, 2018  | 8,000  | The joint liability guaranty | 1 year    | No     | No         |
| Sino International  | May 20, 2017   | 20,000    | December 20, 2017  | 20,000   | The joint liability guaranty | 1 year    | No     | No         |
| Wuhan Commercial Work Hospital  | March 31, 2016 | 10,889.81 | January 18, 2017   | 10,889.81  | The joint liability guaranty | 3 years   | No     | No         |
| Sino Great Wall Construction  | March 29, 2018 | 3,500     | September 30, 2018 | 3,500  | The joint liability guaranty | 1 year    | No     | No         |
| 报告期内审批对子公司担保额度合计 (B1)   |                |           | 1,000,000          | 报告期内对子公司担保实际发生额合计 (B2)                             |                              |           |        | 315,780    |
| 报告期末已审批的对子公司担保额度合计 (B3)   |                |           | 1,000,000          | 报告期末对子公司实际担保余额合计 (B4)                              |                              |           |        | 258,779.81 |
| 子公司对子公司的担保情况  |                |           |                    |  |                              |           |        |            |
| 担保对象名称  | 担保额度相关公告披露日期   | 担保额度      | 实际发生日期             | 实际担保金额   | 担保类型                         | 担保期       | 是否履行完毕 | 是否为关联方担保   |
| Total of Company's guarantee (namely total of the large three aforementioned) |                |           |                    |  |                              |           |        |            |
| Total of guarantee in the Period (A1+B1+C1)                                   |                |           | 1,000,000          | Total of actual guarantee in the Period (A2+B2+C2) |                              |           |        | 315,780    |
| Total of guarantee at Period-end (A3+B3+C3)                                   |                |           | 1,000,000          | Total of actual guarantee at period-end (A4+B4+C4) |                              |           |        | 258,779.81 |

|   |            |
|---|------------|
| The proportion of the total amount of actually guarantee in the net assets of the company(A4+B4+C4)                               | 1,100.24%  |
| Including:  |            |
| Amount of guarantee for shareholders, actual controller and its associated parties (D)  | 0          |
| The debts guarantee amount provided for the Guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E) | 258,779.81 |
| Amount of guarantee exceeds 50% of net capital (F)  | 208,205.88 |
| Total Amount (D+E+F)  | 466,985.67 |
| Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (If any)                     | Nil        |
| Explanations on external guarantee against regulated procedures (If any)  | Nil        |

Description of the guarantee with complex method

## (2) Illegal providing of external guarantees

Applicable  Not applicable

No illegal providing of external guarantees in the report period.

## 3. Situation of Entrusting Others for Managing Spot Asset

### (1) Situation of Entrusted Finance

Applicable  Not applicable

Nil

### (2) Situation of Entrusted Loans

Applicable  Not applicable

Nil

## 4. Other significant contract

Applicable  Not applicable

Non existence

## XVIII. Social responsibility

### 1. Execution of social responsibility

In the report period, the Company took the initiative to fulfill the social responsibility. The Company highlighted work safety,

the safety management work of international projects and personnel in particular and kept improving its engineering construction safety mechanism to implement occupational health guarantee and other measures with effort, put an end to major safety accidents, and assure personal safety and health of staff; the Company kept improving its compensation and benefit system and modifying all the labor and employment systems to create a harmonious employment relationship and provide broad development room for employees with effort while giving a help to sick and needy employees to promote the harmonious development between employees and society; the Company took the initiative to build a healthy and positive enterprise culture and highlighted improving the staff quality by organizing training activities in a variety of forms on demand and frequently holding badminton, table tennis, and basketball games and staff sports meetings to enrich the spare life of employees; besides, the Company paid all the taxes and dues in full amount and carefully performed the social responsibility by law.

## 2. Precise poverty alleviation social responsibility

### (1) Targeted poverty alleviation program

There is no precise poverty alleviation carried out in the period and no follow plan either.

### (2) Annual precision poverty alleviation

### (3) Accuracy of poverty alleviation

| Index  | Measurement unit | Quantity / Status |
|--|------------------|-------------------|
| I. General situation                             | —                | —                 |
| II. Breakdown Input                              | —                | —                 |
| 1. Poverty alleviation by industrial development | —                | —                 |
| 2. Poverty alleviation by transfer employment    | —                | —                 |
| 3. Poverty alleviation by relocation             | —                | —                 |
| 4. Educational poverty alleviation               | —                | —                 |
| 5. Health poverty alleviation                    | —                | —                 |
| 6. Ecological protection poverty alleviation     | —                | —                 |
| 7. Guarantee of all the details                  | —                | —                 |
| 8. Social poverty alleviation                    | —                | —                 |
| 9. Other projects                                | —                | —                 |
| III. Awards (Content and level)                  | —                | —                 |

### (4) Subsequent targeted poverty alleviation program

## 3. Information on environmental protection

The Listed Company and its subsidiary whether belong to the key sewage units released from environmental protection department

No

The Company and its subsidiaries do not belong to the key pollutant discharge units announced by the environmental protection department.

## **XIX. Other material events**

√ Applicable □ Not applicable

1. At the tenth meeting of the seventh Board of Directors and 2016 second extraordinary general meeting of shareholders held on July 7, 2016 and July 25, 2016 respectively, the Company deliberated and adopted a Proposal on Private Placement of A-share Stocks of Sino Great Wall Co., Ltd. and planned to issue stocks 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, China Securities Regulatory Commission accepted the Company's application for private placement of stocks. On February 16, 2017, the Company convened the sixteenth meeting of the seventh Board of Directors and the eleventh meeting of the seventh Board of Supervisors, deliberating and adopting the Proposal on Adjustment of the Company's Plan for Private Placement of Stocks to adjust the sum of funds raised to RMB 900 million. On March 22, 2017, the Company's application for private placement of A-share stocks was approved by CSRC Issue Review Committee. On July 21, 2017, the Company received a Reply to Approval of Private Placement of Stocks Given to Sino Great Wall Co., Ltd. (Zheng Jian Xu Ke [2017] No.1145) from China Securities Regulatory Commission. Due to fluctuation in the capital market environment, the Company failed to complete matters of the private placement of stocks within 6 months after getting the approval for issue from China Securities Regulatory Commission (i.e., before January 4, 2018), hence the reply of China Securities Regulatory Commission to the Company on the private placement of stocks became void and ineffective spontaneously upon expiry (refer to the Company's Announcement 2016-052, 2016-065, 2017-009, 2017-010, and 2018-004 for details).
2. The Company convened the twenty-eighth meeting of the seventh Board of Directors and 2018 first extraordinary general meeting of shareholders on January 19, 2018 and March 13, 2018 respectively, deliberating and adopting the Proposal on the Company's Financing Plan by Bond Issue and Proposal on the Company's Financing Plan by Issue of Accounts Receivable Bonds and approving the Company's plan to raise funds in the amount of not over RMB 2 billion by listed bonds at Beijing Financial Assets Exchange (refer to the Company's Announcement 2018-006, 007, 050 for details). The Company suspended implementing its financing plan, affected by market environment and its own current situation.
3. In December 2016, the Company received a letter of acceptance from its wholly-owned subsidiary Sino International that made up a consortium with Wuchang Shipbuilding Industry Group Co., Ltd. to win the bid for "Phnom Penh Twin Tower World Trade Center (Cambodia) Construction Project" (hereinafter referred to as the Twin Tower Project) with a sum of about USD 2.7 billion or RMB 17.128 billion (refer to the Company's Announcement 2016-108 for details). After receiving the letter of acceptance, the Company took the initiative to help the owner handle financing-related work to promote further performance of the Twin Tower Project. However, financing matters concerned in the project were not put into practice, affected by lots of objective factors. Based on a comprehensive evaluation on risks for implementation and financing risks in the international project and such risk factors as whether the economic benefit can be as expected upon the completion of the project, the Company considered the project to have many uncontrollable risks. To further prevent business risks and safeguard shareholders' rights and interests, the Company decided to waive the project (refer to the Company's Announcement 2018-014).
4. On January 26, 2018, Guizhou Bijie Public Resources Trading Center released an Announcement of Results of (Secondary) Construction of PPP Project of Jinsha County Hospital, according to which, Sino Great Wall Co., Ltd. (hereinafter referred to as the Company) won the bid for the "(Secondary) Construction of PPP Project of Jinsha County Hospital" beforehand in the investment sum of about RMB 1,438,314,400 (refer to the Company's Announcement 2018-015). Due to a high uncertainty and risk in the return on investment on the project, the Company terminated the project.
5. On February 12, 2018, the Company convened the twenty-ninth meeting of the seventh Board of Directors, deliberating and

adopting a Proposal on Acquisition of Shares of UPL Laos Co., Ltd., according to which, UPL (MALAYSIA) SDN. BHD. (hereinafter referred to as UPL Malaysia) transferred 30% of shares of UPL Laos Co., Ltd. (hereinafter referred to as UPL Laos) to the Company by signing an Agreement of Equity Cooperation on Laos Vientiane Dongphosy Special Economic Zone Project, UPL Laos entered into a franchise agreement for 50+40 years with Laos Government by cash contribution of USD 10 million and advance payment of USD 20 million for project construction put together as the consideration of acquisition and took full charge of matters of development of Dongphosy as the franchisee to Dongphosy Special Economic Zone (refer to the Company's Announcement 2018-020 and 021). On June 12, 2018, the Company agreed with UPL Malaysia on transfer of 10% of shares, hence the Company's shareholding ratio rose to 40%. Whereas the Company is experiencing a financial difficulty at the moment and has failed to perform duties of advance payment and construction in the equity agreement and duties in the loan agreement, the Malaysian shareholder UPL Malaysia sent a letter in request for a return of equity and filed an arbitration to Hong Kong International Arbitration Centre on the dispute of equity in March 2019. Right now, the Company has hired an arbitrator duly in response to the suit.

6. On February 23, 2018, the Company received the "Mekong River Villa Project Bid-Winning Notice" issued by OXLEYEMERALD (CAMBODIA) CO., LTD, and Sino International won the bid for the "Mekong River Villa Project" in Cambodia, with the bid amount of USD 46.5 million (equivalent to RMB 295 million) (See the 2018-035 announcement of the Company for details). As of the end of the reporting period, most of the on-site piling construction work has been completed, and the relevant civil work has been in progress. As of the disclosure date of this report, both parties have agreed to terminate the contract and the project is in the process of settlement.

7. In the report period, the Company's wholly-owned subsidiary Sino International invested RMB 100 million in founding a wholly-owned subsidiary--Sino Great Wall Hebei Xiong'an Engineering Co., Ltd. at Xiong'an New Area, which obtained a Business License issued by Hebei Xiong'an New Area Public Service Bureau on February 24, 2018 (refer to the Company's Announcement 2018-031).

8. The Company convened the thirty-first meeting of the seventh Board of Directors and 2018 second extraordinary general meeting of shareholders on March 24, 2018 and March 29, 2018 respectively, deliberating and adopting a Proposal on the Company's Eligibility for Public Offering of A-share Convertible Bonds and Proposal on the Company's Plan for Issue of Short-term Financing Bonds among other proposals concerned, according to which, the Company was approved to do public offering of A-share convertible bonds in a period of 6 years to raise funds in the amount of not higher than RMB 850 million; the Company was approved to apply for subscribing and issuing short-term financing bonds in the sum of not over RMB 600 million to National Association of Financial Market Institutional Investors, wherein the period of single issue of short-term financing bonds must not be over 1 year (refer to the Company's Announcement 2018-044, 046, 047, and 050). The Company suspended implementing the preceding financing plan, affected by market environment and its own current situation.

9. The Company convened the thirty-fourth meeting of the seventh Board of Directors and 2018 third extraordinary general meeting of shareholders on June 4, 2018 and June 22, 2018 respectively, deliberating and adopting a Proposal on the Wholly-owned Subsidiary Issuing USD Bonds Overseas. The Company was planned to issue bonds overseas in the amount of not higher than USD 300 million (including USD 300 million) and period of not longer than 5 years, wherein its new wholly-owned subsidiary Sino Great Wall Overseas Limited (subject to actual registered name, 100% of its shares attributable to Sino Hong Kong) played a major role (refer to the Company's Announcement 2018-073, 074, and 055). The Company suspended implementing the preceding financing plan, affected by market environment and its own current situation.

10. The Company convened the thirty-seventh meeting of the seventh Board of Directors on September 2, 2018, planned to invest and found "Yinglonghu Development Co., Ltd." (hereinafter referred to as the Project Company, whose final name is subject to the name approved in industrial and commercial registration) with Chongqing Circum-Yinglonghu Industrial Co., Ltd. (hereinafter referred to as Party A) and 7 village committees concerned at the project location (hereinafter referred to as Party C). The registered capital of the Project Company was RMB 125 million, wherein Party A subscribed capital by earlier input of physical assets worth RMB 23.75 million (subject to the audited amount) in the Yinglong Project, accounting for 19% of the registered capital; Sino Great Wall contributed RMB 100 million by currency, accounting for 80% of the registered capital; Party C subscribed RMB 1.25 million

by currency or contribution in kind, accounting for 1% of the registered capital (refer to the Company's Announcement 2018-104 and 105). At the moment, the Project Company has been registered and project planning and design are underway.

11. The company held the sixth meeting of the eighth Board of Directors on April 12, 2019, deliberated and passed the Proposal on Adjusting the Company's Organizational Structure and agreed to adjust the operating organization and business structure of the company's headquarters. The company will implement a division system by sections and set up four operating organizations, including the domestic traditional construction business sector (division), infrastructure business sector (division), overseas business sector (division), smart housing and medical care business sector (division). After this adjustment, the organizational structure of the company's headquarters is as follows: eight functional departments and offices, including the comprehensive office, the finance department and the human resources department, as well as the above-mentioned four operating institutions (see the company's announcement No 2019-028 for details).

## **XX. Significant event of subsidiary of the Company**

Applicable  Not applicable

In January 2018, the Company's wholly-owned subsidiary Sino Great Wall Intelligent Real Estate (Zhanjiang) Co., Ltd. obtained a Reply to Sino Great Wall on EIA Report for Residential Industrialization Base Construction Project, which was expected to speed up construction of the Company's fabricated intelligent property R&D center and production base project, facilitate the Company to get involved in the fabricated intelligent property construction area, add a new profit growth point to the Company and show a positive impact on its future operation and development. For more details, please refer to Announcement of Voluntary Information Disclosure on the Company Getting an EIA Reply to Fabricated Intelligent Property R&D Center and Production Base Construction Project disclosed by the Company on January 4, 2018 (refer to the Company's Announcement 2018-003). Due to the shortage of project funds and the mortgage of production base land to China Bohai Bank, the project is currently at a standstill.

## VI. Change of share capital and shareholding of Principal Shareholders

### I. Changes in share capital

#### 1. Changes in share capital

Unit: Share

|  | Before the change |            | Increase/decrease (+, -) |              |                                       |              |              | After the Change |            |
|--|-------------------|------------|--------------------------|--------------|---------------------------------------|--------------|--------------|------------------|------------|
|  | Amount            | Proportion | Share allotment          | Bonus shares | Capitalization of common reserve fund | Other        | Subtotal     | Quantity         | Proportion |
| 1. Shares with conditional subscription    | 681,305,436       | 40.12%     |                          |              |                                       | -242,448,369 | -242,448,369 | 438,857,067      | 25.84%     |
| 3. Other domestic shares                   | 681,305,436       | 40.12%     |                          |              |                                       | -242,448,369 | -242,448,369 | 438,857,067      | 25.84%     |
| Including : Domestic Legal person shares   | 42,479,672        | 2.50%      |                          |              |                                       | -42,479,672  | -42,479,672  | 0                | 0.00%      |
| Domestic natural person shares             | 638,825,764       | 37.62%     |                          |              |                                       | -199,968,697 | -199,968,697 | 438,857,067      | 25.84%     |
| II. Shares with unconditional subscription | 1,016,939,575     | 59.88%     |                          |              |                                       | 242,448,369  | 242,448,369  | 1,259,387,944    | 74.16%     |
| 1. Common shares in RMB                    | 753,136,344       | 44.34%     |                          |              |                                       | 242,448,369  | 242,448,369  | 995,584,713      | 58.62%     |
| 2. Foreign shares in domestic market       | 263,803,231       | 15.54%     |                          |              |                                       |              |              | 263,803,231      | 15.53%     |
| III. Total of capital shares               | 1,698,245,011     | 100.00%    |                          |              |                                       | 0            | 0            | 1,698,245,011    | 100.00%    |

Reasons for share changed

 Applicable  Not applicable

Approval of Change of Shares

 Applicable  Not applicable

Ownership transfer of share changes

Applicable  Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

Applicable  Not applicable

Other information necessary to disclose for the company or need to disclose under requirement from security regulators

Applicable  Not applicable

## 2. Change of shares with limited sales condition

Applicable  Not applicable

Unit: Share

| Shareholder Name | Initial Restricted Shares | Number of Unrestricted Shares This Term | Number of Increased Restricted Shares This Term | Restricted Shares in the End of the Term | Reason for Restricted Shares  | Date of Restriction Removal |
|------------------|---------------------------|---|---|--|---|-----------------------------|
| Chen Lue         | 525,344,262               | 525,344,262                             | 0   | 0  | The major asset restructuring and the issue of shares to purchase assets and raise matching funds | October 24, 2018            |
| Chen Lue         | 55,995,934                | 0                                       | 0   | 55,995,934                               | The major asset restructuring and the issue of shares to purchase assets and raise matching funds | --                          |
| Chen Lue         | 382,500                   | 0                                       | 381,212,483                                     | 381,594,983                              | Executive locking stock   | Not applicable              |
| He Feiyan        | 54,800,458                | 54,800,458                              | 0   | 0  | The major asset restructuring and the issue of shares to purchase assets and raise                | October 24, 2018            |

|  |             |             |             |             |   |                  |
|--|-------------|-------------|-------------|-------------|---|------------------|
|  |             |             |             |             | matching funds  |                  |
| He Sen   | 1,637,435   | 1,637,435   | 0           | 0           | The major asset restructuring and the issue of shares to purchase assets and raise matching funds | October 24,2018  |
| Jiutai Fund—<br>Bank of Communications<br>— Jiutai Huitong<br>No.2 specific customer asset management plan | 42,479,672  | 42,479,672  | 0           | 0           | The major asset restructuring and the issue of shares to purchase assets and raise matching funds | December 3, 2018 |
| Li Erlong  | 619,050     | 0           | 0           | 619,050     | Executive locking stock   | Not applicable   |
| Yang Chunling  | 46,125      | 0           | 0           | 46,125      | Executive locking stock   | Not applicable   |
| Liang Rong   | 0           | 0           | 600,975     | 600,975     | Executive locking stock   | Not applicable   |
| Total  | 681,305,436 | 624,261,827 | 381,813,458 | 438,857,067 | --  | --               |

## II. Issuing and listing

### 1. Explanation of the Situation of the Security Issue (No Preferred Shares) in the Report Period

Applicable  Not applicable

### 2. Change of asset and liability structure caused by change of total capital shares and structure

Applicable  Not applicable

### 3. About the existing employees' shares

Applicable  Not applicable

### III. Shareholders and actual controlling shareholder

#### 1. Number of shareholders and shareholding

Unit: Share

| Total number of common shareholders at the end of the reporting period                         | 77,544                                | Total shareholders at the end of the month from the date of disclosing the annual report | 78,961                              | The total number of preferred shareholders voting rights restored at period-end (if any) (See Notes 8) | 0                                | Total preferred shareholders at the end of the month from the date of disclosing the annual report (if any) (See Notes 8) | 0                              |             |
|--|---------------------------------------|--|-------------------------------------|--|----------------------------------|---|--------------------------------|-------------|
| Particulars about shares held above 5% by shareholders or top ten shareholders                 |                                       |  |                                     |  |                                  |   |                                |             |
| Shareholders   | Nature of shareholder                 | Proportion of shares held (%)  | Number of shares held at period-end | Change in reporting period   | Amount of restricted shares held | Amount of un-restricted shares held   | Number of share pledged/frozen |             |
|  |                                       |  |                                     |  |                                  |   |                                |             |
| Chen Lue   | Domestic Natural person               | 34.36%   | 583,454,556                         | 0  | 437,590,917                      | 145,863,639   | Pledge                         | 583,454,462 |
|  |                                       |  |                                     |  |                                  |   | Freeze                         | 583,454,556 |
| STYLE-SUCCESS LIMITED  | Foreign legal person                  | 5.47%  | 92,970,910                          | 0  | 0                                | 92,970,910  |                                |             |
| Union Holdings Co., Ltd.   | Domestic Non-State-owned legal person | 5.18%  | 87,935,921                          | 0  | 0                                | 87,935,921  |                                |             |
| He Feiyan  | Domestic Natural person               | 3.23%  | 54,800,458                          | 0  | 0                                | 54,800,458  | Freeze                         | 54,800,458  |
| Jiutai Fund—Bank of Communications—Jiutai Huitong No.2 specific customer asset management plan | Other                                 | 2.40%  | 40,696,772                          | 1,782,900  | 0                                | 40,696,772  |                                |             |
| Rich Crown Investment Co.,   | Foreign legal person                  | 1.37%  | 23,235,313                          | 0  | 0                                | 23,235,313  |                                |             |

| Ltd.   |  |       |   |             |   |            |        |            |
|--|--|-------|---|-------------|---|------------|--------|------------|
| Qinghai Heyi Industry Development Co., Ltd.  | Domestic Non-State-owned legal person  | 0.79% | 13,357,084  | 0           | 0 | 13,357,084 | Pledge | 13,357,084 |
| Huang Huaian   | Domestic Natural person  | 0.72% | 12,300,000  | 3793000     | 0 | 12,300,000 |        |            |
| Zhang Xubao  | Domestic Natural person  | 0.34% | 5,852,820   | -201380     | 0 | 5,852,820  |        |            |
| Chen Lihong  | Domestic Natural person  | 0.28% | 4,775,760   | 92300       | 0 | 4,775,760  |        |            |
| Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable)See Notes 3 ) | Not applicable   |       |   |             |   |            |        |            |
| Explanation on associated relationship among the aforesaid shareholders  | The largest shareholder of Mr. Chen Lue and the Fourth largest shareholder of Ms. He Feiyan aforesaid are persons acting in concerted; The controlling shareholder of the above-mentioned third shareholder Shenzhen Union Holdings Co.,Ltd. And Sixth shareholder Rich Crown Investment Co., Ltd.. Is Union Development Group Ltd.; It is unknown whether there is relationship between other shareholders and whether they are persons taking concerted action specified in the Regulations on Disclosure of Information about Change in Shareholding of Shareholders of Listed Companies. |       |   |             |   |            |        |            |
| Shareholding of top 10 shareholders of unrestricted shares   |  |       |   |             |   |            |        |            |
| Name of the shareholder  | Quantity of unrestricted shares held at the end of the reporting period  |       | Name of the shareholder   |             |   |            |        |            |
|  |  |       |   |             |   |            |        |            |
| Chen Lue   | 145,863,639  |       | Chen Lue  | 145,863,639 |   |            |        |            |
| STYLE-SUCCESS LIMITED  | 92,970,910   |       | STYLE-SUCCESS LIMITED   | 92,970,910  |   |            |        |            |
| Union Holdings Co., Ltd.   | 87,935,921   |       | Union Holdings Co., Ltd.  | 87,935,921  |   |            |        |            |
| He Feiyan  | 54,800,458   |       | He Feiyan   | 54,800,458  |   |            |        |            |
| Jiutai Fund—Bank of Communications—Jiutai Huitong No.2 specific customer asset management plan                           | 40,696,772   |       | Jiutai Fund—Bank of Communications—Jiutai Huitong No.2 specific customer asset management | 40,696,772  |   |            |        |            |

|  |  |   |            |
|--|--|---|------------|
|  |  | plan  |            |
| Rich Crown Investment Co., Ltd.  | 23,235,313   | Rich Crown Investment Co., Ltd.             | 23,235,313 |
| Qinghai Heyi Industry Development Co., Ltd.  | 13,357,084   | Qinghai Heyi Industry Development Co., Ltd. | 13,357,084 |
| Huang Huaian   | 12,300,000   | Huang Huaian                                | 12,300,000 |
| Zhang Xubao  | 5,852,820  | Zhang Xubao                                 | 5,852,820  |
| Chen Lihong  | 4,775,760  | Chen Lihong                                 | 4,775,760  |
| Explanation on associated relationship or consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares and top 10 shareholders | Mr. Chen Lue and Ms. He Feiyan are the unanimous persons; Union Development Group Co., Ltd. is the controlling shareholder of the Above –mentioned shareholder Union Holdings Co., Ltd. And Rich Crown Investment Co., Ltd., It is unknown whether there is relationship between other shareholders and whether they are persons taking concerted action specified in the Regulations on Disclosure of Information about Change in Shareholding of Shareholders of Listed Companies. |   |            |
| Notes to the shareholders involved in financing securities (if any) (See Notes 4)  | Not applicable   |   |            |

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period.

Yes  No

The top ten common shareholders or top ten common shareholders with un-restrict shares held of the Company have no buy –back agreement dealing in reporting period.

## 2. Controlling shareholder

Nature of Controlling Shareholders: Natural Person Holding

Type of Controlling Shareholders: Natural Person

| Name   | Nationality                   | Whether to obtain the right of abode in other countries or regions |
|--|-------------------------------|--|
| Chen Lue   | China                         | No   |
| Main occupations and duties  | Board Chairman of the Company |  |
| Situation of domestic and abroad holding listed companies in the reporting period. | Nil                           |  |

Change of the actual controller in the reporting period

Applicable  Not applicable

Nil

### 3. Information about the controlling shareholder of the Company

Actual controller nature: Domestic natural person

Actual controller type: Natural person

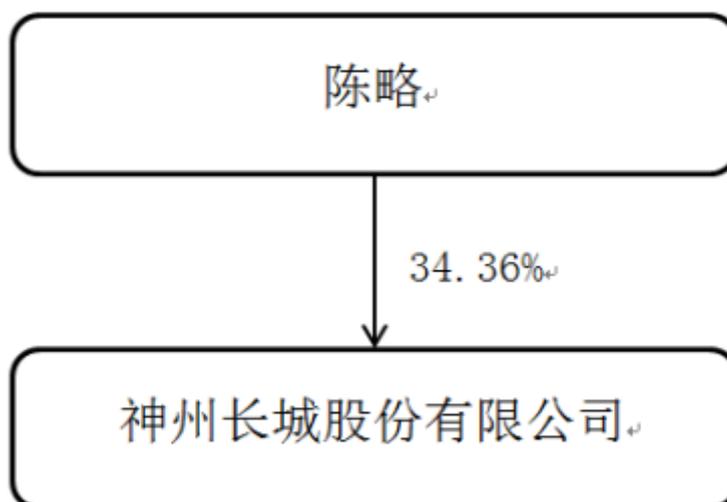
| Name of actual controllers   | Relationship with the actual controller   | Nationality | Whether to obtain the right of abode in other countries or regions |
|--|---|-------------|--|
| Chen Lue   | Self  | China       | No   |
| He Feiyan  | Acting in concert (including agreed, relative and same control)   | China       | No   |
| He Sen   | Acting in concert (including agreed, relative and same control)   | China       | No   |
| Main occupations and duties  | Chen Lue: Chairman. He Feiyan: assuming no duty in the Company. He Sen: Vice General Manager of Sino Great Wall International Engineering Co., Ltd. |             |  |
| Situation of domestic and abroad holding listed companies in the past 10 years | The Company's actual controller and persons acting in concert did not hold other listed companies, save the Company, in the past decade.            |             |  |

Changes of the actual controller in the reporting period

Applicable Not applicable

No Changes of the actual controller in the reporting period

Block Diagram of the ownership and control relations between the company and the actual controller



The actual controller controls the company by means of trust or managing the assets in other way

Applicable Not applicable

**4. Particulars about other legal person shareholders with over 10% share held**

Applicable Not applicable

**5. Situation of Share Limitation Reduction of Controlling Shareholders, Actual Controllers, Restructuring Party and Other Commitment Subjects**

Applicable Not applicable

## VII. Situation of the Preferred Shares

Applicable  Not Applicable

The Company had no preferred shares in the reporting period

## VIII. Information about Directors, Supervisors and Senior Executives

### I. Change in shares held by directors, supervisors and senior executives

| Name        | Positions                                   | Office status | Sex    | Age | Starting date of tenure | Expiry date of tenure | Shares held at the year-begin (share) | Amount of shares increased at the reporting period (share) | Amount of shares decreased at the reporting period (share) | Other changes increase/decrease | Shares held at the year-end (share) |
|-------------|---|---------------|--------|-----|-------------------------|-----------------------|---------------------------------------|--|--|---------------------------------|-------------------------------------|
| Chen Lue    | Board chairman                              | In office     | Male   | 48  | 2015年10月29日             | 2021年11月14日           | 583,454,556                           | 0  | 0  | 0                               | 583,454,556                         |
| Li Erlong   | Vice Board chairman, General Manager        | In office     | Male   | 43  | 2015年10月29日             | 2021年11月14日           | 825,400                               | 0  | 0  | -206,350 <sup>1</sup>           | 619,050                             |
| Liang Rong  | Vice Board chairman, Deputy General Manager | In office     | Male   | 49  | 2015年10月29日             | 2021年11月14日           | 0                                     | 801,300  | 0  | -200,325 <sup>2</sup>           | 600,975                             |
| He Yanjun   | Director                                    | In office     | Female | 40  | 2018年11月15日             | 2021年11月14日           | 0                                     | 0  | 0  | 0                               | 0                                   |
| Peng Lizhi  | Director, Executive deputy general manager  | In office     | Male   | 50  | 2018年11月15日             | 2021年11月14日           | 0                                     | 0  | 0  | 0                               | 0                                   |
| Liang Yong  | Director                                    | In office     | Male   | 58  | 2018年11月15日             | 2021年11月14日           | 0                                     | 0  | 0  | 0                               | 0                                   |
| Niu Hongjun | Independent director                        | In office     | Male   | 46  | 2018年11月15日             | 2021年11月14日           | 0                                     | 0  | 0  | 0                               | 0                                   |

|                  |  |           |        |    |             |             |        |   |   |   |        |
|------------------|--|-----------|--------|----|-------------|-------------|--------|---|---|---|--------|
| Jiang Chongguang | Independent director   | In office | Male   | 43 | 2015年10月29日 | 2021年11月14日 | 0      | 0 | 0 | 0 | 0      |
| Yu Haichun       | Independent director   | In office | Male   | 55 | 2018年11月15日 | 2021年11月14日 | 0      | 0 | 0 | 0 | 0      |
| Wu Xiaoming      | Chairman of the supervisory committee                            | In office | Male   | 38 | 2018年11月15日 | 2021年11月14日 | 0      | 0 | 0 | 0 | 0      |
| Pang Aisheng     | Supervisor   | In office | Male   | 38 | 2018年11月15日 | 2021年11月14日 | 0      | 0 | 0 | 0 | 0      |
| Qin Yuanxin      | Employee supervisor  | In office | Male   | 54 | 2018年11月15日 | 2021年11月14日 | 0      | 0 | 0 | 0 | 0      |
| Yang Chunling    | Deputy General Manager, CFO, Secretary to the board of directors | In office | Female | 47 | 2015年10月29日 | 2021年11月14日 | 61,500 | 0 | 0 | 0 | 61,500 |
| Cui Hongli       | Deputy General Manager   | In office | Female | 46 | 2017年07月06日 | 2021年11月14日 | 0      | 0 | 0 | 0 | 0      |
| Fang Xiangzhong  | Deputy General Manager   | In office | Male   | 48 | 2018年11月15日 | 2021年11月14日 | 0      | 0 | 0 | 0 | 0      |
| Zhang Jian       | Deputy General Manager   | In office | Male   | 60 | 2018年11月15日 | 2021年11月14日 | 0      | 0 | 0 | 0 | 0      |
| Bai Bin          | Director   | Dimission | Male   | 33 | 2015年10月29日 | 2018年01月18日 | 0      | 0 | 0 | 0 | 0      |
| Tian Wei         | Director   | Dimission | Male   | 60 | 2018年03月28日 | 2018年11月14日 | 0      | 0 | 0 | 0 | 0      |

|                |  |           |      |    |                 |                 |           |         |   |          |           |
|----------------|--|-----------|------|----|-----------------|-----------------|-----------|---------|---|----------|-----------|
| Hu Yongfeng    | Director                                       | Dimission | Male | 56 | 2000年<br>05月12日 | 2018年<br>11月14日 | 0         | 0       | 0 | 0        | 0         |
| Wang Lei       | Director                                       | Dimission | Male | 55 | 2015年<br>10月29日 | 2018年<br>11月14日 | 0         | 0       | 0 | 0        | 0         |
| Tang Jianxin   | Independent<br>Director                        | Dimission | Male | 53 | 2015年<br>10月29日 | 2018年<br>11月14日 | 0         | 0       | 0 | 0        | 0         |
| Zhang Yufeng   | Independent<br>Director                        | Dimission | Male | 55 | 2015年<br>10月29日 | 2018年<br>11月14日 | 0         | 0       | 0 | 0        | 0         |
| Dong Binggen   | Chairman<br>of the<br>supervisory<br>committee | Dimission | Male | 69 | 2002年<br>06月26日 | 2018年<br>06月21日 | 0         | 0       | 0 | 0        | 0         |
| Fang Xianzhong | Chairman<br>of the<br>supervisory<br>committee | Dimission | Male | 48 | 2018年<br>06月21日 | 2018年<br>11月14日 | 0         | 0       | 0 | 0        | 0         |
| Huang Shengde  | Supervisor                                     | Dimission | Male | 47 | 2015年<br>10月29日 | 2018年<br>11月14日 | 0         | 0       | 0 | 0        | 0         |
| Wu Xiaoming    | Employee<br>Supervisor                         | Dimission | Male | 38 | 2015年<br>10月29日 | 2018年<br>11月14日 | 0         | 0       | 0 | 0        | 0         |
| Tian Wei       | General<br>Manager                             | Dimission | Male | 60 | 2017年<br>07月06日 | 2018年<br>11月14日 | 0         | 0       | 0 | 0        | 0         |
| Wang Shaojun   | Deputy<br>General<br>Manager                   | Dimission | Male | 62 | 2017年<br>07月06日 | 2018年<br>11月14日 | 0         | 0       | 0 | 0        | 0         |
| Tang Xianyong  | CFO,<br>Deputy<br>General<br>Manager           | Dimission | Male | 45 | 2017年<br>07月06日 | 2018年<br>11月14日 | 0         | 0       | 0 | 0        | 0         |
| Total          | --   | --        | --   | -- | --              | --              | 584,341.4 | 801,300 | 0 | -406,675 | 584,736.0 |

|  |  |  |  |  |  |  |    |  |  |  |    |
|--|--|--|--|--|--|--|----|--|--|--|----|
|  |  |  |  |  |  |  | 56 |  |  |  | 81 |
|--|--|--|--|--|--|--|----|--|--|--|----|

注：1 系被广东省深圳市福田区人民法院强制卖出，详见 2019 年 1 月 5 日披露于巨潮资讯网上的《关于董事及高管所持公司股份被强制执行的公告》（公告编号：2019-001）

2 系被法院强制卖出

## II. Change in shares held by directors, supervisors and senior executives

√ Applicable □ Not applicable

| Name           | Positions  | Types   | Date             | Reason   |
|----------------|--|---------|------------------|--|
| He Yanjun      | Director   | Engaged | November 15,2018 | Elected as a non-independent director in the fourth extraordinary shareholders' general meeting of 2018  |
| Peng Lizhi     | Director,<br>Executive<br>Deputy<br>General<br>Manager | Engaged | November 15,2018 | Elected as a non-independent director in the fourth extraordinary shareholders' general meeting of 2018,<br>Appointed as the Executive Deputy general manager of the company by the 1st meeting of the Eighth Board of Directors |
| Liang Yong     | Director   | Engaged | November 15,2018 | Elected as a non-independent director in the fourth extraordinary shareholders' general meeting of 2018  |
| Niu Hongjun    | Independent director                                   | Engaged | November 15,2018 | Elected as independent director in the fourth extraordinary shareholders' general meeting of 2018  |
| Yu Haichun     | Independent director                                   | Engaged | November 15,2018 | Elected as a non-independent director in the fourth extraordinary shareholders' general meeting of 2018  |
| Wu Xiaoming    | Chairman of the supervisory committee                  | Engaged | November 15,2018 | Elected as supervisor in the fourth extraordinary shareholders' general meeting of 2018;Elected as Chairman of the supervisory committee of the Company by the 1st meeting of the Eighth Board of supervisors                    |
| Pang Aisheng   | Supervisor   | Engaged | November 15,2018 | Elected as Supervisor in the fourth extraordinary shareholders' general meeting of 2018  |
| Qin Yuanxin    | Employee supervisor                                    | Engaged | October 29,2018  | Elected as employee supervisor by the employee representative assembly of the company on October 29, 2018  |
| Li Erlong      | General Manager  | Engaged | November 15,2018 | Appointed general manager of the company at the first meeting of the eighth board of directors   |
| Fang Xianzhong | Deputy General Manager                                 | Engaged | November 15,2018 | Appointed Deputy general manager of the company at the first meeting of the eighth board of directors  |
| Zhang Jian     | Deputy General   | Engaged | November 15,2018 | Appointed Deputy general manager of the company at the first meeting of the eighth board of directors  |

|                |                                       |   |                  |   |
|----------------|---------------------------------------|---|------------------|---|
|                | Manager                               |   |                  |   |
| Yang Chunling  | Deputy General Manager, CFO           | Engaged                                 | November 15,2018 | Appointed Deputy general manager and CFO of the company at the first meeting of the eighth board of directors |
| Hu Yongfeng    | Director                              | Leave the office while office term ends | November 14,2018 | No longer assuming the duty of non-independent director in the Company upon expiry of term                    |
| Tian Wei       | Director                              | Leave the office while office term ends | November 14,2018 | No longer assuming the duty of non-independent director in the Company upon expiry of term                    |
| Wang Lei       | Director                              | Leave the office while office term ends | November 14,2018 | No longer assuming the duty of non-independent director in the Company upon expiry of term                    |
| Tang Jianxin   | Independent director                  | Leave the office while office term ends | November 14,2018 | No longer assuming the duty of independent director in the Company upon expiry of term                        |
| Zhang Yufeng   | Independent director                  | Leave the office while office term ends | November 14,2018 | No longer assuming the duty of independent director in the Company upon expiry of term                        |
| Bai Bin        | Director                              | Leave the office while office term ends | January 18,2018  | Resigned due to personal reasons  |
| Dong Binggen   | Chairman of the supervisory committee | Leave the office while office term ends | June 21,2018     | Resigned due to personal reasons  |
| Fang Xianzhong | Chairman of the supervisory committee | Leave the office while office term ends | November 14,2018 | No longer assuming the duty of Chairman of the supervisory committee in the Company upon expiry of term       |
| Huang Desheng  | Supervisor                            | Leave the office while office term ends | November 14,2018 | No longer assuming the duty of Supervisor in the Company upon expiry of term                                  |
| Wu Xiaoming    | Employee                              | Leave the                               | November         | No longer assuming the duty of Employee supervisor in   |

|               |                        |   |                  |  |
|---------------|------------------------|---|------------------|--|
|               | supervisor             | office while office term ends           | 14,2018          | the Company upon expiry of term  |
| Tang Xianyong | CFO                    | Leave the office while office term ends | November 14,2018 | No longer assuming the duty of CFO in the Company upon expiry of term                    |
| Tian Wei      | General Manager        | Leave the office while office term ends | November 14,2018 | No longer assuming the duty of General Manager in the Company upon expiry of term        |
| Wang Shaojun  | Deputy General Manager | Leave the office while office term ends | November 14,2018 | No longer assuming the duty of Deputy General Manager in the Company upon expiry of term |

### III. Posts holding

Main working experience of current directors, supervisors and senior management staff

#### (1) Director

Chen Lue, male, Chinese nationality, no overseas permanent residence, born in April 1970, currently the doctoral students of accounting specialty in Wuhan University, Senior Management MBA of Guanghua School of Management of Beijing University, Senior Management MBA of School of Economics and Management of Tsinghua University, Bachelor in major of Food Science and Nutritional Engineering of China Agricultural University, senior engineer. Since October 2001, he has been the director of Sino Great wall International Engineering Co., Ltd., since April 2014, he has been the executive director of Sino Great Wall Investment (Beijing) Co., Ltd; since October 2015, he has been the chairman of China Industry Investment Co., Ltd. From October 2015 to July 2017, he has been the chairman and General Manger of the Company, Sine July 2017, He has been the Chairman of the Company.

Li Erlong, Chinese nationality, no overseas permanent residence, male, was born in September 1975, graduated from the Shandong Building Materials Engineering College, MBA of Tsinghua University. He had served as the assistant to director of the National Building Materials Quality Supervision and Inspection Center, the researcher for the China-Africa R&D Center of Artificial Crystal. Since March 2005, he has been served as the general manager of Sino Great Wall International Engineering Co., Ltd; since November 2007, he has been the manager of Beijing Sino Great Wall Decoration Design Co., Ltd.; since June 2014, he has been the director of Sino Great Wall Internatioanal Engineering Co., Ltd., Since September 2015, he has been the director of China Industry Investment Co., Ltd., since July 2016, he has been the chairman of Sino Great Wall Internatioanal Engineering Co., Ltd., Since August 2016, he has been the executive director of Sino Great Wall Southwest Construction Engineering Co., Ltd., Since November 2016, he has been the chairman of Sino Great Wall Jianye Engineering Co., Ltd., since December 2016, he has been the General Manger of Sino Great Wall Development (Hengqin) Co., Ltd., From October 2015 to June 2017, he has been the Director and Genral Manger of the Company, Since September 2017, he has been the executive director and General Manger of Sino Great Wall Southwest Engineering Consulting Co. , Ltd . Sino Great Wall Southwest Commercial Trade Co., Ltd. And Sino Great Wall Southwest Technology Co., Ltd., since February 2018, he has been the executive director of Sino Great Wall Hebei Xiongan Engineering Co., Ltd.,From July 2017 to November 2018, he has been the Vice Chairman and Deputy General Manger of the Company. Since November 2018, he has been the Vice Chairman and General Manger of the Company.

Liang Rong, Male Chinese nationality, no overseas permanent residence, was born in December 1969, graduated from civil

engineering major of Shantou University and MBA of Senior Management of Nankai University, is a senior engineer. He had served as Assistant Engineer of Zhuhai Xinzhou Real Estate Co., Ltd, Quantity Surveyor of Japan Shimizu Construction Co., Ltd, and Project Manager of Shenzhen Great Wall Furniture Decoration Engineering Co., Ltd. From April 2003 to June 2016, he has been the Executive General Manger of Sino Great Wall Construction Engineering Co., Ltd., since June 2014, he has been the Director Sino Great Wall Construction Engineering Co., Ltd., since Novemer 2014, he has been the Diretor of Sino Great Wall International Engineering(Macao) Co., Ltd., From October 2015 to June 2017, he has been the director and Deputy General Manger of the Company, since August 2017, he has been the Chairman of Sino Great Wall Group Co., Ltd., Since September 2017, he has been the Chairman of Kunming Sino Shengong Forestry Development Co., Ltd.,since October 2017, he has been the General Manager of Sino Great Wall Guangxia (Wuhan )Medical Development Co., Ltd., since Decemer 2017, he has been the Chairman of Sino Great Wall Health Management (Jiangsu) Co., Ltd., and Director of Weifang Sino Great wall Health Development Co., Ltd., since March 2018, he has been the Chairman of Renhui Sino Great wall Wine Culture Development Co., Ltd., Since July 2017, he has been the Vice Chairman and Deputy General Manger of the Company.Since August 2017, he has been the Chairman of Sino Great Wall Group Co., Ltd. has assumed Kunming Sino Sengong Forestry Development Co., Ltd., a director of Sino Great Wall (Hong Kong) Real Estate Co., Ltd., Chairman and a director of Alor Vista Development Sdn Bhd (Penang Bukit Mertajam Project Company) since September 2017, assumed the General Manager of Sino Great Wall Guangxia (Wuhan) Medical Development Co., Ltd. since October 2017, assumed a director of SGW Ventures Sdn Bhd (Malaysia Management Company) since November 2017, assumed Chairman of Sino Great Wall Health Management (Jiangsu) Co., Ltd. and a director of Weifang Sino Great Wall Health Development Co., Ltd. since December 2017, assumed a director of Cenang Resort Sdn Bhd (Cenang Company) and Chairman of Sino Great Wall Technology Development Co., Ltd. since January 2018, assumed the Chairman of Renhuai Sino Great Wall Wine Culture Expo Park Development Co., Ltd. since March 2018, assumed a director of Aofa Investment Co., Ltd. and Weifang Sino Great Wall Health Care Industry Co., Ltd. since August 2018, and assumed a director of Weifang Binhai Sino Bincheng Hospital Co., Ltd. since September 2018.

He Yanjun , Female, a Hong Kong resident, born in May 1978, graduated from Southwest University of Political Science & Law, majoring in law. She worked as a court clerk at Shenzhen Intermediate People's Court from July 2003 to August 2009; she assumed the Legal Secretary and Manager Assistant of Office of the President, UDC Group Co., Ltd. from August 2009 to February 2011; she has assumed the Legal Manager of UDC Holding Co., Ltd. since April 2015. Since November 2018, she has assumed a director of the Company.

Peng Lizhi, Male , Chinese nationality, no overseas permanent residence, born in September 1968, He is an MBA master, national highway engineering constructor, and professor-level senior engineer. From 1990 to 2002, he worked at Second Engineering Division, Second Highway Engineering Bureau, Ministry of Transportation; from 2003 to 2006, he assumed the Chief Engineer of Road & Bridge South China Engineering Co., Ltd.; from 2006 to May 2016, he assumed Chairman and General Manager of Road & Bridge North China Engineering Co., Ltd.; since June 2016, he has assumed Chairman and General Manager of Sino Great Wall Infrastructure Investment Co., Ltd. From December 2017 to November 2018, he assumed Vice General Manager of the Company; from November 2018, he has assumed a director and Standing Vice Manager of the Company.

Liang Yong, Male , Chinese nationality, no overseas permanent residence, born in April 1960, He is an engineer graduating from Ansteel Engineering College. He used to work at Ansteel Design Research Institute, Yantai Liaohai Hi-Tech Development Co., Ltd., Coastal Green Homeland (Anshan) Co., Ltd. and Coastal Green Homeland Central China Company among other companies. From May 2008 to July 2009, he assumed the General Project Manager of Tianjin Haishun Real Estate Development Co., Ltd.; from July 2009 to August 2011, he assumed General Project Manager of MCC Times Real Estate Co., Ltd.; from September 2011 to April 2012, he assumed Vice President of Hubei Brandmont Investment Group Co., Ltd.; from April 2012 to August 2014, he assumed General Manager of Nanyang Feifan Real Estate Co., Ltd.; from August 2014 to March 2016, he assumed General Manager Assistant of CITIC Guoan Investment (Shanghai) Company; from April 2016 to March 2019, he assumed Vice General Manager of Real Estate

Development Department of the Company; since November 2018, he has assumed a director of the Company.

Niu Hongjun, Male, Chinese nationality, no overseas permanent residence, born in November 1972. He is a certified public accountant in both China and Australia with a bachelor's degree awarded by School of Economic & Management, Shijiazhuang Tiedao University, a master's degree awarded by Chinese Academy of Fiscal Sciences, Ministry of Finance, and a doctoral degree of management awarded by Renmin Business School; since 2008, he has been a master supervisor at Business School of Beijing Technology and Business University, working on specialized accountancy teaching and research; since 2009, he has been hired as a financial consultant by Ministry of Commerce of the People's Republic of China; since January 2015, he has assumed an independent director of Jingwei Textile Machinery; from June 2016 to February 2018, he assumed an independent director of Cloud Live Tech Group; since November 2018, he has assumed an independent director of the Company.

Jiang Chongguang, Male, Chinese nationality, no overseas permanent residence. He is a doctor of economics, postdoctor, researcher, part-time professor and visiting scholar to international institutions of higher education. He is the present Executive Vice President and Secretary-General of China Insurance Innovation Research Institute, Executive Director of Health China Strategy Research Center, Chinese Academy of Social Sciences, Deputy Director of Financial Technology Committee, Asian Financial Cooperation Association, a consultant to Insurance Society of China and an independent director of Dezhao Big Health Co., Ltd. He is a senior economist of Ivy Capital. Since 2015, he has acted as an independent director of the Company.

Yu Haichun, Male, Chinese nationality, no overseas permanent residence, born in November 1962. He has a doctoral degree of civil and commercial law awarded by China University of Political Science and Law. He used to be an assistant-regimental-commander-level instructor of PLA Dalian Naval Academy, lawyer of Liaoning Fada Law Firm, lawyer and partner of Beijing King & Capital Law Firm, secretary of the party committee and vice president of School of Insurance and Economics at UIBE. From March 2013 to September 2018, he assumed secretary of the party committee and vice president of UIBE Law School. Since September 2018, he has assumed a professor of UIBE Law School and Director of Research Center for Insurance Policies and Laws. Since November 2018, he has assumed an independent director of the Company.

## 2. Supervisors

Wu Xiaoming, Male, Chinese nationality, no overseas permanent residence, born in November 1980. He has a bachelor's degree of law awarded by School of Law, Guangdong Business School (presently known as Guangdong University of Finance & Economics). He used to work at Haizhu Branch, Guangzhou Municipal Administration of Quality and Technology Supervision (the present Quality and Technology Supervision Bureau of Haizhu District, Guangzhou). Since December 2008, he has assumed General Manager Assistant and Legal Manager of Sino Great Wall International Engineering Co., Ltd. Since June 2014, he has assumed Chairman of Board of Supervisors of Sino Great Wall International Engineering Co., Ltd.; from October 2015 to November 2018, he assumed the Employee Supervisor of the Company; since November 2018, he has assumed Chairman of the Board of Supervisors of the Company.

Pang Aisheng, Male, Chinese nationality, no overseas permanent residence, born in May 1981. He has a bachelor's degree awarded by Guangdong Vocational Normal School (presently known as Guangdong Polytechnic Normal University) and MBA degree of senior executives awarded by Zhejiang University. He used to be a project manager of Sino Great Wall International Engineering Co., Ltd.; since 2015, he has assumed Vice General Manager of Sino Great Wall International Engineering Co., Ltd. and General Manager of East China Division herein; since November 2018, he has assumed a supervisor of the Company.

Qin Yuanxin, male, Chinese nationality, no overseas permanent residence, born in November 1964, is a senior engineer, graduating from Shandong Construction Engineering School with a bachelor's degree of engineering management. He used to be Technical Director and Production Manager of Tongcheng Sixing Construction Installation Engineering Co., Ltd.; from March 1996 to December 2004, he assumed the Production Manager and Project Manager of Anhui First Construction Engineering Co., Ltd.; since March 2005, he has assumed Project Manager, Security Inspection Manager, Vice General Manager of Engineering Management Center, Vice General Manager and Supervisor of Clearing Center of Sino Great Wall International Engineering Co., Ltd. Since March 2005, he has assumed Standing Vice Manager of SPV Management Center of Sino Great Wall Co., Ltd. Since November 2018, he

has assumed the Employee Supervisor of the Company.

### 3. Senior management personnel

Refer to the preceding "1. Members of Board of Directors" for resumes of Mr. Li Erlong, Mr. Liang Rong and Mr. Peng Lizhi.

Yang Chunling, female, Chinese nationality, no overseas permanent residence, born in February 1971, Bachelor in economics, master in industrial engineering, accountant. She had served as employee in Sino-trans Henan Zhengzhou Logistic and Trading Company, Deputy Minister of the securities department of Aeolus Tyre Co., Ltd, vice general manager and secretary of the board of directors of Henan Yuhua New Material Co., Ltd. Since September 2015, she has been the director of Sino Cubic Investment Co., Ltd; since March 2014, she has been the secretary of the board of directors of Sino Great Wall International Engineering Co., Ltd; From October 2015 to November 2018,, she has been the secretary of the board of directors of the company. Since November 2014, she has been the Deputy General Manager , CFO and secretary of the board of directors of the Company.

Cui Hongli, female, Chinese nationality, no overseas permanent residence, born in January 1972, graduated from Henan University of Finance and Economics, CPA. She had been served in China Luoyang Float Glass Group Co.,Ltd, Beijing Jiayou Real Estate Development Group Co.,Ltd and Yuancheng Industrial Group Co.,Ltd. Since July 2011, she has been the investment and finance department manager, CFO of Sino Great Wall International Engineering Co., Ltd; From October 2015 to June 2017, she has been the company's CFO. Since July 2017, She has been the Deputy General Manger of the Company.

Fang Xianzhong male, Chinese nationality, no overseas permanent residence, born in February 1970, he has an EMBA degree awarded by Guanghua School of Management, Peking University. He used to assume an office staff of Beijing Jingdong Auto Maintenance Group, Sales Manager of Beijing Gomatech Co., Ltd., General Manager of Business Unit of Founder Technology CO., Ltd., and Vice General Manager of Beijing Honglian Jiuwu Information Industry Co., Ltd. among other duties. From May 2002 to December 2003, he assumed General Manager of Beijing Haiweixin Technology Co., Ltd.; from January 2004 to June 2010, he assumed General Manager of Beijing Haiwei Xinda Technology Co., Ltd.; since July 2010, he has assumed Vice General Manager of Sino Great Wall International Engineering Co., Ltd.; from June to November 2018, he assumed Chairman of Board of Supervisors of the Company; since November 2018, he has assumed Vice General Manager of the Company.

Zhang Jian, male, Chinese nationality, no overseas permanent residence, born in August 1958, graduated from Central School of China Communist Youth League with a specialized associate degree. He used to assume a company commander of Headquarters of Kunming Military Command, a section chief of Qingdao Municipal People's Government, General Manager of Government Offices Administration Trading Company, General Manager of Qingdao Shopping Mall of Beijing Chengxiang (a listed company), General Manager of New City Plaza of South Group, General Manager of Qingdao Aoda Investment Development Company, Hongta Group, and COO of Yunnan, Guizhou, Sichuan and Shaanxi of Junhao Group among other duties. From January 2016 to March 2018, he assumed Vice General Manager of Sino Great Wall Medical Investment Management Company; since April 2018, he has assumed Vice General Manager of Sino Great Wall Real Estate Company; since November 2018, he has assumed Vice General Manager of Sino Great Wall Co., Ltd.

Office taking in shareholder companies

Applicable  Not applicable

Offices taken in other organizations

Applicable  Not applicable

| Name     | Name of other units                       | Position | Office term start from | Office term ended | Whether receiving remuneration from other units or not |
|----------|---|----------|------------------------|-------------------|--|
| Chen Lue | Sino Great Wall International Engineering | Board    | October                |                   | No   |

|                  |  |  |                   |                 |     |
|------------------|--|--|-------------------|-----------------|-----|
|                  | Co., Ltd.  | chairman   | 17,2001           |                 |     |
| Chen Lue         | Sino Great Wall Investment (Beijing) Co., Ltd.                       | Executive director   | April 22, 2014    |                 | No  |
| Chen Lue         | China Industry Investment Co., Ltd.                                  | Board chairman   | September 14,2015 |                 | No  |
| Chen Lue         | Shenzhen Sino Dalue Investment Co.,Ltd.                              | Executive director   | February 25,2015  |                 | No  |
| Chen Lue         | Zhongshang Sino Aerospace Technology (Beijing) Co., Ltd.             | Board chairman   | January 24,2017   |                 | No  |
| Li Erlong        | China Industry Investment Co., Ltd.                                  | Director   | September 14,2015 |                 | No  |
| Niu Hongjun      | Business Schooll of Beijing Technology and Business University       | Master Supervisor  | September 1,2008  |                 | Yes |
| Niu Hongjun      | Ministry of Commerce of the people's republic of China               | Financial advisory   | January 15,2009   |                 | Yes |
| Niu Hongjun      | Jingwei Textile Machinery Co., Ltd.                                  | Independen t Director  | January 13,2015   |                 | Yes |
| Jiang Chongguang | Dezhan Healthcare Co., Ltd.  | Independen t Director  | October 25,2016   | October 25,2021 | Yes |
| Jiang Chongguang | CASS Healthy China Strategic Research Center.                        | Executive director   | May 1,2015        | May 1,2025      | Yes |
| Jiang Chongguang | IVY Capital  | Senior economist   | June 1,2015       | June 1,2025     | Yes |
| Jiang Chongguang | Insurance Society of China   | Counselor  | June 15,2016      | June 15,2021    | Yes |
| Jiang Chongguang | China Insurance Innovation Research Institute                        | Executive vice President and general secretary                           | April 25,2016     | April 25,2026   | Yes |
| Jiang Chongguang | Asian Finance Association Financial Science and Technology Committee | Associate director   | February 1,2018   | March 1,2023    | No  |
| Yu Haichun       | School of Law,UIBE   | Professor, Director of Insurance Industry Policy and Law Research Center | September 13,2018 |                 | Yes |

|               |                                     |          |                   |  |    |
|---------------|-------------------------------------|----------|-------------------|--|----|
| Yang Chunling | China Industry Investment Co., Ltd. | Director | September 1, 2015 |  | No |
|---------------|-------------------------------------|----------|-------------------|--|----|

Punishments to the current and leaving board directors, supervisors and senior managers during the report period by securities regulators in the recent three years

Applicable  Not applicable

#### IV. Remuneration to directors, supervisors and senior executives

Decision-making procedures, basis for determination and actual payment of the remuneration to directors, supervisors and senior executives

The Company's remuneration and appraisal committee formulates the remuneration plan, which is implemented after the approval by the board of directors or after review and approval by the shareholders' general meeting; and it performs the evaluation of directors and senior management personnel according to the performance evaluation standards and procedures; meanwhile, the Company proposes the amount of remuneration and reward methods for directors, supervisors and senior managers according to the post performance evaluation and salary distribution policy, which shall be approved by voting and finally be reported to the board of directors for approval and implementation.

The Company formulates the remuneration plans or schemes based on the main scope, responsibilities, and importance of directors and senior management positions and the remuneration levels of other related companies, and it pays the remuneration based on the post performance evaluation results and the salary allocation policy.

Remuneration to directors, supervisors and senior executives in the reporting period

Unit: 10,000 Yuan

| Name       | Positions                                  | Sex    | Age | Office status | Total remuneration received from the shareholder | Remuneration actually receives at the end of the reporting period |
|------------|--|--------|-----|---------------|--|---|
| Chen Lue   | Board Chairman                             | Male   | 48  | In office     | 36.6   | No  |
| Li Erlong  | Vice Board Chairman, General Manager       | Male   | 43  | In office     | 52.15  | No  |
| Liang Rong | Vice Board Chairman, Deputy General Manger | Male   | 49  | In office     | 43.2   | No  |
| He Yanjun  | Director                                   | Female | 40  | In office     | 0  | Yes   |
| Peng Lizhi | Director, Excutive Deputy General          | Male   | 50  | In office     | 43.46  | No  |

|                  |  |        |    |           |      |     |
|------------------|--|--------|----|-----------|------|-----|
|                  | Manager  |        |    |           |      |     |
| Liang Yong       | Director   | Male   | 58 | In office | 0.33 | No  |
| Niu Hongjun      | Independent Director   | Male   | 46 | In office | 1.37 | No  |
| Jiang Chongguang | Independent Director   | Male   | 43 | In office | 11   | No  |
| Yu Haichun       | Independent Director   | Male   | 55 | In office | 1.37 | No  |
| Wu Xiaoming      | Chairman of the supervisory committee                            | Male   | 38 | In office | 1.76 | No  |
| Pang Aisheng     | Supervisor   | Male   | 38 | In office | 3.12 | No  |
| Qin Yuanxin      | Employees supervisor   | Male   | 54 | In office | 1.24 | No  |
| Yang Chunling    | Deputy General Manager, CFO, Secretary to the board of directors | Female | 47 | In office | 22.8 | No  |
| Cui Hongli       | Deputy General Manager   | Female | 46 | In office | 22.8 | No  |
| Fang Xianzhong   | Deputy General Manager   | Male   | 48 | In office | 2.1  | No  |
| Zhang Jian       | Deputy General Manager   | Male   | 60 | In office | 7.31 | No  |
| Hu Yongfeng      | Director   | Male   | 56 | Dimission | 0    | Yes |
| Wang Lei         | Director   | Male   | 55 | Dimission | 0    | No  |
| Bai Bin          | Director   | Male   | 33 | Dimission | 0    | No  |
| Tian Wei         | Director   | Male   | 60 | Dimission | 0    | No  |
| Tang Jianxin     | Independent Director   | Male   | 53 | Dimission | 9.63 | No  |
| Zhang Yufeng     | Independent Director   | Male   | 55 | Dimission | 9.63 | No  |
| Dong Binggen     | Chairman of the supervisory committee                            | Male   | 69 | Dimission | 0    | Yes |
| Fang Xianzhong   | Chairman of the supervisory committee                            | Male   | 48 | Dimission | 6.3  | No  |

|               |                            |      |    |           |        |    |
|---------------|----------------------------|------|----|-----------|--------|----|
| Huang Shengde | Supervisor                 | Male | 47 | Dimission | 12.68  | No |
| Wu Xiaoming   | Employees supervisor       | Male | 38 | Dimission | 12.34  | No |
| Tian Wei      | General Manager            | Male | 60 | Dimission | 77.53  | No |
| Wang Shaojun  | Deputy General Manager     | Male | 62 | Dimission | 52.5   | No |
| Tang Xianyong | Deputy Genral Manager, CFO | Male | 45 | Dimission | 35     | No |
| Total         | --                         | --   | -- | --        | 466.22 | -- |

Incentive equity to directors, supervisors or/and senior executives in the reporting period

Applicable  Not applicable

## V. Particulars about employees.

### 1. Number of staff, professional structure and educational background

|  |                            |
|--|----------------------------|
| Number of in-service staff of the parent company(person)                             | 59                         |
| Number of in-service staff of the main subsidiaries(person)                          | 762                        |
| The total number of the in-service staff(person)                                     | 821                        |
| The total number of staff receiving remuneration in the current period(person)       | 821                        |
| Retired staff with charges paid by the parent company and main subsidiaries (person) | 17                         |
| Professional   |                            |
| Classified according by Professions  | Number of persons (person) |
| Production   | 251                        |
| Sales  | 16                         |
| Technical  | 331                        |
| Financial  | 40                         |
| Administrative   | 61                         |
| Other  | 122                        |
| Total  | 821                        |
| Education  |                            |
| Classified according by Professions  | Number of persons (person) |
| Master's Degree and bove   | 52                         |
| Bachelor   | 366                        |

|                 |     |
|-----------------|-----|
| College diploma | 270 |
| Other           | 133 |
| Total           | 821 |

## 2. Remuneration policies

Based on the principle of “external fairness and internal fairness”, the Company combines the company’s overall strategic plan to provide competitive remuneration and benefits in the industry. Different post has different remuneration, and the remuneration will be raised upon the excellent performance, and the staff remuneration level will be determined according to the job responsibilities,

## 3. Training plan

The Company builds its talent team by combining internal and external training methods and creates a training system where a priority is given to specialized quality while other professional qualities aid. To be specific, the Company explores and trains excellent internal lecturers and develops a variety of training coursewares suitable to its own enterprise culture. The Company hires external consultants and experts in the industry to impart and communicate new techniques and management skills. The Company implements its training at three levels including project, department and company and fulfills a full coverage of its training work by an on-line school, planned to hit a high rate of fulfillment, promote comprehensive qualities of employees step by step and supplement sustainable and applicable talents to its following sound development.

## 4. Outsourcing situation

Applicable  Not Applicable

## IX. Administrative structure

### I. Basic state of corporate governance

The company's governance meets the requirements of regular documents on the governance of the listed companies issued by China Securities Regulatory Commission.

In the report period, the Company kept improving its standard operation and management system, optimized its management structure, further standardized its operation and raised its management standard by abiding by Company Law, Securities Law, Stock Listing Rules of the Shenzhen Stock Exchange, Code of Corporate Governance for Listed Companies and relevant laws and regulations of China Securities Regulatory Commission in combination with its own actual situation.

As the end of the report period, the Company's actual management situation agreed with normative documents published by China Securities Regulatory Commission regarding governance of listed companies. Specifically showed in the following respects:

1. Shareholders and General Meeting of Shareholders: the Company can safeguard rights to be informed and participate granted to shareholders by law in all respects, convene and hold a General Meeting of Shareholders in accordance with provisions and requirements in the Rules for General Meeting of Shareholders of Listed Companies and Rules of Procedure at General Meeting of Shareholders among others, and ensure that all the shareholders, minority shareholders in particular, were granted with the right to be informed and capacity to exercise their rights. In the report period, the Company complied with relevant provisions in the Company Law and Articles of Association and had the witness of a lawyer in convening each General Meeting of Shareholders and ensuring sufficient number of shareholders with sufficient number of shares attended each meeting. Shareholders attending each meeting can exercise their rights fully in principle of independence.
2. Relationship between holding shareholders and the listed company: holding shareholders behaved and conducted no act that directly or indirectly intervened in the Company's decision-making and business activities by bypassing the General Meeting of Shareholders; the Company was independent from holding shareholders regarding personnel, assets, finance, institution and business and the Company's Board of Directors and Board of Supervisors can make independent operation. The Company was independent from holding shareholders regarding personnel, assets, finance, institution and business among others.
3. The Directors and The Board of Directors: the Board of Directors includes four special committees, such as Audit Committee, Nomination Committee, Strategy Committee and Remuneration and Appraisal Committee, which has provided a favorable support to the company for the decision-making related issues. Each special committee has operated according to their work responsibilities and procedure rules, made research and examination for the relative business and major issues of the company, and expressed the professional opinions in the Board of Directors to offer support and advice for the scientific decision-making of the Board and ensure the Board's work more scientific and efficient. Also, the organization of the Board of Directors is in line with the requirement of laws and regulations, and the independent directors play an important role in the corporate decision-making. So, the company attaches importance to the function of the independent directors. In the company's management, the independent directors make careful review and express the independent views for the financial audit, the affiliated transactions and other issues.
- (4) Supervisors and the supervisory committee: The number and composition of the Supervisory Committee of the Company complied with the requirements of laws and regulations. The Supervisory Committee of the Company formulated the Rules of Procedure of the Supervisory Committee. The supervisors of the Company were able to perform their duties seriously, take the attitude of being responsible for all shareholders and supervise the legality and regulation conformity of the Company's finance and the duty performance of the directors, managers and other senior executives of the Company.
5. Regarding information disclosure and transparency: the Company discharged its duties of information disclosure as specified in relevant laws and regulations as well as System for Management of Information Disclosure. The Company enhanced communication

with investors in a variety of channels to promote their understanding and recognition of the Company. The Company took such communication measures as carefully handling the visit and consultation of each shareholder and duly giving a reply to questions raised by investors at the interactive platform to ensure that all the shareholders were granted with a fair opportunity to acquire information and guarantee their right to be informed.

6. Regarding performance assessment and incentive & constraint mechanisms: in the report period, the Company kept improving the performance evaluation indicator and incentive & constraint mechanisms for senior executives under the instruction of the Compensation and Evaluation Committee of Board of Directors, wherein their compensation was combined with the Company's business performance and total development plan and personal working performance, an annual integrated quantitative and qualitative evaluation was organized on senior executives' fulfillment of duties and senior executives were hired in an open and transparent way and in compliance with laws and regulations.

7. Regarding stakeholders: the Company fully respected and safeguarded legitimate rights and interests of stakeholders, implemented a benefit coordination and balance among society, shareholders, the Company, employees and other parties, and enhanced communication and exchange of the parties to jointly promote sustainable and robust development of the Company.

Does there exist any difference in compliance with the corporate governance , the PRC Company Law and the relevant provisions of CSRC,

Yes  No

There exist no difference in compliance with the corporate governance , the PRC Company Law and the relevant provisions of CSRC.

## II. Independence and Completeness in business, personnel , assets, organization and finance

The company is completely separate with the controlling shareholder in terms of the business, personnel, assets, organizations, finance and other aspects, possessing independent and complete business and independent operating capacity.

1. Business: the Company had independent decision-making and execution agencies, built independent business departments which, independent from holding shareholders, actual controllers and other companies under control, handled businesses, and conducted no related transaction of horizontal competition or significant loss of fairness with holding shareholders, actual controllers and other companies under control.

2. Personnel: The company has a completely independent personnel management and salary system. The company's senior manager personnel all are work in the company and receiving remunerations, and they do not hold any other posts except the post of director or receive remunerations in the controlling shareholder and its affiliated enterprises. The company's financial staffs do not concurrently hold posts in the controlling shareholder and its affiliated enterprises.

3. Assets: the Company owned independent sites for office and business operation and other assets, possessed production systems pertaining to production and operation, boasted equipment related to production and operation by law and had independent purchase and sales systems and supporting facilities; the Company's holding shareholders and actual controllers did not occupy the Company's funds, assets or other resources.

4. Agencies: the Company built a full and independent internal institutional framework and functional system out of its own development, where departments with specific duties defined worked together well and agencies were fully independent from each other in operation. Meanwhile, the Company set an independent decision-making agency, office agency and site for production and operation management and the setting of agencies and production and operation activities were immune from the intervention of other units or individuals.

5. Finance: The company has a standardized financial accounting system, with an independent financial accounting department, full-time accounting personnel and independent accounting system, being able to make financial

decisions independently. The company has set up the independent bank account and independently pays the tax. The situation of the free-occupying of the company's assets and funds by the controlling shareholder and its affiliated enterprises does not exist.

### III. Horizontal Competitions

Applicable Not applicable

## IV. Annual General Meeting and Extraordinary Shareholders' Meetings in the Reporting Period

### 1. Annual General Meeting

| Sessions   | Type                                      | Investor participation ratio | Meeting Date  | Disclosure date | Disclosure index  |
|--|---|------------------------------|---------------|-----------------|---|
| The first provisional shareholders' General meeting in 2018  | Provisional shareholders' General Meeting | 51.78%                       | March 28,2018 | March 29,2018   | The first provisional shareholders' General meeting in 2018 (No.2018-050) published on Juchao Website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) on March 29,2018  |
| The Second provisional shareholders' General meeting in 2018 | Provisional shareholders' General Meeting | 38.84%                       | April 9,2018  | April 10,2018   | The Second provisional shareholders' General meeting in 2018 (No.2018-053) published on Juchao Website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) on April 10,2018 |
| Annual General Meeting of 2017                               | Annual General Meeting                    | 34.50%                       | May 16,2018   | May 17,2018     | Annual General Meeting of 2017 (No.2018-071) published on Juchao Website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )  |

|  |   |        |                  |                  |  |
|--|---|--------|------------------|------------------|--|
|  |   |        |                  |                  | fo.com.cn) on May 17,2018  |
| The Third provisional shareholders' General meeting in 2018  | Provisional shareholders' General Meeting | 34.50% | June 21,2018     | June 22,2018     | The Third provisional shareholders' General meeting in 2018 (No.2018-081) published on Juchao Website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) on June 22,2018      |
| The Fourth provisional shareholders' General meeting in 2018 | Provisional shareholders' General Meeting | 39.64% | November 15,2018 | November 16,2018 | The Fourth provisional shareholders' General meeting in 2018 (No.2018-147) published on Juchao Website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) on November 16,2018 |

## 2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

Applicable  Not applicable

## V. Responsibility performance of independent directors in report period

### 1. The attending of independent directors to board meetings and shareholders' general meeting

| The attending of independent directors |              |           |              |           |         |                  |          |
|--|--------------|-----------|--------------|-----------|---------|------------------|----------|
| Independent Directors                  | 本报告期应参加董事会次数 | 现场出席董事会次数 | 以通讯方式参加董事会次数 | 委托出席董事会次数 | 缺席董事会次数 | 是否连续两次未亲自参加董事会会议 | 出席股东大会次数 |
| Tang Jianxin                           | 12           | 1         | 11           | 0         | 0       | 否                | 1        |
| Zhang Yufeng                           | 12           | 2         | 9            | 0         | 1       | 否                | 0        |
| Jiang                                  | 14           | 3         | 11           | 0         | 0       | 否                | 2        |

|             |   |   |   |   |   |   |   |
|-------------|---|---|---|---|---|---|---|
| Chongguang  |   |   |   |   |   |   |   |
| Niu Hongjun | 2 | 1 | 1 | 0 | 0 | 否 | 1 |
| Yu Haichun  | 2 | 1 | 1 | 0 | 0 | 否 | 1 |

Notes to failure to personally attend Board Meetings Successively Twice

## 2. Objection of independent directors on some relevant issues

Objection of independent directors on some relevant issues

Yes  No

Nil

## 3. Other notes to duty performance of independent directors

Has an independent director's advice to the Company been accepted

Yes  No

Explanation on acceptance of or failure to accept an independent director's advice to the Company.

In accordance with Instruction for Listed Companies on Building an Independent Director System, Guide to Listed Companies on Standardized Operation, Articles of Association, and Working System of Independent Directors among other provisions, the Company's independent directors held a responsible attitude towards the Company and shareholders herein, faithfully performed their duties in due diligence, took the initiative to attend relevant meetings, carefully deliberated all the proposals, objectively expressed their own opinions and viewpoints, and conducted a thorough survey on the Company with effort to understand the Company's production and operation, personnel management, financial management, and internal control among other information and implementation of resolutions of the Board of Directors and General Meeting of Shareholders.

In the report period, they delivered independent opinions concerning the Company's financing plans, external guarantees, hiring of an auditing agency, use of funds raised, profit distribution plans, election of the Board of Directors, alteration of promised matters and related transactions and other matters. They carefully debriefed operation from the management and communicated with certified public accountants responsible for the annual audit while preparing, examining and disclosing regular reports. By rich specialized knowledge and industrial experience, they played a positive part in improving the Company's supervision mechanism, promoting the Board of Directors to make scientific decisions and standardize operation, and safeguarding rights and interests of minority shareholders by offering many reference opinions and valuable suggestions regarding the Company's development strategies, institutional improvement, financial management, and standardized operation among others.

## VI. Duty Performance of Special Committees under the Board of Directors in the Reporting Period

The board of directors of the Company has special committees including audit committee, remuneration and appraisal committee, strategy committee and nomination committee. According to the scope of authority specified in the working rules for them, the committees conducted study and put forward opinions and suggestions for reference by the board of directors for decision making.

### 1. Information about fulfillment of the audit Committee of the Board of Directors during

Audit Committee gave a full play to its supervision and auditing functions. In the report period, it deliberated such matters as the Company's financial information, internal control, substitution of an accounting firm, and relevant reports on preservation of funds raised and formed and submitted resolutions to the Board of Directors; while auditing annual financial reports, it meticulously reviewed the Company's financial audit reports and delivered audit opinions, communicated with certified public accountants for the

annual audit through a communication meeting and other forms, and urged the progress of the audit work to guarantee the success of the annual audit work.

#### 2. Fulfillment of Duties of the Compensation and Evaluation Committee of the Board of Directors

Compensation and Evaluation Committee kept improving the Company's compensation policy and evaluation mechanism and took the initiative to promote deepening the management reform. In the report period, the Compensation and Evaluation Committee convened meetings, supervised and assessed standards for fulfillment of performance and assessment on directors and senior executives and implementation of the standards, carried out appointment and evaluation procedures for directors and senior executives and examined the annual basic pay of each senior executive.

#### 3. Fulfillment of duties of Strategy Committee

Strategy Committee helped the Company determine development plans, improve investment decision-making procedures, make more scientific decisions, and improve its management structure by studying and offering advice for the Company's longterm development strategies and major investment decisions. In the report period, the Strategy Committee convened a total of five meetings, deliberating and adopting the Company's proposals regarding foreign investment, financing planning, etc.

#### 4. Fulfillment of duties of Nomination Committee of Board of Directors

Nomination Committee devoted itself in due diligence, offering an instruction on improving the leader assessment mechanism and talent promotion system and enhancing back-up talent reserves among others and keeping studying and following the Company's needs for senior executives. In the report period, the Nomination Committee convened meetings to examine qualifications of general manager candidates and candidates of the eighth board of senior executives.

## VII. Work of the supervisory Committee

Did the supervisory Committee find any risk existing in performing the supervision activities in the reporting period?

Yes  No

The supervisory Committee has no objection against any matters under supervision in the reporting period

## VIII. Assessment and incentive Mechanism for Senior executives

The company established the evaluation system based on the targeted responsibility system and adopted signing the annual responsibility appraisal agreement for the evaluation of the company's senior management personnel which specified the KPI and evaluation method with methods related to the evaluation results. During the reporting period, the companies had conformed to the measures of the targeted responsibility system to assess and evaluate the senior management personnel performances, which presented in the annual performance.

## IX. Internal control situations

### 1. Specific situations on major defects of internal control discovered during report period

Yes  No

| Details of major defects of internal control discovered during the reporting period  |
|--|
| <p>1. Income cost accounting is not standardized. The company's claim for a project in Cambodia was US\$ 1.13 million (equivalent to approximately RMB 7 million), which was confirmed in writing by Party A in 2018, but the company confirmed the income in 2017. According to the company's accounting policy, the 7 million yuan income is confirmed to have an intertemporal situation.</p> <p>2. Insider information registration management is not standardized. The company made a memorandum of progress on major events in the planning of major asset placements in 2018, but none of the participants in the memorandum and the notified</p> |

personnel signed the memorandum. Violation of the provisions of Articles 6 and 10 of the "Regulations on the Establishment of Insider Information Registration Management System for Listed Companies". 4. The management of raised funds is not standardized. (1) The excess use of the raised funds was not corrected and was not disclosed in time. The 35th meeting of the 7th Board of Directors and the 23rd meeting of the 7th Board of Supervisors reviewed and approved the Proposal on Temporarily Replenishing Working Capital with Partially Raised Funds, and agreed to use the idle raised funds of 139 million yuan. Temporary replenishment of working capital. Upon inspection, the company's fund-raising account was deducted by the court on October 25, 2018 by more than 5.1 million yuan, resulting in the company's actual use of supplementary liquidity totaling more than the approved supplementary liquidity quota of 327,300 yuan. (2) The management system for raised funds is not perfect. The company's "Management System for the Use of Raised Funds" does not involve the accountability mechanism for the use of raised funds in violation of regulations. The regulations on the approval authority for the use of raised funds, decision-making procedures, and risk control measures are not clear, and are not in compliance with the "Guidelines for the Supervision of Listed Companies No. 2 - - Article 3 of the Regulation Requirements for the Management and Use of Funds Raised by Listed Companies". 5. Disposal of company assets and subsidiaries' equity without approval. (1) On December 14, 2017, the company's wholly-owned subsidiary Shenzhou Great Wall International Engineering Co., Ltd. (International Engineering Company) and Shenzhen Qianhai Shijie Commercial Factoring Co., Ltd. signed the "Non-Recourse Domestic Factoring Business Contract". , for the international engineering company's accounts receivable for non-recourse factoring business. According to the provisions of the "Articles of Association", the processing of the factoring business belongs to the decision-making authority of the board of directors of the company. When the company handled the factoring business, it was not reviewed and approved by the company's board of directors. (2) On November 20, 2018, the general manager's office meeting of the company made a transfer of 60% of the shares of Shenzhou Great Wall Construction Engineering Co., Ltd. (hereinafter referred to as Shenzhou Jianye) (accounting for 100% of the shares held by the company). Decide. On November 27, 2018, the company signed an equity transfer agreement with the counterparty. According to the company's articles of association (Article 112) If the transaction occurred in the company belongs to any of the following circumstances, the board of directors shall review: ..., (2) the transaction target (such as equity) accounted for the relevant business income in the most recent fiscal year. The company's most recent audited annual audited operating income of more than 10%, and the absolute amount exceeds 10 million yuan;). The company transferred the equity of Shenzhou Jianye without the approval of the board of directors of the company. 6. The fund management is not standardized. (1) Providing financial assistance to the outside without approval. From 2016 to 2017, the company's wholly-owned subsidiary Shenzhou Great Wall International Engineering Co., Ltd. and Beijing Anlu Lai Sen Building Materials Co., Ltd., Beijing Hongda Guangfa Construction Labor Co., Ltd., Beijing Puya Building Decoration Engineering Co., Ltd. Payment business. The above matters were not approved by the company's board of directors. The company held the sixth meeting of the eighth board of directors on April 12, 2019, and reviewed and approved the "Proposal on Supplementary Review of External Financial Provisions". (2), without approval, handling financing business. In 2018, the company conducts financing activities with financial institutions, non-financial institutions and individuals without the approval of the company's normal approval process. (3) Losing control over some bank deposits. During the inspection of bank deposits and capital flows at the end of the period, it was found that the company was unable to provide bank balances on the balance sheet date of some bank accounts and bank statements during the audit period, and failed to effectively control some bank deposits to ensure the safety of funds. (4) The problem of fund raising. In the case of tight capital of the company, multiple borrowings overdue and litigation, there are still large non-operating payments that have not been cleared. 7. Tax management is not standardized. Lack of invoice management and other tax management systems, resulting in illegal construction costs. 8. Project management is out of control. Due to company reasons, some overseas projects of the company's subsidiary Shenzhou International Engineering Co., Ltd. have stagnated, and the company has lost control of the project. During the audit of the company's overseas projects, we did not obtain satisfactory audit evidence for the procedures such as letters and interviews. 9. In 2018, the company involved more disputes. In response to such litigation cases, the company has not established a litigation management system, and has not timely and effectively managed information related to litigation in the case of receiving multiple litigation cases.

## 2. Self-evaluation report on internal control

| Disclosure date of appraisal report on internal control   | April 30,2019  |   |
|---|--|---|
| Disclosure index of appraisal report on internal control  | Juchao Website: ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) , Selfevaluation report of internal control in 2018 on April 30,2019   |   |
| Proportion of total unit assets covered by appraisal in the total assets of the consolidated financial statements of the company            | 100.00%  |   |
| Proportion of total unit incomes covered by appraisal in the total business incomes of the consolidated financial statements of the company | 100.00%  |   |
| Standards of Defects Evaluation   |  |   |
| Category  | Financial Report   | Non-financial Report  |
| Standard  | <p><b>Material Defect:</b></p> <p>1.Fraud of directors, supervisors and senior management;</p> <p>2.Material errors appear in the Company's financial report published;</p> <p>3. The certified public auditor finds material wrong reporting in the current financial statement, while the Company has not found such reporting during its operation;4. The audit committee and audit department of the Company exercise invalid supervision upon internal control;</p> <p>5.The result of internal control assessment hasn't been rectified, especially the material or major defects;</p> <p>6.Importance business is lack of system control or the system loses its validity.</p> <p><b>Major Defects:</b>1. No recognized accounting standards were followed when choosing and applying the accounting policies;</p> <p>2.No anti-fraud program and control measures were established; 3.No corresponding control mechanism was established or implemented for treating the</p> | <p><b>Material Defect:</b></p> <p>1.Violation of national laws or regulations, normative documents and significant decision making lacking scientific and system may lead to invalid system, no rectification for material or major defect or other situations that materially affect the Company; 2. Violation of regulations led to punishment from government department or regulatory authority. Violation of management system or internal control procedure led to major business disputes. Ranges of material litigation led to great losses;3.The working initiatives of staffs was damaged at a great level, and the working efficiency was substantially decreased, which exerted major adverse effects on the culture and cohesion of the enterprise, and led to serious turnover of core teams;4.Negative news spreads in the whole business scope( including the extension to industry chain ), or is concerned by national medias or public</p> |

|  |  |   |
|--|--|---|
|  | abnormal or special accounting, and it is lack of compensating control;4.One or more frauds appeared during the financial report process, and which couldn't reasonably guarantee that the formulated financial report would reach the goals of being actual and accurate. General Defect: Other defects besides material defect and major defect.   | ones, which will substantially damage the enterprise's reputation, and the negative effects can't be eliminated all the time;5.The Company involved punishment from CSRC and involved warnings from stock exchange.   |
| Standards of Quantitation                                  | (1) Material Defect: amount with wrong reporting $\geq$ 10% of total profit amount; amount with wrong reporting $\geq$ 10% of operating income; amount with wrong reporting $\geq$ 10% of total asset; amount with wrong reporting $\geq$ 10% of net assets;(2) Major Defect: 5% of total profit amount $\leq$ amount with wrong reporting $<$ 10% of total profit amount; 5% of operating income $\leq$ amount with wrong reporting $<$ 10% of operating income ;5% of total asset $\leq$ amount with wrong reporting $<$ 10% of total asset;5% of net assets $\leq$ amount with wrong reporting $<$ 10% of net assets;(3) General Defect: amount with wrong reporting $<$ 5% of operating income. amount with wrong $<$ 5% of total asset; amount with wrong reporting $<$ 5% of net assets. | Material Defect: Due to the internal control defect of non-financial report, it may exert impacts of over RMB 10 million(including RMB10 million ) on the total profit amount.Major Defect: Due to the internal control defect of non-financial report, it may exert impacts of over RMB 5 million (including 5 million but less than 10 million) on the total profit amount. General Defect:Due to the internal control defect of non-financial report, it may exert impacts of below RMB 5 million. |
| Number of major defects in financial reporting (a)         |  | 9   |
| Number of major defects in non financial reporting (a)     |  | 1   |
| Number of important defects in financial reporting (a)     |  | 0   |
| Number of important defects in non financial reporting (a) |  | 0   |

## X. Internal Control audit report

√ Applicable □ Not applicable

|  |
|--|
| Review opinions in the internal control audit report   |
| Reanda Certified Public Accountants (LLP) conducted an audit of the effectiveness of internal control over the Company's |

|  |                       |
|--|-----------------------|
| financial statements as of December 31, 2018, and issued the Reanda 's No. 2334-[2019] Internal Control Audit Report, with issuance of the following opinion: We consider that due to the above-mentioned material deficiency and its impact on the achievement of the control objectives, Sino Great Wall failed to remain effective in all major aspects in the Internal control of financial reporting in accordance with the Basic Rules for Internal Control of Enterprises and the related regulations on December 31, 2018. |                       |
| Disclosure of internal audit report  | Disclosure            |
| Disclosure date of audit report of internal control (full-text)  | April 30,2019         |
| Disclosure index of audit report of internal control (full-text)   | ( www.cninfo.com.cn ) |
| Internal audit report's opinion  | Negative opinions     |
| Non-financial reporting the existence of significant deficiencies  | Yes                   |

Has the CPAs issued a qualified auditor's report of internal control .

Yes No

Statement of internal control audit report issued by accounting firm with non-standard opinions

In this internal control audit, Reanda Certified Public Accountants (LLP) notices the following significant defects in the internal control of the Company's financial reporting:

1. The accounting of income and cost is not standardized. Of the Company's revenue claimed in relation to a project in Cambodia, USD 1.13 million (equivalent to approximately RMB 7 million) was confirmed in writing by Party A in 2018, but the Company recognized the revenue in 2017. According to the accounting policies of the Company, the revenue of RMB 7 million is recognized as intertemporal.

2. Inventory management is not standardized. The management of raw materials is lack of improved system and standard. The raw materials purchased by the Company for project construction, such as steel, are only accessible in the material purchase and warehousing management process. The materials purchased and warehoused are directly included in the construction cost of the construction project of the Company. The actual cost of the issued inventory is not determined by the first-in first-out method, weighted average method or individual valuation method in accordance with the relevant provisions of Accounting Standards for Business Enterprises No. 1 - Inventory. It is impossible to accurately measure the quantity and amount of raw materials collected for the current project and those of raw materials at the end of the period.

3. The insider registration management of insider information is not standardized. A memorandum of major events progress was prepared in preparation for major assets acquisition in 2018, but none of the participants and insiders indicated in the memorandum signed the memorandum for confirmation. It violates the provisions of Article 6 and Article 10 of the Provisions on Listed Companies Establishing Insider Registration Management System of Insider Information.

4. The management of raised funds is not standardized.

(1) The excessive use of the raised funds has not been corrected and disclosed in a timely manner. At the 35th session of the seventh meeting of the Board of Directors and the 23rd session of the seventh meeting of the Board of Supervisors of the Company, the Proposal on Temporary Replenishment of Circulating Fund with Part of Idle Raised Funds was considered and adopted, and the Company was allowed to temporarily supplement circulating funds with idle raised funds of RMB 139 million. Upon inspection, the raised funds account of the Company was deducted by more than RMB 5.1 million by the court on October 25, 2018, resulting in the total amount actually used by the Company to supplement circulating funds exceeding the approved amount RMB 327,300 to supplement circulating funds. (2) The management system of raised funds is not sound. The Company's Management System for Use of Raised Funds does not involve the responsibility assigning mechanism for the illegal use of raised funds, and the provisions on the

hierarchical approval authority, decision-making procedures and risk control measures for the use of raised funds are not clear, which does not conform to Article 3 of Guidelines for Supervision of Listed Companies No. 2 -Supervision Requirements for the Management and Use of Raised Funds of Listed Companies.

5. The assets of the Company and equity of subsidiaries are disposed without approval.

On December 14, 2017, Sino Great Wall International Engineering Co., Ltd. (International Engineering Company), wholly-owned subsidiary of the Company, entered into a Non-recourse Domestic Factoring Contract with Shenzhen Qianhai Shihong Commercial Factoring Co., Ltd. to handle non-recourse factoring business on the accounts receivable of International Engineering Company. Pursuant to the Articles of Association, handling the factoring business falls within the decision-making authority of the Board of Directors of the Company. When the Company handles the factoring business, it has not been reviewed and approved by the Board of Directors of the Company. (2) On November 20, 2018, the General Manager of the Company made the decision to transfer 60% equity (accounting for 100% of the Company holding its shares) of Sino Great Wall Jianye Engineering Co., Ltd. (hereinafter referred to as Sino Great Wall Jianye Engineering) at the office meeting. On November 27, 2018, the Company entered into an equity transfer agreement with the counterparty. According to the Articles of Association (Article 112 Where the transactions of the Company fall into any of the following circumstances, the Board of Directors shall review and approve them: . (2) The operating income related to the transaction object in the latest fiscal year accounts for more than 10% of the audited operating income of the Company in the latest fiscal year, and the absolute amount exceeds RMB 10 million;).

6. Funds management is not standardized.

(1) The financial assistance is provided externally without approval. From 2016 to 2017, Sino Great Wall International Engineering Co., Ltd., wholly-owned subsidiary of the Company, engaged in many loans entrusted payment business with Beijing Anlulaisen Building Materials Co., Ltd., Beijing Hongda Guangfa Construction Labor Service Co., Ltd. and Beijing Puya Architectural Decoration Engineering Co., Ltd. The above matters have not been approved by the Board of Directors of the Company. The Company held the sixth session of the eighth meeting of the Board of Directors on April 12, 2019, at which the Proposal on Supplementary Consideration of Providing External Financial Assistance was considered and adopted. (2) Financing business is handled without approval. In 2018, the Company conducted financing to financial institutions, non-financial institutions and individuals without going through the normal approval process of the Company. (3) The control over some bank deposits is lost. During the examination of bank deposits and capital flow at the end of the period, it was found that the Company was unable to provide bank deposit balances on the balance sheet date of some bank accounts and bank statements during the audit, and failed to implement effective control over some bank deposits to ensure the safety of funds. (4) Fund raising problems. Under the circumstance that the Company is short of funds, many loans are overdue and cause litigation, there are still large amounts of non-operating receivables and payables outstanding. For example, as of the balance sheet date, the Company shall receive RMB 332,026,600 from Longyan Hengda Engineering Co., Ltd. and RMB 158,129,600 from Wuhan Jiutai Weiye Steel Co., Ltd.

7. The tax management is not standardized.

On December 7, 2018, the Second Taxation Office of Beijing Tongzhou District Taxation Bureau of the State Taxation Administration shall issue the Notice on Tax Matters (JTEST [2018] No.13) to Sino Great Wall International Engineering Co., Ltd., subsidiary of the Company. According to the self-inspection of the Company, Sino Great Wall International Engineering Co., Ltd., subsidiary of the Company, obtained those listing the expenditures into construction cost of RMB 42.9313 million as a suspect in writing false VAT ordinary invoices, intelligence VAT ordinary invoices of other provinces and out-of-control VAT special invoices, thus the taxable income shall be increased by RMB 6.4397 million. The tax management of the Company is not standardized, and the invoice management and other tax management systems are lacked, resulting in listing the expenditures into the construction cost of the project in violation of regulations.

8. Project management is out of control. As a result of the company's reasons, the Kuwait Military Academy, the Cambodian Oil Refinery and other projects of Sino International Engineering Co., Ltd., subsidiary of the Company, have been halted, and the Newport Project in Qatar, the Kuwait Ministry of Finance Building Project and other projects have been stalled. The Company has lost control over the above mentioned projects. In the process of auditing the above overseas projects of the Company, we failed to

obtain satisfactory audit evidence through confirmation, interview and other procedures. We are unable to implement further audit procedures or substitute audit procedures to obtain adequate and appropriate audit evidence due to the failure of the Company to provide complete external information.

9. Guarantee is provided externally without approval. According to Article 5, Chapter I of the Management System for External Guarantee of the Company, "the Company shall not provide external guarantee without the consideration and approval of the general meeting of stockholders or the Board of Directors". On April 18, 2018, the Company (Party B, obligor to balance supplement) signed a balance supplement agreement with the Zhongyuan Trust (Party A, creditor) and Sino Great Wall (Fugou) High-speed Railway Area Investment Co., Ltd. (Party C, debtor). Article 2.2 of the Agreement stipulates that "Where Party C fails to repay any amount or installment of funds payable (including but not limited to the principal of the loan, interest, compound interest, penalty interest, liquidated damages, compensation, fund possession cost, creditor's rights realization fee, etc.) on time for any reason in accordance with the Trust Loan Contract (Main Contract), Party A shall have the right to send written notice to Party B to require Party B to fulfill the obligation to balance supplement. Balance supplement amount = principal and interest of Party A's principal creditor's rights and other receivables of Party A - principal and interest of principal creditor's rights actually received by Party A and other receivables of Party A." The above balance supplement agreement fails to go through the examination and approval procedures in accordance with the relevant provisions of the Company. 10. In 2018, the Company was involved in a number of cases and disputes. For this kind of litigation cases, the Company has not established a litigation affair management system, and has failed to manage the information related to litigation timely and effectively in the case of receiving multiple litigation cases.

Effective internal control can provide reasonable assurance for the truthfulness and completeness of financial reports and related information, while the above-mentioned major defects make the internal control of Sino Great Wall lose this function.

The above-mentioned major defects have been included in the enterprise internal control evaluation report. In 2018 financial statement auditing of Sino Great Wall, we have considered the impact of above-mentioned major defects on the nature, time and scope of the audit process.

In this internal control audit, Reanda Certified Public Accountants (Special General Partnership) noted that the company's non-financial reporting internal controls have the following major deficiencies:

1. In 2018, the Great Wall of China involved more disputes. In response to such litigation cases, the company has not established a litigation management system, and has not timely and effectively managed information related to litigation in the case of receiving multiple litigation cases. Due to the above-mentioned major defects, we remind users of this report to pay attention to the risks involved. It should be pointed out that we do not express opinions or provide guarantees on the internal control of non-financial reporting of the Great Wall of China. This paragraph does not affect the audit opinion issued on the effectiveness of internal control over financial reporting.

Does the internal control audit report issued by the CPAs agree with the self-assessment report of the Board of Directors

Yes No

## **X. Specifications on Company Securities**

Whether the company has any corporate bonds that are publicly issued and listed on the stock exchange, and that are not due or not fully repaid on the date of approval of the annual report

No

## XI. Financial Statements

### 1. Audit report

|                                      |   |
|--------------------------------------|---|
| Types of Audit Opinions              | Disclaimer of Opinion   |
| Signature Date                       | April 28, 2019  |
| Auditor                              | Reanda Certified Public Accountants (special general partnership) |
| Report No.                           | Reanda SZ [2019] No. 2333   |
| Chinese Certified Public Accountant: | Wang Xinyu and Zhou Zhonghua                                      |

Audit Report

## Audit report

Reanda SZ [2019] No. 2333

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

### I. Opinions

We have audited the financial statements of Sino Great Wall Co., Ltd (hereinafter referred to as “Sino Great Wall”), including the consolidated and parent company’s balance sheet as of December 31, 2018, the consolidated and parent company’s income statement, the consolidated and parent company’s cash flow statement, the consolidated and parent company’s statement of changes in shareholder’s equity and the notes to financial statements of Year 2018.

We won’t express any opinions on the attached financial statements of Sino Great Wall. Due to the matters described in the section “Basis for Disclaimer of Opinion”, we are unable to obtain sufficient and appropriate audit evidence on which to base the opinion on the financial statements.

### II Basis for Disclaimer of Opinion

#### 1. Internal control failure

During our review of the rationality behind and effectiveness of the internal control design related to the financial statements of Sino Great Wall on December 31, 2018, we found that many internal control failures have had a significant and extensive impact on the financial statements. (More details in Internal Control Audit Report, Reanda SZ [2019] No. 2333) We performed the audit based on sampling. Therefore, in the case of invalid internal control, no sufficient and appropriate audit evidence could be obtained through this procedure to serve as the basis for an audit opinion.

#### 2. Limited scope of audit

①As of the audit report date, the Company has not obtained sufficient confirmation letters to its bank deposits, accounts receivable, other receivables, prepayments, long-term and short-term loans,

accounts payable, advance receipts, other payables, and notes payable and the confirmed amount is small. Besides, there is no alternative audit procedures to obtain sufficient and appropriate audit evidence to verify the authenticity and accuracy of the deposits and payments mentioned above.

② During the audit of the Company's important engineering projects, procedures such as confirmation in writing and interviews, failed to yield satisfactory audit evidence. Due to the Company's failure to provide complete external information, we are unable to further implement audit procedures or alternative procedures to obtain sufficient and appropriate audit evidence for the revenue and cost of the projects.

Sino Great Wall launched a non-recourse factoring business with Dagang Financial Leasing (Shanghai) Co., Ltd. in June 2016. In December 2017, it launched another non-recourse factoring business with Shihong Factoring Co., Ltd. As of the end of 2018, the Company received 140.954 million RMB and 91.153 million RMB respectively from the original debtors, which were not transferred to the factoring parties. We couldn't obtain satisfactory audit evidence during our verification of this transaction and are unable to determine the nature of the transaction and its impact on the company's financial statements.

### 3. Failure to project the impact of project suspension, law suit and claim for damages

Many of the Company's projects were suspended during construction, its major bank accounts were frozen, employees dismissed, and some project related guarantees were claimed. A large amount of debts was overdue and involved in litigation. Completed projects with unsettled inventory and investment expenses may have the risk of impairment, and the accounts receivable confirmed by the project may have bad debt risk. The guarantee may result in claim for loss, and the litigation may result in loss from lawsuit. Due to the largely uncertain impact of matters mentioned above, we are unable to evaluate the Company's judgment on the them.

### 4. Significant uncertainties in continued operations

In 2018, the Company's major bank accounts were frozen with overdue debts, many of which are involved in litigation. Projects under construction were suspended and employees were dismissed with overdue salaries. The Company is faced with fund shortage to sustain its operation and its financial status is worsening, resulting in huge amount of loss in 2018. The above situation indicates that there is significant uncertainty in the Company's ability to continue its operations. We are unable to determine whether it is appropriate for Sino Great Wall to apply the continued operations assumption to prepare the 2018 financial statements.

### 5. Investigation of China Securities Regulatory Commission

The Company received the Notification of Investigation (No. JDCZ19041) from China Securities Regulatory Commission, which decided to investigate the Company in accordance with Securities Law of the People's Republic of China on suspicion of law-breaking operations. As of the issue date of the financial statements, the investigation had not come to any conclusion.

## **III The Management and Governance Team's Responsibilities for the Financial Statements**

The management of the Company (hereinafter referred to as "the Management") shall be responsible for compiling financial statements in accordance with the Accounting Standards for Business Enterprises for the true and fair presentation as well as designing, executing and protecting the internal control related to the compilation of financial statements so as to make the financial statements be free from any serious misstatement caused by frauds and errors.

In the preparation of the financial statements, the management is responsible for assessing the continued operation ability of Sino Great Wall, disclosing the matters related to continued operations (if applicable), and applying the continued operations assumption unless it is planned to liquidate, terminate

operations or make other necessary realistic choice.

The governance team is responsible for overseeing the financial reporting process of Sino Great Wall.

#### IV CPA's Responsibility for Auditing Financial Statements

Our responsibility is to conduct our audit in accordance with Chinese CPA Standards on Auditing and present an audit report. Due to the matters described in the section "Basis for Disclaimer of Opinion", we are unable to obtain sufficient appropriate audit evidence on which to base the opinion on the financial statements.

According to the Code of Ethics for Chinese Certified Public Accountants, we are independent of Sino Great Wall and perform other duties in terms of professional ethics.

Reanda Certified Public Accountants  
(special general partnership)

Chinese Certified Public Accountant:  
(Engagement Partner): \_\_\_\_\_

Beijing · China

Chinese Certified Public Accountant: \_\_\_\_\_

April 28, 2019

## II. Financial Statements

Unit in the financial statements: RMB

### 1. Consolidated Balance Sheet

Prepared by: Sino Great Wall Co., Ltd.

Unit: Yuan

| Item  | Ending balance | Opening balance  |
|---|----------------|------------------|
| Current assets  |                |                  |
| Monetary resources  | 658,714,886.48 | 1,604,973,916.12 |
| Deposit reservation for balance   |                |                  |
| Funds lent  |                |                  |
| Financial assets measured with fair value and having the change of fair value recorded in the gain or loss of current |                |                  |

|   |                  |                   |
|---|------------------|-------------------|
| period  |                  |                   |
| Derivative financial assets                   |                  |                   |
| Notes receivable and accounts receivable      | 4,204,113,048.24 | 5,994,876,806.96  |
| Including: notes receivable                   | 1,518,790.00     | 288,201,562.88    |
| Accounts receivable                           | 4,202,594,258.24 | 5,706,675,244.08  |
| Advance payment                               | 220,261,619.13   | 225,208,527.88    |
| Premiums receivable                           |                  |                   |
| Reinsurance accounts receivable               |                  |                   |
| Reinsurance contract reserves receivable      |                  |                   |
| Other accounts receivable                     | 2,186,223,361.40 | 1,674,675,360.28  |
| Including: accrued interest receivable        |                  |                   |
| Dividends receivable                          |                  |                   |
| Redemptory monetary capital for sale          |                  |                   |
| Inventories                                   | 717,531,578.23   | 556,839,325.50    |
| Assets held for sale                          | 105,075,792.00   |                   |
| Non-current assets coming due within one year |                  |                   |
| Other current assets                          | 5,795,797.44     | 17,126,911.05     |
| Total current assets                          | 8,097,716,082.92 | 10,073,700,847.79 |
| Non-current assets:                           |                  |                   |
| Disbursement of advances and loans            |                  |                   |
| Available-for-sale financial assets           | 10,338,500.00    | 10,338,500.00     |
| Held-to-maturity investments                  |                  |                   |
| Long-term accounts receivable                 | 16,708,613.19    | 14,328,557.82     |
| Long-term equity investments                  | 106,837,810.83   |                   |
| Investment real estate                        |                  |                   |
| Fixed assets                                  | 158,746,947.91   | 174,537,150.56    |
| Construction in progress                      | 36,697,284.04    | 4,968,590.96      |
| Capitalized biological assets                 |                  |                   |
| Oil and gas assets                            |                  |                   |
| Intangible assets                             | 99,921,251.67    | 127,524,445.00    |

|   |                  |                   |
|---|------------------|-------------------|
| Development costs   |                  |                   |
| Goodwill  | 27,268,234.53    | 64,494,271.55     |
| Long-term deferred expenses   | 6,727,688.90     | 10,124,913.15     |
| Deferred income tax assets  | 117,983,727.91   | 118,233,337.36    |
| Other non-current assets  | 924,509,792.99   | 1,069,594,572.11  |
| Total non-current assets  | 1,505,739,851.97 | 1,594,144,338.51  |
| Total assets  | 9,603,455,934.89 | 11,667,845,186.30 |
| Current liabilities:  |                  |                   |
| Short-term loans  | 2,862,584,629.01 | 3,477,200,420.55  |
| Borrowings from the central bank  |                  |                   |
| Absorption of deposits and interbank deposit  |                  |                   |
| Loans from banks and other financial institutions   |                  |                   |
| Financial liabilities measured with fair value and having the change of fair value recorded in the gain or loss of current period |                  |                   |
| Derivative financial liabilities  |                  |                   |
| Notes payable and accounts payable  | 1,926,243,130.15 | 2,626,177,075.77  |
| Advances from customers   | 478,101,743.92   | 146,379,852.67    |
| Financial assets sold under repurchase agreements   |                  |                   |
| Handling charges and commissions payable  |                  |                   |
| Employee compensation payable   | 86,414,858.86    | 21,911,542.07     |
| Taxes and surcharges payable  | 393,957,887.52   | 357,445,477.71    |
| Other accounts payable  | 2,212,412,970.43 | 537,070,684.98    |
| Including: interest payable   | 280,806,670.49   | 16,105,263.85     |
| Dividends payable   | 8,541,818.64     |                   |
| Reinsurance accounts payable  |                  |                   |
| Reserves for insurance contracts  |                  |                   |
| Receivings from vicariously traded securities   |                  |                   |
| Receivings from vicariously sold securities   |                  |                   |
| Liabilities held for sale   |                  |                   |

|   |                   |                   |
|---|-------------------|-------------------|
| Non-current liabilities coming due within one year    | 975,719,981.55    | 820,422,471.45    |
| Other current liabilities                             |                   | 121,529,600.95    |
| Total current liabilities                             | 8,935,435,201.44  | 8,108,137,126.15  |
| Non-current liabilities:                              |                   |                   |
| Long-term loans                                       | 120,000,000.00    | 843,092,471.02    |
| Bonds payable   | 254,801,342.47    | 345,000,000.00    |
| Including: preferred stock                            |                   |                   |
| Perpetual debts                                       |                   |                   |
| Long-term accounts payable                            | 322,990.35        | 81,945,567.86     |
| Long-term employee compensation payable               |                   |                   |
| Estimated liabilities                                 | 2,958,723.15      | 3,414,189.15      |
| Deferred income                                       |                   |                   |
| Deferred income tax liabilities                       | 24,369,456.18     | 26,088,961.71     |
| Other non-current liabilities                         |                   |                   |
| Total non-current liabilities                         | 402,452,512.15    | 1,299,541,189.74  |
| Total liabilities                                     | 9,337,887,713.59  | 9,407,678,315.89  |
| Total owners' equity:                                 |                   |                   |
| Capital stock   | 1,698,245,011.00  | 1,698,245,011.00  |
| Other equity instruments                              |                   |                   |
| Including: preferred stock                            |                   |                   |
| Perpetual debts                                       |                   |                   |
| Capital reserve                                       | -1,298,846,540.07 | -1,299,349,701.74 |
| Less: treasury stock                                  |                   |                   |
| Other comprehensive income                            | -50,380.95        | 858,242.13        |
| Special reserve                                       | 21,026,082.43     | 164,231,078.18    |
| Surplus reserve                                       | 84,394,441.23     | 84,394,441.23     |
| General risk reserves                                 |                   |                   |
| Undistributed profits                                 | -269,566,140.13   | 1,503,103,396.72  |
| Total equity attributable to owners of Parent Company | 235,202,473.51    | 2,151,482,467.52  |
| Minority equity                                       | 30,365,747.79     | 108,684,402.89    |
| Total owners' equity                                  | 265,568,221.30    | 2,260,166,870.41  |
| Total liabilities and owners' equity                  | 9,603,455,934.89  | 11,667,845,186.30 |

Legal Representative: Chen Lue

Accounting Principal: Yang Chunling

Head of the Accounting Department: Yang Chunling

## 2. Balance Sheet of Parent Company

Unit: Yuan

| Item   | Ending balance   | Opening balance  |
|--|------------------|------------------|
| Current assets   |                  |                  |
| Monetary resources   | 46,778,625.47    | 407,959,304.60   |
| Financial assets measured with fair value and having the change of fair value recorded in the gain or loss of current period |                  |                  |
| Derivative financial assets  |                  |                  |
| Notes receivable and accounts receivable   |                  |                  |
| Including: notes receivable  |                  |                  |
| Accounts receivable  |                  |                  |
| Advance payment  |                  | 3,865,500.01     |
| Other accounts receivable  | 2,986,852,664.14 | 3,690,967,483.22 |
| Including: accrued interest receivable   |                  |                  |
| Dividends receivable   | 100,000,000.00   | 100,000,000.00   |
| Inventories  |                  |                  |
| Assets held for sale   |                  |                  |
| Non-current assets coming due within one year  |                  |                  |
| Other current assets   | 2,604,075.38     | 2,175,646.45     |
| Total current assets   | 3,036,235,364.99 | 4,104,967,934.28 |
| Non-current assets:  |                  |                  |
| Available-for-sale financial assets  |                  |                  |
| Held-to-maturity investments   |                  |                  |
| Long-term accounts receivable  |                  |                  |
| Long-term equity investments   | 3,323,211,536.66 | 3,311,211,536.66 |
| Investment real estate   |                  |                  |

|   |                  |                  |
|---|------------------|------------------|
| Fixed assets  | 36,371.12        | 52,246.48        |
| Construction in progress  |                  |                  |
| Capitalized biological assets   |                  |                  |
| Oil and gas assets  |                  |                  |
| Intangible assets   |                  |                  |
| Development costs   |                  |                  |
| Goodwill  |                  |                  |
| Long-term deferred expenses   | 1,074,666.67     | 168,284.84       |
| Deferred income tax assets  |                  |                  |
| Other non-current assets  | 728,328,020.00   | 550,524,570.00   |
| Total non-current assets  | 4,052,650,594.45 | 3,861,956,637.98 |
| Total assets  | 7,088,885,959.44 | 7,966,924,572.26 |
| Current liabilities:  |                  |                  |
| Short-term loans  | 2,189,866,602.21 | 2,287,870,000.00 |
| Financial liabilities measured with fair value and having the change of fair value recorded in the gain or loss of current period |                  |                  |
| Derivative financial liabilities  |                  |                  |
| Notes payable and accounts payable  | 95,000,000.00    | 537,227,578.11   |
| Advances from customers   |                  |                  |
| Employee compensation payable   | 15,016,143.39    | 1,580,335.12     |
| Taxes and surcharges payable  | 97,149,029.10    | 97,124,633.81    |
| Other accounts payable  | 1,347,473,661.05 | 392,422,663.75   |
| Including: interest payable   | 243,458,030.15   | 13,002,236.21    |
| Dividends payable   | 8,541,818.64     |                  |
| Liabilities held for sale   |                  |                  |
| Non-current liabilities coming due within one year  | 866,250,000.00   | 700,000,000.00   |
| Other current liabilities   |                  |                  |
| Total current liabilities   | 4,610,755,435.75 | 4,016,225,210.79 |
| Non-current liabilities:  |                  |                  |
| Long-term loans   |                  | 800,000,000.00   |
| Bonds payable   |                  | 100,000,000.00   |
| Including: preferred stock  |                  |                  |
| Perpetual debts   |                  |                  |

|   |                  |                  |
|---|------------------|------------------|
| Long-term accounts payable              |                  |                  |
| Long-term employee compensation payable |                  |                  |
| Estimated liabilities                   |                  |                  |
| Deferred income                         |                  |                  |
| Deferred income tax liabilities         |                  |                  |
| Other non-current liabilities           |                  |                  |
| Total non-current liabilities           |                  | 900,000,000.00   |
| Total liabilities                       | 4,610,755,435.75 | 4,916,225,210.79 |
| Total owners' equity:                   |                  |                  |
| Capital stock                           | 1,698,245,011.00 | 1,698,245,011.00 |
| Other equity instruments                |                  |                  |
| Including: preferred stock              |                  |                  |
| Perpetual debts                         |                  |                  |
| Capital reserve                         | 1,237,956,472.37 | 1,237,956,472.37 |
| Less: treasury stock                    |                  |                  |
| Other comprehensive income              |                  |                  |
| Special reserve                         |                  |                  |
| Surplus reserve                         | 26,309,287.00    | 26,309,287.00    |
| Undistributed profits                   | -484,380,246.68  | 88,188,591.10    |
| Total owners' equity                    | 2,478,130,523.69 | 3,050,699,361.47 |
| Total liabilities and owners' equity    | 7,088,885,959.44 | 7,966,924,572.26 |

### 3. Consolidated Income Statement

Unit: Yuan

| Items                                  | Amount incurred of current period | Amount incurred of last period |
|--|-----------------------------------|--------------------------------|
| I. Gross operating income              | 2,426,987,687.02                  | 6,497,124,980.52               |
| Including: operating income            | 2,426,987,687.02                  | 6,497,124,980.52               |
| Interest income                        |                                   |                                |
| Insurance premiums earned              |                                   |                                |
| Handling charges and commission income |                                   |                                |
| II. Gross operating cost               | 3,906,818,404.18                  | 5,990,935,078.96               |
| Including: operating cost              | 2,449,500,634.87                  | 4,886,354,499.66               |

|   |                   |                |
|---|-------------------|----------------|
| Interest expenditure  |                   |                |
| Handling charges and commission expenditure                                     |                   |                |
| Surrender value   |                   |                |
| Net payments for insurance claims   |                   |                |
| Net provision insurance contracts   |                   |                |
| Expenditures dividend policy  |                   |                |
| Reinsurance expenses  |                   |                |
| Taxes and surcharges  | 4,790,660.57      | 4,533,005.61   |
| Selling expenses  | 28,300,802.42     | 32,213,247.97  |
| Management expenses   | 311,698,800.53    | 312,957,207.20 |
| R&D expenses  |                   |                |
| Financial expenses  | 606,015,536.23    | 432,590,607.55 |
| Including: interest expenses  |                   | 295,397,174.36 |
| Interest income   |                   | 15,353,873.68  |
| Asset impairment loss   | 506,511,969.56    | 322,286,510.97 |
| Plus: Other incomes   | 52,040.48         | 2,211,128.89   |
| Investment income (Losses are marked with a “-”)                                | 30,219,918.01     | -387,601.37    |
| Including: Income from investment in jointly-run enterprises and joint ventures |                   |                |
| Profits from changes in fair value (Losses are marked with a “-”)               |                   |                |
| Exchange earning (Losses are marked with a “-”)                                 |                   | 0.00           |
| Proceeds from asset disposal (Losses are marked with a “-”)                     |                   | -150,250.00    |
| III. Operating profit (Losses are marked with a “-”)                            | -1,449,558,758.67 | 507,863,179.08 |
| Plus: Non-Operating Income  | 128,699,835.85    | 156,426.78     |
| Less: Non-Operating Expenditure   | 395,623,593.98    | -3,030,152.73  |

|  |                   |                |
|--|-------------------|----------------|
| IV: Total profit (Losses are marked with a “-”)  | -1,716,482,516.80 | 511,049,758.59 |
| Less: Expense of income tax  | 3,281,922.60      | 127,003,731.76 |
| V. Net profit (Losses are marked with a “-”)   | -1,719,764,439.40 | 384,046,026.83 |
| (I) Net profits from continued operations (Losses are marked with a “-”)                               |                   |                |
| (II) Net profits from discontinued operations (Losses are marked with a “-”)                           |                   |                |
| Net profit attributed to the parent company’s owners   | -1,704,739,736.40 | 380,090,990.82 |
| Profit and loss of minority shareholders   | -15,024,703.00    | 3,955,036.01   |
| VI. Net of tax for other comprehensive income  | -908,623.08       | 858,242.13     |
| Net of tax for comprehensive income attributed to the parent company’s owners                          | -908,623.08       | 858,242.13     |
| (I) Other comprehensive income that cannot be reclassified into profit or loss                         |                   |                |
| 1. Remeasure the change in the defined benefit plan  |                   |                |
| 2. Other comprehensive income that cannot be transferred with equity method                            |                   |                |
| (II) Other comprehensive income to be reclassified into profit or loss                                 | -908,623.08       | 858,242.13     |
| 1. Other comprehensive income that can be transferred with equity method                               |                   |                |
| 2. Gains and losses from changes in fair value of available-for-sale financial assets                  |                   |                |
| 3. Held-to-maturity investment reclassified as gains and losses on available-for-sale financial assets |                   |                |

|   |                   |                |
|---|-------------------|----------------|
| 4. Effective portion of cash flow hedge gains and losses                          |                   |                |
| 5. Balance from conversion of foreign-currency financial statements               | -908,623.08       | 858,242.13     |
| 6. Others   |                   |                |
| VI. Net of tax for other comprehensive income attributed to minority stockholders |                   |                |
| VII. Total amount of composite benefits   | -1,720,673,062.48 | 384,904,268.96 |
| Total amount of composite benefits attributed to the parent company's owners      | -1,705,648,359.48 | 380,949,232.95 |
| Total amount of composite benefits attributed to minority stockholders            | -15,024,703.00    | 3,955,036.01   |
| VIII. Earnings per share  |                   |                |
| (I) Basic earnings per share  | -1.004            | 0.220          |
| (II) Diluted earnings per share   | -1.004            | 0.220          |

f the enterprise is merged under the same control in the current period, the net profit realized by the merged party before the merger shall be RMB , and the net profit realized by the merged party in the last period shall be RMB

Legal Representative: Chen Lue

Accounting Principal: Yang Chunling

Head of the Accounting Department: Yang Chunling

#### 4. Parent company's income statement

Unit: Yuan

| Items                | Amount incurred of current period | Amount incurred of last period |
|----------------------|-----------------------------------|--------------------------------|
| I. Operating income  | 197,962.06                        | 240,558.55                     |
| Less: operating cost | 0.00                              | 1,482.50                       |
| Taxes and surcharges | 232,339.11                        | 486,860.22                     |
| Selling expenses     | 1,041,800.14                      | 793,644.62                     |
| Management expenses  | 46,082,221.37                     | 48,845,134.77                  |
| R&D expenses         |                                   |                                |
| Financial expenses   | 439,946,225.01                    | 94,901,413.49                  |

|   |                 |                |
|---|-----------------|----------------|
| Including: interest expenses  |                 |                |
| Interest income   |                 |                |
| Asset impairment loss   | 14,901,696.51   | 7,489,577.66   |
| Plus: Other incomes   |                 | 7,211.91       |
| Investment income (Losses are marked with a “-”)                                |                 | 100,000,000.00 |
| Including: Income from investment in jointly-run enterprises and joint ventures |                 |                |
| Profits from changes in fair value (Losses are marked with a “-”)               |                 |                |
| Proceeds from asset disposal (Losses are marked with a “-”)                     |                 |                |
| II. Operating profit (Losses are marked with a “-”)                             | -502,006,320.08 | -52,270,342.80 |
| Plus: Non-Operating Income  | 100,000,000.00  | 0.01           |
| Less: Non-Operating Expenditure   | 102,632,717.26  |                |
| III: Total profit (Losses are marked with a “-”)                                | -504,639,037.34 | -52,270,342.79 |
| Less: Expense of income tax   |                 |                |
| IV. Net profit (Losses are marked with a “-”)                                   | -504,639,037.34 | -52,270,342.79 |
| (I) Net profits from continued operations (Losses are marked with a “-”)        |                 |                |
| (II) Net profits from discontinued operations (Losses are marked with a “-”)    |                 |                |
| V. Net of tax for other comprehensive income                                    |                 |                |
| (I) Other comprehensive income that cannot be reclassified into profit or loss  |                 |                |
| 1. Remeasure the change in the defined benefit plan                             |                 |                |
| 2. Other comprehensive income that cannot be transferred                        |                 |                |

|  |                 |                |
|--|-----------------|----------------|
| with equity method   |                 |                |
| (II) Other comprehensive income to be reclassified into profit or loss                                 |                 |                |
| 1. Other comprehensive income that can be transferred with equity method                               |                 |                |
| 2. Gains and losses from changes in fair value of available-for-sale financial assets                  |                 |                |
| 3. Held-to-maturity investment reclassified as gains and losses on available-for-sale financial assets |                 |                |
| 4. Effective portion of cash flow hedge gains and losses   |                 |                |
| 5. Balance from conversion of foreign-currency financial statements                                    |                 |                |
| 6. Others  |                 |                |
| VI. Total amount of composite benefits   | -504,639,037.34 | -52,270,342.79 |
| VII. Earnings per share  |                 |                |
| (I) Basic earnings per share   |                 |                |
| (II) Diluted earnings per share  |                 |                |

## 5. Consolidated Statements of Cash Flows

Unit: Yuan

| Items  | Amount incurred of current period | Amount incurred of last period |
|--|-----------------------------------|--------------------------------|
| I. Cash flow from operating activities                       |                                   |                                |
| Cash received from sales of goods and rendering of services  | 3,468,136,123.20                  | 4,642,883,579.49               |
| Net increase in customer deposits and interbank deposits     |                                   |                                |
| Net increase for borrowing from the central bank             |                                   |                                |
| Net increase in placements from other financial institutions |                                   |                                |
| Cash premiums received on                                    |                                   |                                |

|   |                  |                   |
|---|------------------|-------------------|
| original insurance contracts  |                  |                   |
| Cash received from re-insurance business  |                  |                   |
| Net increase in deposits and investments from insurers  |                  |                   |
| Net increase for disposals of financial assets measured as fair value and the variation included in current profit and loss |                  |                   |
| Interest, handling charges and commissions received   |                  |                   |
| Net increase in placements from financial institutions  |                  |                   |
| Net increase in repurchasing business capital   |                  |                   |
| Receipts of tax refunds   | 3,982,148.20     | 11,520,458.96     |
| Other cash received relating to operating activities  | 4,934,012,815.86 | 6,134,642,883.34  |
| Sub-total of cash inflows from operating activities   | 8,406,131,087.26 | 10,789,046,921.79 |
| Cash payments for goods purchased and services received   | 2,715,043,669.32 | 5,007,872,564.26  |
| Net increase in loans and advances to customers   |                  |                   |
| Net increase in deposits with the central bank and other financial institutions   |                  |                   |
| Payments of claims for original insurance contracts   |                  |                   |
| Interest, handling charges and commissions paid   |                  |                   |
| Commissions on insurance policies paid  |                  |                   |
| Cash payments to and on behalf of employees   | 262,092,659.22   | 380,713,969.98    |
| Payments of all types of taxes  | 72,091,894.26    | 212,006,262.08    |
| Other cash payments relating to operating activities  | 4,529,023,809.01 | 6,970,322,744.12  |
| Sub-total of cash outflows from operating activities  | 7,578,252,031.81 | 12,570,915,540.44 |

|   |                  |                   |
|---|------------------|-------------------|
| Net cash flows from operating activities  | 827,879,055.45   | -1,781,868,618.65 |
| II. Cash flows from investing activities  |                  |                   |
| Cash received from disposals and withdrawals of investment  |                  | 2,000,000.00      |
| Cash received from returns on investments   |                  |                   |
| Net cash received from disposals of fixed assets, intangible assets and other long-term assets    | 424,000.00       | 85,000.00         |
| Net cash received from disposals of subsidiaries and other business units                         | 3,400,000.00     |                   |
| Other cash payments relating to investing activities  |                  |                   |
| Sub-total of cash inflows from investing activities   | 3,824,000.00     | 2,085,000.00      |
| Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets | 9,496,541.03     | 48,204,408.85     |
| Cash payments to acquire investments  | 182,993,849.80   | 840,948,723.77    |
| Net increase in secured loans   |                  |                   |
| Net cash payments for acquisitions of subsidiaries and other business units                       |                  | 2,340,123.50      |
| Other cash payments relating to investing activities  | 2,990,381.41     | 131,500,000.00    |
| Sub-total of cash outflows from investing activities  | 195,480,772.24   | 1,022,993,256.12  |
| Net cash flows from investing activities  | -191,656,772.24  | -1,020,908,256.12 |
| III. Cash flows from financing activities   |                  |                   |
| Cash received from investors  | 12,490,000.00    | 30,240,000.00     |
| Including: Cash received from minority shareholders   |                  |                   |
| Cash received from borrowings   | 1,414,923,533.71 | 4,537,777,192.35  |

|   |                   |                  |
|---|-------------------|------------------|
| Proceeds from issuance of bonds   |                   | 344,800,000.00   |
| Other cash received relating to financing activities  | 54,209,648.35     | 179,327,200.00   |
| Sub-total of cash inflows from financing activities   | 1,481,623,182.06  | 5,092,144,392.35 |
| Cash repayments of amounts borrowed   | 2,438,563,678.82  | 1,998,607,849.12 |
| Cash payments for distribution of dividends or profits, or cash payments for interest expenses            | 177,477,175.65    | 332,584,990.54   |
| Including: Subsidiary companies' payment to minority shareholders for distribution of dividends or profit |                   |                  |
| Other cash payments relating to financing activities  | 22,512,800.03     | 233,071,283.83   |
| Sub-total of cash outflows from financing activities  | 2,638,553,654.50  | 2,564,264,123.49 |
| Net cash flows from financing activities  | -1,156,930,472.44 | 2,527,880,268.86 |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents                                  | -746,604.37       | -21,586,126.02   |
| V. Net increase in cash and cash equivalents  | -521,454,793.60   | -296,482,731.93  |
| Plus: Cash and cash equivalents at the beginning of period  | 647,222,590.48    | 943,705,322.41   |
| VI. Cash and cash equivalents at the end of period  | 125,767,796.88    | 647,222,590.48   |

## 6. Consolidated Statements of Cash Flows of the Parent Company

Unit: Yuan

| Items   | Amount incurred of current period | Amount incurred of last period |
|---|-----------------------------------|--------------------------------|
| I. Cash flow from operating activities                      |                                   |                                |
| Cash received from sales of goods and rendering of services |                                   | 265,320.00                     |
| Receipts of tax refunds                                     |                                   |                                |
| Other cash received relating to operating activities        | 3,916,915,819.93                  | 4,283,071,598.59               |
| Sub-total of cash inflows from                              | 3,916,915,819.93                  | 4,283,336,918.59               |

|   |                  |                   |
|---|------------------|-------------------|
| operating activities  |                  |                   |
| Cash payments for goods purchased and services received   |                  |                   |
| Cash payments to and on behalf of employees   |                  | 494,240.89        |
| Payments of all types of taxes  | 234,343.88       | 396,447.37        |
| Other cash payments relating to operating activities  | 2,670,055,342.90 | 5,546,418,464.78  |
| Sub-total of cash outflows from operating activities  | 2,670,289,686.78 | 5,547,309,153.04  |
| Net cash flows from operating activities  | 1,246,626,133.15 | -1,263,972,234.45 |
| II. Cash flows from investing activities  |                  |                   |
| Cash received from disposals and withdrawals of investment  |                  |                   |
| Cash received from returns on investments   |                  |                   |
| Net cash received from disposals of fixed assets, intangible assets and other long-term assets    |                  |                   |
| Net cash received from disposals of subsidiaries and other business units                         |                  |                   |
| Other cash payments relating to investing activities  |                  |                   |
| Sub-total of cash inflows from investing activities   |                  |                   |
| Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets |                  | 65,440.00         |
| Cash payments to acquire investments  | 160,000,000.00   | 696,324,570.00    |
| Net cash payments for acquisitions of subsidiaries and other business units                       |                  |                   |
| Other cash payments relating to investing activities  |                  |                   |
| Sub-total of cash outflows from investing activities  | 160,000,000.00   | 696,390,010.00    |

|  |                   |                  |
|--|-------------------|------------------|
| Net cash flows from investing activities   | -160,000,000.00   | -696,390,010.00  |
| III. Cash flows from financing activities  |                   |                  |
| Cash received from investors   |                   |                  |
| Cash received from borrowings  | 840,650,000.00    | 3,085,070,000.00 |
| Proceeds from issuance of bonds  |                   | 99,800,000.00    |
| Other cash received relating to financing activities   |                   |                  |
| Sub-total of cash inflows from financing activities  | 840,650,000.00    | 3,184,870,000.00 |
| Cash repayments of amounts borrowed  | 1,902,673,705.66  | 980,200,000.00   |
| Cash payments for distribution of dividends or profits, or cash payments for interest expenses | 100,441,437.45    | 282,451,200.03   |
| Other cash payments relating to financing activities   |                   | 31,000,000.00    |
| Sub-total of cash outflows from financing activities   | 2,003,115,143.11  | 1,293,651,200.03 |
| Net cash flows from financing activities   | -1,162,465,143.11 | 1,891,218,799.97 |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents                       |                   |                  |
| V. Net increase in cash and cash equivalents   | -75,839,009.96    | -69,143,444.48   |
| Plus: Cash and cash equivalents at beginning of period   | 99,547,899.86     | 168,691,344.34   |
| VI. Cash and cash equivalents at end of period   | 23,708,889.90     | 99,547,899.86    |

## 7. Consolidated Statement of Changes in Owners' Equity

Amount of the current period

Unit: Yuan

| Item | Current period                                  |                          |         |         |              |         |         |              |         |  | Minority equity | Total owners' |
|------|---|--------------------------|---------|---------|--------------|---------|---------|--------------|---------|--|-----------------|---------------|
|      | Equity attributable to owners of Parent Company |                          |         |         |              |         |         |              |         |  |                 |               |
|      | Capital   | Other equity instruments | Capital | Capital | Other equity | Capital | Capital | Other equity | Capital |  |                 |               |
|      |   |                          |         |         |              |         |         |              |         |  |                 |               |

|  | stock            | Pref<br>erred<br>stock | Per<br>petu<br>al<br>debt<br>s | Oth<br>ers | reserv<br>e       | stock | y<br>instru<br>ments | reserv<br>e     | stock         | y<br>instru<br>ments | reserv<br>e       | y<br>Capit<br>al<br>stock | equit<br>y<br>Other<br>equit<br>y<br>instru<br>ments |
|--|------------------|------------------------|--------------------------------|------------|-------------------|-------|----------------------|-----------------|---------------|----------------------|-------------------|---------------------------|--|
| I. Balance at the end of the last year                             | 1,698,245,011.00 |                        |                                |            | -1,299,349,701.74 |       | 858,242.13           | 164,231,078.18  | 84,394,441.23 |                      | 1,503,103,396.71  | 108,684,402.89            | 2,260,166,870.40                                     |
| Plus: adjustments for changes in accounting policies               |                  |                        |                                |            |                   |       |                      |                 |               |                      |                   |                           |  |
| Correction of accounting errors in prior periods                   |                  |                        |                                |            |                   |       |                      |                 |               |                      |                   |                           |  |
| Business combination under common control                          |                  |                        |                                |            |                   |       |                      |                 |               |                      |                   |                           |  |
| Others   |                  |                        |                                |            |                   |       |                      |                 |               |                      |                   |                           |  |
| II. Balance at the beginning of the year                           | 1,698,245,011.00 |                        |                                |            | -1,299,349,701.74 |       | 858,242.13           | 164,231,078.18  | 84,394,441.23 |                      | 1,503,103,396.71  | 108,684,402.89            | 2,260,166,870.40                                     |
| III. Increases/decreases in the current period ("-" for decreases) |                  |                        |                                |            | 503,161.67        |       | -908,623.08          | -143,204,995.75 |               |                      | -1,772,669,536.84 | -78,318,655.10            | -1,994,598,649.10                                    |
| (I) Total comprehensive income                                     |                  |                        |                                |            |                   |       | -50,380.95           |                 |               |                      | -1,704,739,736.40 | -15,024,703.00            | -1,719,814,820.35                                    |
| (II) Capital   |                  |                        |                                |            | 503,161.67        |       | -858,000.00          |                 |               |                      |                   | -63,200.00                | -63,600.00   |

|   |  |  |  |  |            |  |             |  |  |  |  |                |                |
|---|--|--|--|--|------------|--|-------------|--|--|--|--|----------------|----------------|
| contributed or reduced by owners  |  |  |  |  | 61.67      |  | 242.13      |  |  |  |  | 93,952.10      | 49,032.56      |
| 1. Common shares contributed by owners                                    |  |  |  |  |            |  |             |  |  |  |  | 490,000.00     | 490,000.00     |
| 2. Capital contributed by holders of other equity instruments             |  |  |  |  |            |  |             |  |  |  |  |                |                |
| 3. Amounts of share-based payments recognized in owners' equity           |  |  |  |  |            |  |             |  |  |  |  |                |                |
| 4. Others   |  |  |  |  | 503,161.67 |  | -858,242.13 |  |  |  |  | -63,783,952.10 | -64,139,032.56 |
| (III) Profit distribution   |  |  |  |  |            |  |             |  |  |  |  | -67,929,800.44 | -67,929,800.44 |
| 1. Withdrawal of surplus reserves   |  |  |  |  |            |  |             |  |  |  |  |                |                |
| 2. Withdrawal of general risk reserves                                    |  |  |  |  |            |  |             |  |  |  |  |                |                |
| 3. Profits distributed to owners (or shareholders)                        |  |  |  |  |            |  |             |  |  |  |  | -67,929,800.44 | -67,929,800.44 |
| 4. Others   |  |  |  |  |            |  |             |  |  |  |  |                |                |
| (IV) Internal carry-forward of owners' equity                             |  |  |  |  |            |  |             |  |  |  |  |                |                |
| 1. Conversion of capital reserves into paid-in capital (or capital stock) |  |  |  |  |            |  |             |  |  |  |  |                |                |
| 2. Conversion of  |  |  |  |  |            |  |             |  |  |  |  |                |                |

|   |                  |  |  |  |                   |  |                 |               |               |  |  |                 |                 |                |
|---|------------------|--|--|--|-------------------|--|-----------------|---------------|---------------|--|--|-----------------|-----------------|----------------|
| surplus reserves into paid-in capital (or capital stock)                |                  |  |  |  |                   |  |                 |               |               |  |  |                 |                 |                |
| 3. Surplus reserves offsetting losses                                   |                  |  |  |  |                   |  |                 |               |               |  |  |                 |                 |                |
| 4. Carried-forward retained earnings of changes in defined benefit plan |                  |  |  |  |                   |  |                 |               |               |  |  |                 |                 |                |
| 5. Others   |                  |  |  |  |                   |  |                 |               |               |  |  |                 |                 |                |
| (V) Special reserve   |                  |  |  |  |                   |  | -143,204,995.75 |               |               |  |  |                 | -143,204,995.75 |                |
| 1. Amount withdrawn in the current period                               |                  |  |  |  |                   |  | -143,204,995.75 |               |               |  |  |                 | -143,204,995.75 |                |
| 2. Amount used in the current period                                    |                  |  |  |  |                   |  |                 |               |               |  |  |                 |                 |                |
| (VI) Others   |                  |  |  |  |                   |  |                 |               |               |  |  |                 |                 |                |
| IV. Balance at the end of the current period                            | 1,698,245,011.00 |  |  |  | -1,298,846,540.07 |  | -50,380.95      | 21,026,082.43 | 84,394,441.23 |  |  | -269,566,140.13 | 30,365,747.79   | 265,568,221.30 |

Amount of the last period

Unit: Yuan

| Item | Last period                                     |                                |            |  |                 |               |                          |                 |               |                          |                 |  |  | Minority equity Capital stock | Total owners' equity Other equity instruments |
|------|---|--------------------------------|------------|--|-----------------|---------------|--------------------------|-----------------|---------------|--------------------------|-----------------|--|--|-------------------------------|---|
|      | Equity attributable to owners of Parent Company |                                |            |  |                 |               |                          |                 |               |                          |                 |  |  |                               |   |
|      | Capital stock                                   | Other equity instruments       |            |  | Capital reserve | Capital stock | Other equity instruments | Capital reserve | Capital stock | Other equity instruments | Capital reserve |  |  |                               |   |
|      | Prefe<br>rred<br>stoc<br>k                      | Per<br>petu<br>al<br>debt<br>s | Oth<br>ers |  |                 |               |                          |                 |               |                          |                 |  |  |                               |   |
|      |   |                                |            |  |                 |               |                          |                 |               |                          |                 |  |  |                               |   |

|  |                              |  |  |  |                               |  |                |                       |                       |  |                          |                       |                              |
|--|------------------------------|--|--|--|-------------------------------|--|----------------|-----------------------|-----------------------|--|--------------------------|-----------------------|------------------------------|
| I. Balance at the end of the last year                             | 1,69<br>8,24<br>5,01<br>1.00 |  |  |  | -1,29<br>9,349<br>,701.<br>74 |  |                | 65,68<br>7,868<br>.14 | 84,39<br>4,441<br>.23 |  | 1,228,<br>970,4<br>98.86 | 52,53<br>4,755<br>.10 | 1,830<br>,482,<br>872.5<br>9 |
| Plus: adjustments for changes in accounting policies               |                              |  |  |  |                               |  |                |                       |                       |  |                          |                       |                              |
| Correction of accounting errors in prior periods                   |                              |  |  |  |                               |  |                |                       |                       |  |                          |                       |                              |
| Business combination under common control                          |                              |  |  |  |                               |  |                |                       |                       |  |                          |                       |                              |
| Others   |                              |  |  |  |                               |  |                |                       |                       |  |                          |                       |                              |
| II. Balance at the beginning of the year                           | 1,69<br>8,24<br>5,01<br>1.00 |  |  |  | -1,29<br>9,349<br>,701.<br>74 |  |                | 65,68<br>7,868<br>.14 | 84,39<br>4,441<br>.23 |  | 1,228,<br>970,4<br>98.86 | 52,53<br>4,755<br>.10 | 1,830<br>,482,<br>872.5<br>9 |
| III. Increases/decreases in the current period (“-” for decreases) |                              |  |  |  |                               |  | 858,2<br>42.13 | 98,54<br>3,210<br>.04 |                       |  | 274,1<br>32,89<br>7.86   | 56,14<br>9,647<br>.79 | 429,6<br>83,99<br>7.82       |
| (I) Total comprehensive income                                     |                              |  |  |  |                               |  | 858,2<br>42.13 |                       |                       |  | 380,0<br>90,99<br>0.83   | 3,955<br>,036.<br>01  | 384,9<br>04,26<br>8.97       |
| (II) Capital contributed or reduced by owners                      |                              |  |  |  |                               |  |                |                       |                       |  | -4,06<br>3,392.<br>31    | 52,19<br>4,611<br>.78 | 48,13<br>1,219<br>.47        |
| 1. Common shares contributed by owners                             |                              |  |  |  |                               |  |                |                       |                       |  |                          | 30,24<br>0,000<br>.00 | 30,24<br>0,000<br>.00        |
| 2. Capital   |                              |  |  |  |                               |  |                |                       |                       |  |                          |                       |                              |

|   |  |  |  |  |  |  |  |  |  |  |               |               |               |
|---|--|--|--|--|--|--|--|--|--|--|---------------|---------------|---------------|
| contributed by holders of other equity instruments                        |  |  |  |  |  |  |  |  |  |  |               |               |               |
| 3. Amounts of share-based payments recognized in owners' equity           |  |  |  |  |  |  |  |  |  |  |               |               |               |
| 4. Others   |  |  |  |  |  |  |  |  |  |  | -4,063,392.31 | 21,954,611.78 | 17,891,219.47 |
| (III) Profit distribution   |  |  |  |  |  |  |  |  |  |  |               |               |               |
| 1. Withdrawal of surplus reserves   |  |  |  |  |  |  |  |  |  |  |               |               |               |
| 2. Withdrawal of general risk reserves                                    |  |  |  |  |  |  |  |  |  |  |               |               |               |
| 3. Profits distributed to owners (or shareholders)                        |  |  |  |  |  |  |  |  |  |  |               |               |               |
| 4. Others   |  |  |  |  |  |  |  |  |  |  |               |               |               |
| (IV) Internal carry-forward of owners' equity                             |  |  |  |  |  |  |  |  |  |  |               |               |               |
| 1. Conversion of capital reserves into paid-in capital (or capital stock) |  |  |  |  |  |  |  |  |  |  |               |               |               |
| 2. Conversion of surplus reserves into paid-in capital (or capital stock) |  |  |  |  |  |  |  |  |  |  |               |               |               |
| 3. Surplus reserves offsetting losses                                     |  |  |  |  |  |  |  |  |  |  |               |               |               |
| 4.  |  |  |  |  |  |  |  |  |  |  |               |               |               |

|  |                              |  |  |  |                               |  |                       |                        |                       |  |                          |                        |                              |
|--|------------------------------|--|--|--|-------------------------------|--|-----------------------|------------------------|-----------------------|--|--------------------------|------------------------|------------------------------|
| Carried-forward retained earnings of changes in defined benefit plan |                              |  |  |  |                               |  |                       |                        |                       |  |                          |                        |                              |
| 5. Others  |                              |  |  |  |                               |  |                       |                        |                       |  |                          |                        |                              |
| (V) Special reserve  |                              |  |  |  |                               |  | 98,54<br>3,210<br>.04 |                        |                       |  |                          |                        | 98,54<br>3,210<br>.04        |
| 1. Amount withdrawn in the current period                            |                              |  |  |  |                               |  | 98,54<br>3,210<br>.04 |                        |                       |  |                          |                        | 98,54<br>3,210<br>.04        |
| 2. Amount used in the current period                                 |                              |  |  |  |                               |  |                       |                        |                       |  |                          |                        |                              |
| (VI) Others  |                              |  |  |  |                               |  |                       |                        |                       |  |                          |                        |                              |
| IV. Balance at the end of the current period                         | 1,69<br>8,24<br>5,01<br>1.00 |  |  |  | -1,29<br>9,349<br>.701.<br>74 |  | 858,2<br>42.13        | 164,2<br>31,07<br>8.18 | 84,39<br>4,441<br>.23 |  | 1,503,<br>103,3<br>96.72 | 108,6<br>84,40<br>2.89 | 2,260<br>,166,<br>870.4<br>1 |

## 8. Statement of Changes in Equity of Owners of Parent Company

Amount of the current period

Unit: Yuan

| Item   | Current period   |                          |                 |        |                  |                      |                            |                 |                 |                       | Total owners' equity |
|--|------------------|--------------------------|-----------------|--------|------------------|----------------------|----------------------------|-----------------|-----------------|-----------------------|----------------------|
|  | Capital stock    | Other equity instruments |                 |        | Capital reserve  | Less: treasury stock | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profits |                      |
|  |                  | Preferred stock          | Perpetual debts | Others |                  |                      |                            |                 |                 |                       |                      |
| I. Balance at the end of the last year               | 1,698,245.011.00 |                          |                 |        | 1,237,956,472.37 |                      |                            |                 | 26,309,287.00   | 88,188,591.10         | 3,050,699,361.47     |
| Plus: adjustments for changes in accounting policies |                  |                          |                 |        |                  |                      |                            |                 |                 |                       |                      |
|  |                  |                          |                 |        |                  |                      |                            |                 |                 |                       |                      |

|  |                  |  |  |  |                  |  |  |  |               |               |                  |
|--|------------------|--|--|--|------------------|--|--|--|---------------|---------------|------------------|
| Correction of accounting errors in prior periods                   |                  |  |  |  |                  |  |  |  |               |               |                  |
| Others   |                  |  |  |  |                  |  |  |  |               |               |                  |
| II. Balance at the beginning of the year                           | 1,698,245.011.00 |  |  |  | 1,237,956,472.37 |  |  |  | 26,309,287.00 | 88,188,591.10 | 3,050,699,361.47 |
| III. Increases/decreases in the current period (“-” for decreases) |                  |  |  |  |                  |  |  |  |               | -572,568.3778 | -572,568,837.78  |
| (I) Total comprehensive income                                     |                  |  |  |  |                  |  |  |  |               | -504,639.3734 | -504,639,037.34  |
| (II) Capital contributed or reduced by owners                      |                  |  |  |  |                  |  |  |  |               |               |                  |
| 1. Common shares contributed by owners                             |                  |  |  |  |                  |  |  |  |               |               |                  |
| 2. Capital contributed by holders of other equity instruments      |                  |  |  |  |                  |  |  |  |               |               |                  |
| 3. Amounts of share-based payments recognized in owners' equity    |                  |  |  |  |                  |  |  |  |               |               |                  |
| 4. Others  |                  |  |  |  |                  |  |  |  |               |               |                  |
| (III) Profit distribution  |                  |  |  |  |                  |  |  |  |               | -67,929.044   | -67,929,800.44   |
| 1. Withdrawal of surplus reserves                                  |                  |  |  |  |                  |  |  |  |               |               |                  |
| 2. Profits distributed to  |                  |  |  |  |                  |  |  |  |               | -67,929.044   | -67,929,800.44   |

|   |                  |  |  |  |                  |  |  |  |               |                 |                  |
|---|------------------|--|--|--|------------------|--|--|--|---------------|-----------------|------------------|
| owners (or shareholders)  |                  |  |  |  |                  |  |  |  |               | 0.44            |                  |
| 3. Others   |                  |  |  |  |                  |  |  |  |               |                 |                  |
| (IV) Internal carry-forward of owners' equity                             |                  |  |  |  |                  |  |  |  |               |                 |                  |
| 1. Conversion of capital reserves into paid-in capital (or capital stock) |                  |  |  |  |                  |  |  |  |               |                 |                  |
| 2. Conversion of surplus reserves into paid-in capital (or capital stock) |                  |  |  |  |                  |  |  |  |               |                 |                  |
| 3. Surplus reserves offsetting losses                                     |                  |  |  |  |                  |  |  |  |               |                 |                  |
| 4. Carried-forward retained earnings of changes in defined benefit plan   |                  |  |  |  |                  |  |  |  |               |                 |                  |
| 5. Others   |                  |  |  |  |                  |  |  |  |               |                 |                  |
| (V) Special reserve   |                  |  |  |  |                  |  |  |  |               |                 |                  |
| 1. Amount withdrawn in the current period                                 |                  |  |  |  |                  |  |  |  |               |                 |                  |
| 2. Amount used in the current period                                      |                  |  |  |  |                  |  |  |  |               |                 |                  |
| (VI) Others   |                  |  |  |  |                  |  |  |  |               |                 |                  |
| IV. Balance at the end of the current period                              | 1,698,245.011.00 |  |  |  | 1,237,956,472.37 |  |  |  | 26,309,287.00 | -484,380.246.68 | 2,478,130,523.69 |

Amount of the last period

Unit: Yuan

| Item   | Last period      |                 |                 |        |                  |  |               |  |               |                 |                  |
|--|------------------|-----------------|-----------------|--------|------------------|--|---------------|--|---------------|-----------------|------------------|
|  | Capital stock    |                 |                 |        | Capital stock    |  | Capital stock |  | Capital stock |                 | Capital stock    |
|  |                  | Preferred stock | Perpetual debts | Others |                  |  |               |  |               |                 |                  |
| I. Balance at the end of the last year                             | 1,698,245.011.00 |                 |                 |        | 1,237,956,472.37 |  |               |  | 26,309,287.00 | 242,353,634.55  | 3,204,864,404.92 |
| Plus: adjustments for changes in accounting policies               |                  |                 |                 |        |                  |  |               |  |               |                 |                  |
| Correction of accounting errors in prior periods                   |                  |                 |                 |        |                  |  |               |  |               |                 |                  |
| Others   |                  |                 |                 |        |                  |  |               |  |               |                 |                  |
| II. Balance at the beginning of the year                           | 1,698,245.011.00 |                 |                 |        | 1,237,956,472.37 |  |               |  | 26,309,287.00 | 242,353,634.55  | 3,204,864,404.92 |
| III. Increases/decreases in the current period (“-” for decreases) |                  |                 |                 |        |                  |  |               |  |               | -154,165.043.45 | -154,165,043.45  |
| (I) Total comprehensive income                                     |                  |                 |                 |        |                  |  |               |  |               | -52,270,342.79  | -52,270,342.79   |
| (II) Capital contributed or reduced by owners                      |                  |                 |                 |        |                  |  |               |  |               |                 |                  |
| 1. Common shares contributed by owners                             |                  |                 |                 |        |                  |  |               |  |               |                 |                  |
| 2. Capital contributed by holders of other equity                  |                  |                 |                 |        |                  |  |               |  |               |                 |                  |

|   |  |  |  |  |  |  |  |  |  |                 |                 |
|---|--|--|--|--|--|--|--|--|--|-----------------|-----------------|
| instruments   |  |  |  |  |  |  |  |  |  |                 |                 |
| 3. Amounts of share-based payments recognized in owners' equity           |  |  |  |  |  |  |  |  |  |                 |                 |
| 4. Others   |  |  |  |  |  |  |  |  |  |                 |                 |
| (III) Profit distribution   |  |  |  |  |  |  |  |  |  | -101,894,700.66 | -101,894,700.66 |
| 1. Withdrawal of surplus reserves   |  |  |  |  |  |  |  |  |  |                 |                 |
| 2. Profits distributed to owners (or shareholders)                        |  |  |  |  |  |  |  |  |  | -101,894,700.66 | -101,894,700.66 |
| 3. Others   |  |  |  |  |  |  |  |  |  |                 |                 |
| (IV) Internal carry-forward of owners' equity                             |  |  |  |  |  |  |  |  |  |                 |                 |
| 1. Conversion of capital reserves into paid-in capital (or capital stock) |  |  |  |  |  |  |  |  |  |                 |                 |
| 2. Conversion of surplus reserves into paid-in capital (or capital stock) |  |  |  |  |  |  |  |  |  |                 |                 |
| 3. Surplus reserves offsetting losses                                     |  |  |  |  |  |  |  |  |  |                 |                 |
| 4. Carried-forward retained earnings of changes in defined benefit plan   |  |  |  |  |  |  |  |  |  |                 |                 |
| 5. Others   |  |  |  |  |  |  |  |  |  |                 |                 |

|  |                  |  |  |  |                  |  |  |  |               |               |                  |
|--|------------------|--|--|--|------------------|--|--|--|---------------|---------------|------------------|
| (V) Special reserve                          |                  |  |  |  |                  |  |  |  |               |               |                  |
| 1. Amount withdrawn in the current period    |                  |  |  |  |                  |  |  |  |               |               |                  |
| 2. Amount used in the current period         |                  |  |  |  |                  |  |  |  |               |               |                  |
| (VI) Others                                  |                  |  |  |  |                  |  |  |  |               |               |                  |
| IV. Balance at the end of the current period | 1,698,245.011.00 |  |  |  | 1,237,956,472.37 |  |  |  | 26,309,287.00 | 88,188,591.10 | 3,050,699,361.47 |

### III. Basic Information of the Company

Sino Great Wall Co., Ltd. (hereinafter referred to as "Company" or the "Company") is a limited liability company restructured by Shenzhen Victor Onward Textile Printing Co., Ltd. and altered its name to Shenzhen Victor Onward Textile Industrial Co., Ltd. upon the approval of the People's Government of Shenzhen Municipality on November 19, 1991. The Company's enterprise uniform social credit code: 91440300618801483A. It was listed on the Shenzhen Stock Exchange in 1992.

On July 23, 2015, the Chinese Securities Regulatory Commission approved the "Approval on Shenzhen Victor Onward Textile Industrial Co., Ltd.'s Material Assets Reorganization, Issuance of Stock Shares to Chen Lve and Others, Asset Purchase, and Raising of Supporting Fund" ([2015] No. 1774). The company issued 251,849,593 shares to 17 shareholders of Sino Great Wall Co., Ltd. including Chen Lve to purchase a 100% stake in Sino Great Wall International Engineering Co., Ltd. Meanwhile, it also issued 25,914,633 shares in a non-public manner to the 17 shareholders and raised a total of RMB 254,999,988.72.

On July 29, 2015, the listed company received the total newly added capital of RMB 251,849,593 contributed by all shareholders of Sino Great Wall Co., Ltd. On July 30, 2015, Ruihua Certified Public Accountants (Special General Partnership) verified the numbers and issued the "Capital Verification Report" (Ruihua Yanzi [2015] No. 48250011). After the change, the registered capital became RMB 420,991,949 with capital stock of RMB 420,991,949. On December 4, 2015, the company changed its name to Sino Great Wall Co., Ltd.

On May 6, 2016, the general meeting of stockholders reviewed and approved the 2015 plan of converting capital reserve into share capital. The specific plan was: Based on the total capital stock of 446,906,582 shares issued as of December 31, 2015, all shareholders would receive 28 shares for every 10 shares, with the total amount of converted capital stock reaching 1,251,338,429 shares. After the transfer, the total capital stock would be increased to 1,698,245,011 shares. As of December 31 2016, the Company's total capital stock was 1,698,245,011 shares, of which 1,434,441,780 were outstanding A shares, and 263,803,231 were outstanding B shares. Chen Lve held 582,944,556 A shares, accounting for 34.33% of the total. He was the controlling shareholder and actual controller of the Company.

The industries involved are the architectural decoration industry and other construction industries. As of December 31, 2018, the Company has issued capital stock of RMB 169,824,500 shares in total with the registered capital of RMB 169,824,500; the registration address is located at No. 26, Kuipeng Road,

Baishigang, Kuichong Subdistrict, Dapeng New District, Shenzhen City and the headquarter address is: Sino Great Wall Tower, No. 3, Jinxiu Road, Beijing Economic-Technological Development Area.

The operating activities of the Company include: production and operation of textile goods and the needed raw materials, accessories, mechanical equipment, clothes of various face fabrics and provision of relevant services (excluding those products managed by the current license, performing as per the license if there is one). 70% of the products are for export. A branch has set up in Shanghai. Supplemented operating activities: engaging in businesses of quota-free license management, acquisition and export of non-monopolized commodity. The actual controller of the Company is Chen Lve. The financial statements have been reported on April 26, 2018 after the approval of all directors (board of directors) of the Company.

For the subsidiaries of the Company that were included in the combination scope in 2018, please refer to “Note VIII. Equity in Other Subjects”. For details of the changes in the combination scope of the Company for the current year, please refer to “Note VII. Change of Combination Scope”.

#### **IV. Basis for Preparation of Financial Statements**

##### **1. Basis of Preparation**

The Company has prepared financial statements based on sustained operation as basis, according to the transactions and matters having occurred actually, and in accordance with the Accounting Standards for Business Enterprises – Basic Rules (Issued by the Order No. 33 of the Ministry of Finance, amended in accordance with the Order No. 76 of the Ministry of Finance), the 42 detailed accounting rules, Guidelines for Application of Accounting Standards for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other relevant regulations issued and amended on February 15, 2006 and afterwards (hereinafter jointly referred to as “Accounting Standards for Business Enterprises”), as well as the disclosure provisions of the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Report (Amended in 2014) issued by China Securities Regulatory Commission.

According to the relevant provisions of the Accounting Standards for Business Enterprises, the accounting of the Company is based on the accrual basis. Except for certain financial instruments, the measurement of the financial statements is based on historical cost. If the asset is impaired, the corresponding provision for impairment will be made in accordance with relevant regulations.

##### **2. Sustained Operation**

The Company had the ability of sustained operation within 12 months since the end of the reporting period, and did not have significant matters affecting its sustained operation.

#### **V. Important Accounting Policies and Accounting Estimates**

Whether the Company is subject to special industrial requirements for disclosure

Yes

Civil engineering construction

Specific accounting policies and accounting estimates remind:

The major business of the company is the civil engineering construction industry, which is subject to the special

industrial requirements for disclosure.

## 1. Statement on Observing Accounting Standards for Business Enterprises

The financial statements prepared by the Company meet the requirements of Accounting Standards for Business Enterprises, and reflect the Company's financial standing as of December 31, 2018 and its operating results, cash flow, and other relevant information in 2018 authentically and completely. In addition, all material aspects of the financial statements of the Company are in line with the disclosure provisions regarding financial statements and notes stipulated in the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Report (Amended in 2014) issued by China Securities Regulatory Commission.

## 2. Fiscal Period

From Jan. 1 to Dec. 31 in the Gregorian calendar is one fiscal year.

## 3. Business Cycle

The Company takes 12 months as a business cycle and uses it as a standard for the liquidity of assets and liabilities.

## 4. Recording Currency

The Company adopts RMB as recording currency.

## 5. Method for Accounting Treatment of Business Combination under and Not under the Same Control

**Business combination under the same control:** The assets and liabilities obtained by the Company from business combination are measured as per the book value of the combined party's assets and liabilities (including the goodwill formed from the final controller's acquisition of the combined party) on the date of combination in the final controller's consolidated financial statements. For the balance between the book value of net assets obtained from the combination and the book value of combination consideration paid (or the total book value of shares issued), the capital stock premium in capital reserve will be adjusted; and if the capital stock premium in the capital reserve is insufficient to write down, the retained earnings will be adjusted.

**Business combination not under the same control:** The assets paid as consideration for business combination and the liabilities incurred or undertaken by the Company on the date of purchasing will be measured as per fair value, and the balance between the fair value and its book value will be recorded in the gain or loss of the current period. The Company confirms the balance that the "combination cost" is bigger than "the fair value shares of the purchased party's distinguishable net assets obtained from the combination" as goodwill; and records after checking the balance that the "combination cost" is smaller than "the fair value shares of the purchased party's distinguishable net assets obtained from the combination" in the gain or loss of the current period.

The intermediary expenses incurred for business combination, like audit, legal service, appraisal and consulting, etc., and other directly related expenses will be recorded in the gain or loss of the current period when incurred; the transaction expenses of equity securities issued for business combination will be used to write down the equity.

## 6. Method for Preparation of Consolidated Financial Statements

(1) Principles for determining the scope of consolidated financial statements

The consolidation scope of the Company's consolidated financial statements is determined based on control. Control means that the Company has the power to the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power over the investee to affect the amount of the returns. The scope of consolidation includes the Company and all subsidiaries. Subsidiaries refer to the entities controlled by the Company.

The company will conduct a reassessment once the relevant facts and circumstances have changed and the relevant elements involved in the above definition of control have changed.

## (2) Method for Preparation of Consolidated Financial Statements

The Company prepares consolidated financial statements based on itself and each subsidiary's financial statements, and according to other relevant materials. For preparing consolidated financial statements, the Company deems the whole enterprise group as an accounting subject, and reflects the enterprise group's overall financial standing, operating results and cash flow according to the confirmation, measuring and presentation requirements of relevant enterprise accounting standards, and according to uniform accounting policies.

The accounting policies and accounting period of all the subsidiaries incorporated into the consolidation scope of consolidated financial statements are consistent with those adopted by the Company. If the accounting policies and accounting period adopted by the subsidiaries are inconsistent with those adopted by the Company, then when consolidated financial statements are prepared, necessary adjustments will be made according to the Company's accounting policies and accounting period. For the subsidiaries obtained through business combination not under the same control, their financial statements will be adjusted based on the fair value of distinguishable net assets on the date of purchasing. For subsidiaries obtained through business combination under the same control, their financial statements will be adjusted based on the book value of their assets and liabilities (including the goodwill formed from the final controller's acquisition of the subsidiaries) in the final controller's financial statements.

The shares belonging to minor shareholders of subsidiaries' owners' equity, net gain or loss of current period, and composite benefits of current period will be listed independently under the owners' equity in consolidated balance sheet, the net profit and total composite benefit in consolidated profit statement respectively. The balance formed from that "the loss of current period shared by subsidiaries' minor shareholders" exceeds "the shares shared by the minor shareholders in the subsidiaries' owners' equity at the beginning of period" will be used to write down minor shareholders' equity.

### ① Increase of subsidiaries or businesses

In the reporting period, if subsidiaries or businesses are increased for business combination under the same control, the opening amount in the consolidated balance sheet will be adjusted; the income, expense, and profit of the subsidiaries or businesses from the beginning of the very period of combination to the end of the reporting period will be incorporated into the consolidated profit statement; the cash flow of the subsidiaries or businesses from the beginning of the very period of combination to the end of the reporting period will be incorporated into the consolidated cash flow statement, and meanwhile, relevant items in comparative statements will be adjusted, and the report subjects after combination will be deemed as having always existed from the time point when the final controller starts the control.

If it's available to impose control on invested parties under the same control for reason of additional investment, etc., each party participating in the combination will be deemed to exist and make adjustments according to present state when the final controller starts the control. The equity investments held before obtaining the right to control the combined parties, relevant gain or loss already confirmed from

“the date when original equity is obtained and the date when the combining party and the combined party are under the same control, whichever is later” to the date of combination, other composite benefits, and the changes of other net assets will be used to write down the opening retained benefit of the period of comparative statement or the gain or loss of the current period respectively.

In the reporting period, if subsidiaries or businesses are increased for business combination not under the same control, the opening amount of consolidated balance sheet will not be adjusted; the income, expense and profit of the subsidiaries or businesses from the date of purchasing to the end of reporting period will be incorporated into the profit statement respectively; and the cash flow of the subsidiaries or businesses from the date of purchasing to the end of reporting period will be incorporated into the cash flow statement.

If it is available to impose control on the invested parties not under the same control for reason of additional investment, etc., then the purchased parties' stock equity held before the date of purchasing will be re-measured by the Company as per the fair value of the stock equity on the date of purchasing, and the balance between the fair value and its book value will be recorded in the investment yield of the current period. If the purchased parties' equity held before the date of purchasing involves other composite benefits under accounting with equity method, as well as changes of other owners' equity except for net gain or loss, other composite benefit and profit distribution, then relevant other composite benefit and changes of other owner's equity will be converted into the investment yield in the very period to which the date of purchasing belongs, excluding the other composite benefits arising from the changes of the net liabilities or net assets of benefit plan measured and set up over again by the invested parties.

## ② Disposal of Subsidiaries or Businesses

In the reporting period, if the Company disposes some subsidiaries or businesses, then the income, expense and profit of such subsidiaries or businesses from the beginning of the period to the date of disposal will be incorporated into the consolidated profit statement; the cash flow of the subsidiaries or businesses from the beginning of period to the date of disposal will be incorporated into cash flow statement.

If the Company loses the right to control invested parties for disposal of partial equity investments or other reasons, the remained equity investments after disposal will be re-measured by the Company as per their fair value on the date when the control right is lost. The balance of “the sum of the consideration obtained from disposal of equity and the fair value of the remained stock equity” minus “the sum of the net asset shares enjoyed in original subsidiaries and calculated continuously from the date of purchasing or date of combination according to original shareholding proportion and the goodwill” will be recorded in the investment yield of the very period when control right is lost. Other composite benefits related to original subsidiaries' equity investments, or the changes of other owners' equity except for other composite benefits and profit distribution, will be converted into the investment yield of the very period when the control right is lost, excluding the other composite benefits arising from the changes of the net liabilities or net assets of benefit plan measured and set up over again by the invested parties.

In case of any declination on the shareholding proportion of the Company and herein losing the control rights over its subsidiary arising from the capital increase contributed by other investors, it shall conduct accounting treatment in the light of the aforesaid principles.

If the Company disposes the equity investments in subsidiaries by steps through multiple transactions until losing the right to control the subsidiaries, and if the clauses, terms and economic influences of various transactions for

disposing the equity investments in the subsidiaries meet one or several of the following circumstances, such multiple transactions will generally be subject to accounting treatment as package transaction:

- a. These transactions are concluded simultaneously or in condition of considering mutual influences;
- b. Only the entirety of these transactions could achieve a complete business result;
- c. The occurrence of a transaction depends on the occurrence of at least one of the other transactions;
- d. A transaction is not economical independently, but economical if considered together with other transactions.

If various transactions of disposing the equity investments in subsidiaries until losing the control right belong to package transaction, the Company will execute accounting treatment of various transactions as a transaction of disposing subsidiaries until losing control right; but the balance between the price of every disposal before losing control right and the subsidiaries' net asset shares enjoyed and corresponding to the investments disposed will be confirmed as other composite benefits in the consolidated financial statements, and transferred into the gain or loss of the very period when the control right is lost.

If various transactions of disposing the equity investments in subsidiaries until losing the control right do not belong to package transaction, then before losing control right, the Company will execute accounting treatment according to relevant policies about partial disposal of equity investments in subsidiaries in condition of not losing control right; if control right is lost, the accounting treatment will be carried out according to general method for treatment of subsidiaries.

For the balance between “the long-term equity investments newly obtained from purchasing of minor stock equity” and “the net asset shares to be enjoyed in the subsidiaries according to newly increased shareholding proportion and calculated continuously from the date of purchasing (or the date of combination)”, the capital stock premium in the capital reserve in the consolidated balance sheet will be adjusted; if the capital stock premium in the capital reserve is not sufficient to write down, the retained benefit will be adjusted.

For the balance between “the disposal price obtained from disposal of partial long-term equity investments in subsidiaries in condition of not losing control right” and “the net asset shares to be enjoyed in the subsidiaries, corresponding to the disposal of long-term equity investments, and calculated continuously from the date of purchasing or the date of combination”, the capital stock premium in the capital reserve in the consolidated balance sheet will be adjusted; if the capital stock premium in the capital reserve is not sufficient to write down, the retained benefit will be adjusted.

## **7. Classification of Joint Venture Arrangements and Accounting Method of Joint Operations**

A joint arrangement is an arrangement of which two or more parties have joint control. The Company classifies joint venture arrangements into joint operations and joint ventures in line with the rights and obligations in joint venture arrangements. A joint operation refers to a joint arrangement whereby the Company has rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture refers to a joint arrangement whereby the Company has rights to the net assets of the arrangement.

The Company adopts equity method for accounting of investments in joint ventures in line with the accounting policy described in Note IV. 13, “Long-term Equity Investments Subject to Accounting with

Equity Method”.

As a joint operator, the Company recognizes in relation to its interest in a joint operation: its assets, including its share of any assets held jointly, and its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output of the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly.

When the Company, as a joint operator, invests in or sells assets to a joint operation (such assets do not constitute businesses, the same below), or purchases assets from the joint operation, the Company only recognizes the portion of the profits and losses arising from such transactions that is attributable to other participants in the joint operation before such assets are sold to third parties. If such assets are subject to asset impairment losses stipulated in the Accounting Standards for Business Enterprises No.8 of Asset Impairment, etc., in case that the Company invests in or sells assets to the joint operation, the Company will fully recognize such losses incurred thereof; in case that the Company purchases assets from the joint operation, the Company will recognize its share of such losses incurred thereof.

## **8. Standard for Determination of Cash and Cash Equivalents**

When compiling the cash flow statement, the Company's cash on hand and the deposit, which can be used to make payment at any time, should be confirmed as the cash. The investment, having four features of short duration (expired within three months from the acquisition date), strong mobility, being easy to be changed into known cash, low value change risk at the same time, should be confirmed as the cash equivalent.

## **9. Foreign-Currency Businesses and Conversion of Foreign-Currency Statements**

### Foreign-Currency Businesses

Foreign-currency businesses are converted into RMB for book-keeping with the approximate exchange rate of the spot exchange rate on transaction date as the exchange rate for conversion. The balance of foreign-currency monetary items on the date of balance sheet will be converted with the spot exchange rate on the date of balance sheet, and the balance of exchange arising from hereof will be recorded in the gain or loss of the current period, except for that the balance of exchange arising from special foreign-currency loan related to the purchasing and construction of assets meeting capitalization conditions is treated in line with the principle for capitalization of borrowing costs.

### Conversion of Foreign-Currency Statements

The asset and liability items in the balance sheet will be converted with the spot exchange rate on the date of balance sheet; for the owner's equity, except for “undistributed profit”, all the other items will be converted with the spot exchange rate when they are incurred. The revenue item and the expense item in the Profit Statement are converted with the approximate exchange rate of the spot exchange rate on transaction date.

For disposal of foreign business operation, the balance from conversion of foreign-currency financial statements related to such foreign operation shall be transferred from owner's equity to the gain or loss of the very period of disposal.

## 10. Financial Instruments

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

### (1) Classification of Financial Instruments

When initially confirmed, financial assets and financial liabilities are classified into: Financial assets or financial liabilities measured with fair value and having the change of fair value recorded in the gain or loss of current period, including tradable financial assets or financial liabilities, and financial assets or financial liabilities directly specified to measure with fair value and having the change of fair value recorded in the gain or loss of the current period; held-to-maturity investments; accounts receivable; available-for-sale financial assets; and other financial liabilities, etc.

### (2) Confirmation Basis and Measuring Method of Financial Instruments

① Financial assets (financial liabilities) measured with fair value and having the change of fair value recorded in the gain or loss of current period

When they are obtained, fair value (after deduction of cash dividends already declared but not paid yet, or bond interests with interest payment period expired but having not been acquired) will be taken as initial confirmed amount, and relevant transaction expenses will be recorded in the gain or loss of the current period.

During the holding period, the interests or cash dividends obtained will be confirmed as investment yield, and at the end of period, the change of fair value will be recorded in the gain or loss of the current period.

During disposal, the balance between the fair value and initial amount entered into account will be confirmed as investment yield, and meanwhile, the gain or loss on change of fair value will be adjusted.

### ② Held-to-maturity investments

When they are obtained, the sum of fair value (after deduction of bond interests with interest payment period expired but having not been acquired) and relevant transaction expenses will be taken as initial confirmed amount.

During the holding period, interest income will be calculated and confirmed as per amortized cost and actual interest rate, and recorded in investment yield. The actual interest rate will be determined when being obtained, and maintained unchanged during the predicted survival period or applicable shorter period.

During disposal, the balance between the acquisition price and the book value of such investment will be recorded in investment yield.

### ③ Accounts receivable

For the creditor's rights receivable formed from the Company's sale of goods or rendering of labor services, and the other enterprises' creditor's rights held by the Company and excluding the debt instruments having an offer in active market, including accounts receivable and other accounts receivable, etc., the contract or agreement price receivable from purchasers will be taken as the initially confirmed amount; if the receivables have financing nature, they will be initially confirmed as per their present value.

In case of recovery or disposal, the balance between the acquisition price and the book value of accounts receivable will be recorded in the gain or loss of the current period.

### ④ Available-for-sale financial assets

When they are acquired, the sum of fair value (after deduction of cash dividends already declared but not paid yet, or bond interests with interest payment period expired but having not been acquired) and relevant transaction expenses will be taken as initially confirmed amount.

During the holding period, the interests or cash dividends obtained will be confirmed as investment yield. At the end of period, they will be measured as per fair value, and the change of fair value will be recorded in other composite benefit. However, the equity instrument investments which have no offer in active market and of which the fair value cannot be reliably measured, and the derived financial assets which are linked with the equity instruments and settled through delivery of the equity instruments will be measured as per cost.

During disposal, the balance between the acquisition price and the book value of financial assets will be recorded in the gain or loss of investment; meanwhile, the amount of corresponding disposal part and originally recorded in the accumulative amount of change in the fair value of other composite benefit directly will be recorded in the gain or loss of the current period.

#### ⑤ Other financial liabilities

The sum of their fair value and relevant transaction expenses will be taken as initially confirmed amount. The amortized cost will be adopted for follow-up measurement.

#### (3) Confirmation Basis and Measurement Method of Financial Assets Transferred

If the Company transfers financial assets, and transfers nearly all risks and rewards on the ownership of such financial assets to the transfer-in party, the Company will terminate the confirmation of the financial assets; if the Company reserves nearly all risks and rewards on the ownership of the financial assets, the Company will not terminate the confirmation of such financial assets.

When judging whether the transfer of financial assets meets the above-mentioned conditions for terminating the confirmation of financial assets, the Company will follow the “Substance Over Form” principle. The Company distinguishes the transfer of financial assets into overall transfer and partial transfer of financial assets. If the overall transfer of financial assets meets the conditions for termination of confirmation, the balance of the following two amounts will be recorded in the gain or loss of the current period:

① The book value of the financial assets transferred;

② The sum of the consideration received for the transfer and the accumulative amount of change in the fair value originally recorded in the owner’s equity directly (involving the circumstance that the financial assets transferred are available-for-sale financial assets);

If partial transfer of financial assets meets the conditions for termination of confirmation, the overall book value of the financial assets transferred will be amortized between the confirmation-terminated part and non-confirmation-terminated part as per respective relative fair value, and the balance of the following two amounts will be recorded in the gain or loss of the current period:

① The book value of the confirmation-terminated part;

② The consideration for the confirmation-terminated part and the amount of corresponding confirmation-terminated part in the accumulative amount of change in the fair value originally recorded in the owner's equity directly (involving the circumstance that the financial assets transferred are available-for-sale financial assets);

If the transfer of financial assets does not meet the conditions for termination of confirmation, the financial assets will be confirmed continuously, and the consideration received will be confirmed as a financial liability.

#### (4) Conditions for Terminating the Confirmation of Financial Liabilities

If the current obligation of financial liabilities is rescinded completely or partially, the confirmation of such financial liabilities or part of them will be terminated; if the Company signs an agreement with creditors to replace the existing financial liabilities by means of undertaking new financial liabilities, and the contract clauses for new financial liabilities are substantially different from the contract clauses for

existing financial liabilities, the confirmation of the existing financial liabilities will be terminated, and new financial liabilities will be confirmed at the same time.

If all or partial contract clauses for existing financial liabilities are amended substantially, the confirmation of the existing financial liabilities or part of them will be terminated, and meanwhile, the financial liabilities after amendment of clauses will be confirmed as a new financial liability.

If the confirmation of financial liabilities is terminated completely or partially, the balance between the book value of the financial liabilities of which the confirmation is terminated and the consideration paid (including non-cash assets transferred out or the new financial liabilities undertaken) will be recorded in the gain or loss of the current period.

If the Company buys back partial financial liabilities, then on the date of buyback, the Company will distribute the overall book value of the financial assets according to the relative fair value of the part confirmed continuously and the confirmation-terminated part. The balance between the book value distributed to the confirmation and the consideration paid (including non-cash assets transferred out or the new financial liabilities undertaken) will be recorded in the gain or loss of the current period.

#### (5) Method for Determining the Fair Value of Financial Assets and Financial Liabilities

For financial instruments having an active market, their fair value will be determined as per the offer in the active market. For financial instruments not having an active market, their value will be determined by estimation technique. In case of estimation, the Company will adopt estimation techniques which are applicable under present circumstances and supported by sufficient available data and other information, select input values consistent with the asset or liability characteristics considered by market participants in the transactions of relevant assets or liabilities, and preferentially use relevant observable input values. Non-observable input values will be used only under the circumstance that relevant observable input values cannot be obtained or such values obtained are not practicable.

#### (6) Method for Testing and Accounting Treatment of Depreciation of Financial Assets (Excluding Accounts Receivable)

Except for the financial assets measured with fair value and having the change of fair value recorded in the gain or loss of the current period, the Company checks the book value of financial assets on the date of balance sheet. If some objective evidence proves that some financial asset depreciates, the Company will withdraw depreciation reserve for this financial asset.

##### ① Depreciation reserve of available-for-sale financial assets:

If the fair value of available-for-sale financial assets drops severely at the end of period, or such trend of drop is predicted to be non-temporary after comprehensively considering various relevant factors, the Company will confirm that the available-for-sale financial assets depreciate, will transfer out the accumulative losses arising from the drop of fair value originally recorded in the owner's equity directly, and confirm the impairment loss.

For available-for-sale debt instruments with impairment loss confirmed, if in a later fiscal period, the fair value rises and the rise is objectively related to the matters occurring after confirmation of original impairment loss, then the originally confirmed impairment loss will be transferred back and recorded in the gain or loss of the current period.

The impairment loss on available-for-sale equity instrument investments will not be transferred back through gain or loss.

##### ② Impairment reserve for held-to-maturity investments:

Held-to-maturity investments

## 11. Notes Receivable and Accounts Receivable

### (1) Accounts Receivable with Significant Single Amount and Having Bad Debt Reserve Withdrawn Independently:

|   |   |
|---|---|
| Judgment basis or amount standard of significant single amount  | The Company recognizes accounts receivable for a single project with the balance $\geq$ RMB 10 million and other accounts receivable from a single relevant unit with the balance $\geq$ RMB 2 million as accounts receivable with significant single amount.   |
| Method for withdrawal of bad debt reserve with significant single amount and withdrawn independently: | The Company will carry out impairment test independently for accounts receivable with significant single amount. If such accounts receivable are proved impairing through the test, the Company will determine the impairment loss and withdraw bad debt reserve according to the balance that the present value of its future cash flow is lower than its book value. The accounts receivable not impairing as proved in single test, will, together with the accounts receivable with insignificant single amount, be divided into many portfolios according to similar credit risk characteristics. Then according to certain proportion of the balance on the date of balance sheet of the portfolios of these accounts receivable, the Company will calculate and determine impairment loss and withdraw bad debt reserve. |

### (2) Accounts Receivable with Bad Debt Reserve Withdrawn as per the Portfolios Classified Based on Credit Risk Characteristics:

| Portfolio name  | Method for withdrawal of bad debt reserve |
|---|---|
| Account aging portfolio   | Account age analysis method               |
| Combination of affiliated parties within the range of consolidation |   |

Those with bad debt reserve withdrawn by means of account analysis in the portfolios:

√ Apply   □ Not Apply

| Account age               | Withdrawal rate of accounts receivable | Withdrawal rate of other receivables |
|---------------------------|--|--------------------------------------|
| Within 1 year (inclusive) | 5.00%                                  | 5.00%                                |
| 1-2 years                 | 10.00%                                 | 10.00%                               |
| 2-3 years                 | 30.00%                                 | 30.00%                               |
| 3-4 years                 | 50.00%                                 | 50.00%                               |
| 4-5 years                 | 80.00%                                 | 80.00%                               |
| More than 5 years         | 100.00%                                | 100.00%                              |

Those with bad debt reserve withdrawn by means of percentage of total accounts receivable outstanding:

√ Apply   □ Not Apply

Those with bad debt reserve withdrawn by other means:

√ Apply   □ Not Apply

### (3) Accounts Receivable with Insignificant Single Amount but Having Bad Debt Reserve Withdrawn Separately:

The Company needs to comply with disclosure requirements of the Guidelines No.7 of the Shenzhen Stock Exchange on Industry Information Disclosure — Civil Engineering of Listed Companies.

|  |   |
|--|---|
| Reasons for independent withdrawal of bad debt reserve | On the date of balance sheet, for the other accounts receivable with insignificant single amount and having obvious sign of impairment, the Company will determine impairment loss and withdraw bad debt reserve according to the balance that the present value of their future cash flow is lower than their book value.  |
| Method for withdrawal of bad debt reserve              | On the date of balance sheet, the Company will execute impairment test of the accounts receivable with insignificant single amount but having bad debt reserve withdrawn separately. If such accounts receivable are proved impairing during the test, the Company will determine impairment loss and withdraw bad debt reserve according to the balance that the present value of their future cash flow is lower than their book value. |

## 12. Inventories

Whether the Company needs to comply with disclosure requirements of special industries

Yes

Civil Engineering

### (1) Classification of Inventories

Inventories mainly include raw materials, engineering construction, merchandise inventory, work-in-process, low value consumables, etc.

### (2) Method for Pricing of Inventories Delivered

During the delivery of inventory, it is priced in terms of the method of weighted mean.

### (3) Basis for Determining the Net Realizable Value of Different Types of Inventories

For commodity stocks directly for sale, such as finished products, merchandise inventory, and materials for sale, etc., their net realizable value is confirmed during normal production and operation as per the amount after deduction of estimated selling expenses and relevant taxes from the estimated sales price of such inventories; for material stocks needing processing, their net realizable value will be determined during normal production and operation as per the amount after deduction of costs estimated to incur until completion of work, estimated selling expenses and relevant taxes from the estimated sales price of finished products; for the inventories held for executing sales contract or labor service contract, their net realizable value will be calculated on the basis of contract price. If the quantity of inventories held is more than the quantity ordered under sales contract, the net realizable value of the excessive inventory will be calculated based on general sales price.

At the end of period, inventory depreciation reserve is withdrawn as per single inventory item; however, for plentiful inventories of relatively low unit price, inventory depreciation reserve will be withdrawn by the type of inventory; for inventories related to the product series produced and sold in a same region, having the same or similar final use or objective, and difficult to measure by separating from other items, inventory depreciation reserve will be withdrawn in a consolidated way. Except for that some conclusive evidence proves abnormality of market price on the date of balance sheet, the net realizable value of inventory items will be determined based on the market price on the date of balance sheet.

The net realizable value of inventory items at the end of this period will be determined based on the market price on the date of balance sheet.

(4) Perpetual inventory taking system is adopted for inventory taking system.

(5) Method for Amortization of Low-Value Easily-Consumed Articles and Packing

One-off writing-off method is adopted for low-value easily-consumed articles; one-off writing-off method is adopted for packing.

### 13. Assets Held for Sale

The Company classifies the non-current assets or disposal group meeting the following conditions as assets held for sale:

(1) Based on the practice of selling such assets or disposal groups in similar transactions, they can be sold immediately under current conditions;

The sale is very likely to happen, that is, the Company has already made a resolution on a sales plan and obtained an assuring purchase commitment and it is expected that the sale will be completed within one year. Where regulations require the approval of relevant power organ or regulatory department of the Company before they can be sold, the approval has been obtained.

### 14. Long-term Equity Investments

(1) Standards for Judgment of Common Control and Significant Influences

Common control indicates the jointly-owned control on some arrangement as per relevant provisions, and relevant activities of such arrangement must be unanimously agreed by the participants sharing the control right before being decided. If the Company and other joint operators impose common control on invested units and have the right to the invested units' net assets, the invested units will be the Company's joint ventures.

Significant influences indicate having the right to participate in making decisions on an enterprise's financial affairs and business operation, but could not control or jointly control together with other parties the making of these policies. If the Company could impose significant influences on invested units, the invested units will be the Company's associates.

(2) Determination of Initial Investment Cost

① Long-term Equity Investments Formed from Business Combination

Business combination under the same control: If the Company pays combination consideration by paying cash, transferring non-cash assets or undertaking debts and issuing equity securities, the Company will take the book value shares of the combined party's owners' equity obtained on the date of combination in the final controller's consolidated financial statements as the initial investment cost of long-term equity investments. If the Company could impose control on invested units under the same control for reason of additional investment, etc., the Company will confirm on the date of combination the

initial investment cost of long-term equity investments as per the book value shares of the combined party's net assets to be enjoyed in the final controller's consolidated financial statements after combination. For the balance between "the initial investment cost of long-term equity investments on the date of combination" and "the sum of the book value of long-term equity investments before combination and the book value of newly paid consideration for further obtaining shares on the date of combination", the Company will adjust the capital stock premium; and if the capital stock premium is not enough to write down, the Company will write down the retained benefits.

Business combination not under the same control: The Company takes the combination cost determined on the date of purchasing as the initial investment cost of long-term equity investments. If the Company could impose control on invested units not under the same control for reason of additional investment, etc., the Company will take the sum of the book value of originally held equity investments and the newly increased investment cost as the initial investment cost of long-term equity investments which are subject to accounting with cost method instead.

### ② Long-term Equity Investments Obtained by Other Means

For long-term equity investments obtained by means of payment in cash, the purchasing price actually paid will be taken as initial investment cost.

For long-term equity investments obtained by issuing equity securities, the fair value of the equity securities issued will be taken as initial investment cost.

In the precondition that non-monetary asset exchange has business nature, and the fair value of exchanged-in or exchanged-out assets could be measured reliably, the fair value of exchanged-out assets and relevant expenses payable will be determined as the initial investment cost of the long-term equity investments obtained from non-monetary assets exchange, unless some conclusive evidence proves that the fair value of exchanged-in assets is more reliable; for non-monetary assets exchange not meeting the above-mentioned precondition, the book value of exchanged-out assets and relevant taxes payable shall be taken as the initial investment cost of exchanged-in long-term equity investments.

For long-term equity investments obtained through debt reorganization, their initial investment cost will be determined based on fair value.

### (3) Follow-up Measurement and Gain or Loss Confirmation Method

#### ① Long-term Equity Investments Subject to Accounting with Cost Method

The Company adopts cost method for accounting of long-term equity investments in subsidiaries. Except for the cash dividends or profits included in the price or consideration actually paid when investments are obtained, and already announced but not paid, the Company confirms the investment yield of the very period according to the cash dividends or profits enjoyed by the Company and declared to grant by invested units.

#### ② Long-term Equity Investments Subject to Accounting with Equity Method

The Company adopts equity method for accounting of long-term equity investments in associates and joint ventures. For the balance that the initial investment cost is bigger than the fair value shares of invested units' distinguished net assets which shall be enjoyed by the Company, the Company will not adjust the initial investment cost of long-term equity investments; for the balance that the initial investment cost is smaller than the fair value shares of invested units' distinguished net assets which shall be enjoyed by the Company, the Company will adjust the book value of long-term equity investments and record it in owner's equity.

When confirming the shares of invested units' net gain or loss to be enjoyed, the Company will adjust and confirm the invested units' net profit based on the fair value of the invested units' distinguishable net assets when investments are obtained, and according to the Company's accounting

policies and fiscal period. If the invested units prepare consolidated financial statements during the holding of investments, the accounting will be conducted based on the amount attributing to the invested units in the net profit in the consolidated financial statements, other composite benefits, and changes of other owner's equity.

For the gain or loss on the non-realized internal transactions between the Company and jointly-run enterprises/ joint ventures, the part attributing to the Company will be calculated as per the proportion to be enjoyed, will be written down, and on this basis, the investment yield will be confirmed. The gain or loss on non-realized internal transactions done with invested units will be fully confirmed if belonging to asset impairment loss. During the period of holding investment, as for the invested entity preparing consolidated financial statements, carry out accounting based on the invested entity's attributable amount of the net profit, other comprehensive income and other changes in equity in the consolidated financial statements.

The unrealized gains or losses on internal transaction occurring among the company, associates and joint ventures will confirm the investment income on the basis of offsetting the company's attributable part calculated according to the entitlement proportion. The unrealized losses on internal transaction occurring in the invested entity belonging to assets impairment loss will be confirmed in full amount. If the assets of investment or asset-sale transactions occurring among the company, associates and joint ventures constitute the business, the accounting treatment shall be carried out according to the related policies disclosed in "IV. (4) Method for Accounting Treatment of Business Combination under and Not under the Same Control" and "IV. (5) Method for Preparation of Consolidated Financial Statements".

When the Company determines to share the losses of the invested entity, it will be treated in the order as follows: firstly, the book value of long-term equity investments will be offset. Secondly, if the book value of the long-term equity investment is not sufficient to be offset, the recognition of losses of the investment will be continued to the extent of the book value of other long-term rights and interests which substantially form the net investment made to the invested entity, and the book value of long-term accounts receivable will be offset. Finally, after the above-mentioned treatment, if the Company still undertakes extra obligations according to the provisions of investment contract or agreement, the Company will confirm accrued liabilities with obligations predicted to undertake, and record them in the investment loss of the current period.

### ③ Disposal of Long-Term Equity Investments

For disposal of long-term equity investments, the balance between their book value and actual acquisition price will be recorded in the gain or loss of the current period.

For long-term equity investments with equity method adopted for accounting, when such investments are disposed, the part originally recorded in other composite benefits will be subject to accounting treatment according to corresponding proportion and on the same basis adopted by invested units to directly dispose relevant assets or liabilities. The owner's equity confirmed for change of other owner's equity except for net gain or loss, other composite benefit and profit distribution of invested units will be carried forward into the gain or loss of the current period, excluding the other composite benefits arising from the change of net liabilities or net assets of invested units' new measurement and setting of benefit plan.

If the Company loses common control or significant influences on invested units for reason of disposal of partial equity investments, etc., the remained equity after disposal will be subject to accounting according to the standards for the confirmation and measurement of financial instruments, and the balance between the fair value and book value of such remained equity investments on the date when the Company losing common control or significant influences will be recorded in the gain or loss of the

current period. Other composite benefits confirmed for accounting with equity method of original equity investments will be subject to accounting treatment with the same basis adopted by invested units to directly dispose relevant assets or liabilities when the accounting with equity method is terminated. The owner's equity confirmed for change of other owner's equity except for invested parties' net gain or loss, other composite benefit and profit distribution will be totally transferred in the gain or loss of the current period when the accounting with equity method is terminated.

In case the control right on the invested unit is deprived due to disposal of part of equity investment, increase of investment by other investment parties on subsidiaries causing decrease of holding proportion of the company, when preparing certain financial statement, the residual equity shall be checked by equity method if having common control or major effect on invested unit, and adjusted as the residual equity is checked by the equity method from being obtained; If the remaining equity cannot exert joint control or significant influence on the invested unit, it shall take accounting treatment according to the relevant provisions of financial tools and measurement rules, and the difference between the fair value and book value on the date of losing control shall be included in the current profits and losses.

If the equity disposed is obtained from business combination for reason of additional investment, and when individual financial statements are prepared,

cost method or equity method is adopted for accounting of the remained equity after disposal, the other composite benefits and other owner's equity confirmed for accounting with equity method of the equity investments held before the date of purchasing will be carried forward by proportion; if the remained equity after disposal is subject to accounting treatment according to the standards for confirmation and measurement of financial instruments, the other composite benefits and other owner's equity will be carried forward completely.

## 15. Investment Real Estate

Investment real estate measurement model

Costing accounting

Method of depreciation or amortization

The company's investment real estate includes the land use right held and prepared to transfer after increment, the buildings already leased (including the buildings used for leasing after completion of self-construction or development activities, and buildings in construction or development and to be used for leasing in future).

The Company adopts cost mode to measure the existing investment real estates. For investment real estate measured with cost mode – the buildings used for leasing, the Company will adopt the depreciation policy, which is the same for fixed assets, and for the land use right for leasing, the Company will adopt the amortization policy which is the same for intangible assets.

## 16. Fixed Assets

### 1. Fixed asset recognition conditions

Fixed assets indicate the tangible assets held for producing goods, rendering labor services, leasing or operation management, and having a service life of more than one fiscal year. No fixed asset may be recognized unless it simultaneously meets the conditions as follows:

- (1) The economic benefits pertinent to the fixed asset are likely to flow into the enterprise;
- (2) The cost of the fixed asset can be measured reliably.

## 2. Depreciation method for various fixed assets

| Type  | Depreciation method  | Depreciation life<br>(Year) | Salvage rate (%) | Annual depreciation<br>rate (%) |
|---|----------------------|-----------------------------|------------------|---------------------------------|
| House and buildings                         | Straight-line method | 20                          | 5                | 4.75                            |
| Mechanical equipment                        | Straight-line method | 10                          | 5                | 9.5                             |
| Transportation<br>equipment                 | Straight-line method | 7                           | 5                | 13.57                           |
| Electronic equipment<br>and other equipment | Straight-line method | 3-5                         | 5                | 19.00-31.67                     |

## 3. Recognition basis and valuation method for fixed assets under financing lease

Where the leasing agreement signed between company and the lessor specifies either of the conditions as follows, the lease will be recognized as a finance lease:

- (1) The ownership of the leasing asset belongs to this company at the expiration of the lease;
- (2) Company has the option to buy the asset at a price to be far lower than the fair value of the asset at the date when the option becomes exercisable;
- (3) The lease term covers the major part of the use life of the leased asset;
- (4) The present value of the minimum lease payments on the lease beginning date does not have too large differences with the fair value of the asset.

On the starting date of the Company's leasing, the fair value of leased assets and the present value of the minimum rent payment, whichever is lower, will be taken as the entry value of leased-in assets, and the minimum rent payment will be taken as the entry value of long-term accounts payable, and the balance will be taken as non-confirmed financing cost.

## 17. Construction in Progress

Whether the company is required to comply with special industry disclosure requirements

Yes

Civil Engineering Construction

For construction in progress, the necessary expenditure incurred for making the constructed assets reach the predetermined usable state will be taken as the entry value of the fixed assets. If the constructed fixed assets have reached the predetermined usable state, but the completion settlement has not been handled, then since the date when such assets reach the predetermined usable state, the Company will transfer such assets into fixed assets as per estimated value and based on engineering budget, construction cost, or actual cost of engineering, etc., and will withdraw fixed asset depreciation according to the Company's policy for fixed asset depreciation; after handling of completion settlement, the Company will adjust original temporarily estimated value as per actual cost, but will not adjust originally withdrawn depreciation amount.

## 18. Borrowing Costs

Borrowing costs include loan interest, discount or premium amortized, auxiliary expense, and exchange balance arising from foreign-currency loan, etc.

### 1. Principle for Confirmation of Borrowing Cost Capitalization

The Company's borrowing costs, if available to directly attribute to the construction or production of assets meeting capitalization conditions, will be capitalized and recorded in the cost of relevant assets; and other borrowing costs will be confirmed as expenses and recorded in the gain or loss of current period as per their amount incurred when they are incurred.

Assets meeting capitalization conditions indicate the fixed assets which need to experience quite a long term of construction or production activities before reaching the predetermined usable or salable state, as well as investment real estates and inventories, etc.

Borrowing costs will be capitalized if simultaneously meeting the following conditions:

(1) Asset expenditure has occurred, including the payment in cash for purchasing and construction or production of assets meeting capitalization conditions, transfer of non-cash assets, or undertaking of interest-bearing debts;

(2) Borrowing costs have occurred;

(3) The purchasing and construction or production activities necessary for making assets reach predetermined usable or salable state have started.

### 2. Period for capitalization of borrowing costs

Capitalization period indicates the period of from the time point when capitalization of borrowing costs starts to the time point when capitalization stops, excluding the period when the capitalization of borrowing costs is suspended.

If the assets purchased and constructed or produced and meeting capitalization conditions reach the predetermined usable or salable state, the capitalization of borrowing costs will stop.

If some items of the assets purchased and constructed or produced and meeting capitalization conditions are completed separately and could be used independently, the capitalization of borrowing costs for such assets will stop.

If each part of the assets purchased and constructed or produced is completed respectively, but cannot be used or sold until the whole assets are completed, the capitalization of borrowing costs may be stopped when the assets are totally completed.

### 3. Period for suspension of capitalization

If the assets meeting capitalization conditions are broken abnormally during purchasing and construction or production process, and the suspension lasts for more than 3 months successively, the capitalization of borrowing costs will be suspended; if such suspension is a necessary procedure for making the assets purchased and constructed or produced and meeting capitalization conditions reach the predetermined usable state or salable state, the capitalization of borrowing costs will continue. The borrowing costs occurring during suspension period will be confirmed as gain or loss in the current period, and the capitalization of borrowing costs will continue after the construction and purchasing or production activities of such assets restart.

### 4. Method for calculation of borrowing costs capitalization rate and capitalized amount

For the special loan obtained for purchasing and construction or production of assets meeting capitalization conditions, the capitalized amount of borrowing costs will be determined as per the amount after "the borrowing costs actually incurred in the very period of special loan" minus "the interest income obtained from bank deposit or the investment yield obtained from temporary investment of the non-used

loan fund”.

For general loans occupied for purchasing and construction or production of assets meeting capitalization conditions, the borrowing costs amount to be capitalized of general loans shall be calculated and determined as per the “weighted mean of asset expenditure that accumulative asset expenditure exceeds the special loan” multiplied by the capitalization rate of general loan. The capitalization rate is generally calculated and determined as per the weighted mean interest rate of general loan.

## 19、 Biological Assets

## 20、 Oil and Gas Assets

## 21. Intangible assets

Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by the Company. The intangible assets of the Company mainly include land use right and software royalty.

### 1. Pricing Method of Intangible Assets

The Company initially measures the intangible assets as per the cost when they are acquired.

The cost of purchased intangible assets includes purchasing price, relevant taxes, and other expenditures directly for making the assets reach the predetermined use. If the price for purchasing intangible assets is delayed in payment by exceeding normal credit conditions, and the intangible assets have financing nature substantially, the cost of intangible assets will be determined based on the present value of purchasing price.

As for the intangible assets obtained from debt reorganization and used by debtors for repaying debts, their entry value will be determined based on the fair value of such intangible assets, and the balance between the book value of reorganized debts and the fair value of the intangible assets used for repaying debts will be recorded in the gain or loss of the current period.

In the precondition that non-monetary asset exchange has the essence of commerce, and the fair value of exchanged-in or exchanged-out assets could be measured reliably, the entry value of the intangible assets obtained from non-monetary asset exchange will be determined based on the fair value of exchanged-out assets, unless conclusive evidence proves that the fair value of exchanged-in assets is more reliable; for the non-monetary asset exchange not meeting the above-mentioned precondition, the book value of exchanged-out assets and relevant taxes payable will be taken as the cost of exchanged-in intangible assets, and the gain or loss won't be confirmed.

The Company analyzes and judges the service life of intangible assets when obtaining them.

Intangible assets with limited service life are amortized with straight-line method within the period when they bring about economic benefits for the enterprise; if it's impossible to predict the period when the intangible assets could bring about economic benefits to the enterprise, the intangible assets will be

deemed to have uncertain service life, and won't be amortized.

## 2. Estimate on the service life of intangible assets with limited service life:

| Items            | Service life | Amortization method  |
|------------------|--------------|----------------------|
| Software royalty | 5 years      | Straight-line method |
| Land use right   | 50 years     | Straight-line method |

At the end of every year, the Company checks the service life and amortization method of the intangible assets with limited service life. As checked, the service life and amortization method of intangible assets at the end of this year were not different from previous estimates.

## 3. Concrete Standard for Division of Research Stage and Development Stage

The Company's expenditure for internal research and development projects is divided into the expenditure at research stage and expenditure at development stage.

**Research stage:** The stage of unique and planned investigation and research activities conducted for obtaining and understanding new scientific or technological knowledge.

**Development stage:** The stage of applying research findings or other knowledge to some plan or design, in order to produce new or substantially improved materials, devices and products, etc. before commercial production or use.

## 4. Concrete Conditions for Capitalization of Expenditure at Development Stage

The expenditure at development stage of internal research and development projects will be confirmed as intangible assets when simultaneously meeting the following conditions:

- (1) It is technically feasible to complete the intangible assets and make them available for use or sale;
- (2) The Company has the intent to complete, use or sell the intangible assets;
- (3) The way by which intangible assets produce economic benefit could prove the usability of such intangible assets, including proving that the products produced with such intangible assets have markets, or such intangible assets have markets, and intangible assets would be used internally;
- (4) The Company has sufficient technical, financial resources and other resources to support the completion of the development of such intangible assets, and the Company has the ability to use or sell such intangible assets.
- (5) The expenditure attributing to the development stage of such intangible assets could be measured reliably.

## 22. Long-term Asset Impairment

If there is any sign of impairment in long-term equity investments, investment real estates measured by the cost model, fixed assets, construction in progress, intangible assets with finite service life and other

long-term assets at the balance sheet date, an impairment test will be made. If the result of impairment test proves that the recoverable amount of assets is lower than their book value, the depreciation reserve will be withdrawn as per their balance and recorded in the impairment loss. The recoverable amount indicates the net amount after the fair value of assets minus the disposal expenses, and the present value of predicted future cash flow of the assets, whichever is higher. Asset depreciation reserve is calculated and confirmed based on single assets. If it is difficult to estimate the recoverable amount of single assets, the recoverable amount of asset portfolio will be determined as per the asset portfolio to which the assets belong. Asset portfolio indicates the minimum asset group which could independently produce cash inflows.

Goodwill will be subject to impairment test at least at the end of every year.

The Company carries out impairment test of goodwill, and amortizes the book value of the goodwill formed from business combination to relevant asset group by reasonable means since the date of purchasing; if it is difficult to amortize the book value to relevant asset group, the Company will amortize it to relevant asset group, the Company will amortize it to relevant asset group portfolio. When the book value of goodwill is amortized to relevant asset group or asset group portfolio, the Company will execute amortization as per the proportion of the fair value of each asset group or asset group portfolio to the total fair value of relevant asset group or asset group portfolio. If it is difficult to measure the fair value reliably, the Company will execute amortization as per the proportion of the book value of each asset group or asset group portfolio to the total book value of relevant asset group or asset group portfolio.

When impairment test is carried out for relevant asset groups or asset group portfolios including goodwill, if the asset groups or asset group portfolios relevant to goodwill have the sign of impairment, the Company will carry out impairment test of the asset group or asset group portfolio excluding goodwill, calculate recoverable amount, compare it with relevant book value, and confirm corresponding impairment loss. And then conduct impairment test on asset groups or asset group combination with goodwill, compare book values of relevant asset groups or asset group combination (including the book value of amortized goodwill) with recoverable amounts, if the recoverable amounts of relevant asset groups or asset group combination are lower than their book values, the impairment loss of goodwill will be recognized. Once any loss of asset impairment is recognized, it shall not be turned back in the future accounting period.

### **23. Long-term Deferred Expenses**

Long-term deferred expenses indicate various expenses having been incurred, to be shared in present period and later periods, and having an amortization period of more than one year.

#### **(1) Amortization Method**

Long-term deferred expenses will be averagely amortized within the benefit period;

#### **(2) Amortization Life**

It shall be determined as agreed in contracts or during the expected benefit period.

### **24. Employee Compensation**

#### **1. Accounting Method of Short-Term Remuneration**

During the fiscal period when employees provide services for the Company, the Company confirms the short-term remuneration incurred actually as liabilities, and records them in the gain or loss of the

current period or the cost of relevant assets.

For the social insurance premiums and housing fund paid by the Company for employees, the trade union outlay and employee education outlay withdrawn as per regulations, the Company calculates and determines corresponding amount of employees' remuneration as per the withdrawal basis and withdrawal proportion regulated during the fiscal period when employees provide services for the Company.

If employees' welfare expense is non-monetary welfare and could be measured reliably, they will be measured as per fair value.

## 2. Accounting Method of Post-Demission Welfare

### Defined contribution plans

As for the basic pension insurance and unemployment insurance paid by the Company for employees according to relevant provisions of local government, the amount payable will be calculated as per the base amount and proportion of payment regulated by local place and recorded in the gain or loss of the current period or the cost of relevant assets during the fiscal period when the employees provide services for the Company.

## 3. Accounting Method of Dismissal Welfare

If being unavailable to unilaterally revoke the dismissal welfare provided for rescission of labor relationship plan or staff cut-down suggestions, or when confirming the costs or expenses related to reorganization involving the payment of dismissal welfare (whichever is earlier), the Company will confirm the employee compensation liabilities arising from dismissal welfare, and record them in the gain or loss of the current period.

## 4. Accounting Method of Other Long-term Welfares

Other long-term welfares provided by the company to employees in accordance with the defined contribution plans shall be subject to accounting treatment in accordance with the defined contribution plans; otherwise shall be subject to accounting treatment in accordance with the defined benefit plan.

## 25. Accrued Liabilities

### 1. Standard for Confirmation of Accrued Liabilities

If the obligations related to the contingencies like lawsuits, debt guarantees, loss contracts, reorganization matters, etc. simultaneously meet the following conditions, the Company will confirm such obligations as accrued liabilities:

- (1) The obligations are current obligation undertaken by the Company;
- (2) The implementation of such obligations will probably induce that economic benefits flow out of the Company;
- (3) The amount of such obligations could be measured reliably.

### 2. Measures for Measurement of Various Accrued Liabilities

The Company initially measures the accrued liabilities as per the optimum estimated amount of expenditures necessary for implementation of relevant current obligations.

When determining the optimum estimated amount, the Company comprehensively considers the risks related to contingencies, uncertainty, time value of money, and other factors. If the time value of money has significant influences, the optimum estimated amount will be determined after discounting with relevant future cash outflow.

The optimum estimated amount is treated by the following circumstances respectively:

If the expenditure needed has a continuous scope (or range), and the possibility for various results to occur is the same within this scope, then the optimum estimated amount will be determined as per the middle value of this scope, namely the average of the upper-limit and lower-limit amounts.

If the expenditure needed does not have a continuous scope (or range), or there is a continuous scope, but the possibility for various results to occur within this scope is not the same, for example, contingencies involve single item, the optimum estimated amount will be determined as per the amount which will occur most possibly; if contingencies involve multiple items, the optimum estimated amount will be calculated and determined as per various possible results and relevant probability.

If the Company's expenditure needed for discharging accrued liabilities is predicted to compensate by third parties fully or partially, then the compensation amount will be confirmed independently as assets when being ascertained basically available to receive, and the compensation amount confirmed won't be more than the book value of the accrued liabilities.

## 26. Share-Based Payment

The share-based payment of the Company refers to the transaction through granting equity instruments or undertaking equity-instrument-based liabilities to obtain the services provided by employees [or other parties]. The Company's share-based payment is divided into the share-based payment settled with equity and the share-based payment settled in cash.

### 1. Share-based payment settled with equity and equity instruments

The share-based payment settled with equity, if used to exchange for employees' services, will be measured with the fair value of the equity instruments granted to employees. If the Company makes share-based payment with restricted shares, then the shares subscribed with investment by employees shall not be circulated in the market or transferred before meeting unlocking conditions and being unlocked; if the unlocking conditions regulated in the final Stock Incentive Plan are not satisfied, the Company will buy back shares at the predetermined price. When obtaining the money paid by employees for subscribing restricted shares, the Company will confirm capital stock and capital reserve (capital stock premium) as per the stock subscription money obtained, and meanwhile, will confirm a liability and inventory stock as per the full amount of buyback obligation. On every date of balance sheet within the waiting period, the Company will make the optimum estimate on the quantity of exercised equity instruments according to follow-up information such as the latest acquired change in the number of right-exercising employees, whether meeting regulated performance conditions, etc., on this basis, and according to the fair value on the date of granted, the Company will record the services obtained in the very period in relevant cost or expense, and increase capital reserve correspondingly. After exercising date, the Company will not adjust the total amount of relevant confirmed cost or expense and owner's equity. However, it's available to exercise rights immediately after being granted, it will be recorded in relevant cost or expense as per fair value on the date of granted, and capital reserve will be increased correspondingly.

For the share-based payment not exercised finally, the Company will not confirm cost or expense, unless the exercise conditions are market conditions or non-excisable conditions. No matter whether market conditions or non-excisable conditions are satisfied, if only non-market conditions among excisable conditions are satisfied, it will be deemed as excisable. If the clauses of share-based payment settled with equity are amended, the services obtained will be confirmed at least according to the clauses before amendment. In addition, any amendment increasing the fair value of equity instruments granted, or alterations beneficial for employees on the date of amendment will be confirmed as increase of services obtained.

If share-based payment settled with equity is cancelled, the Company will treat it as accelerated exercise on the date of cancellation, and confirm the non-confirmed amount immediately. If employees or other parties could choose to meet non-exercisable conditions, but do not meet such conditions within waiting period, the Company will treat this as cancelation of share-based payment settled with equity. However, if new equity instruments are granted, and the new equity instruments granted are recognized to replace the cancelled equity instruments on the granted date of the new equity instruments, the granted alternative equity instruments will be treated by the means the same as those for amending the terms and conditions for treatment of original equity instruments.

## 27. Other financial instruments such as preferred stocks and perpetual bonds, etc.

## 28. Income

Should the company comply with the disclosure requirements of specific industries?

Yes.

Civil engineering construction industry

The company shall comply with the disclosure requirements of "the Guidelines No.7 of the Shenzhen Stock Exchange on Industry Information Disclosure—Listed Companies Engaging in the Civil Engineering Construction Business".

1. General principles for recognition of revenue from sales of goods:

(1) The significant risk and the rewards of the goods ownership has been transferred to the Buyer by the Company.  
 (2) The Company neither reserves the continuous management right which is generally associated with ownership nor carries out effective control of sold commodities.

(3) Related income amount can be measured in a reliable way;

(4) The relevant economic benefits may flow into the Company;

(5) Relevant costs occurred or to be occurred can be measured in a reliable way.

2. Specific principles

(1) Service revenue

The service revenue provided by the Company mainly refers to the revenue of engineering design. In case that the results from provision of labor transactions can be estimated reliably, the revenue shall be recognized as per the important milestones specified by the design contract. Namely, the revenue is recognized as per the percentage of the workload of important milestones of the completed design in the total design workload and the expected recoverable contract amount.

If the result of providing service transaction cannot be estimated in a reliable way, the service revenue shall be determined according to the service costs which has generated and expected to be compensated. The existing service costs are calculated as the period charges. When it is not probable that the costs incurred will be recovered, revenue is not recognized.

Provided that sales of commodity and provision of labor can be distinguished and separately measured in the contract or agreement

signed by the Company with other enterprises, sales of commodity and provision of labor shall be separately disposed. Provided that sales of commodity and provision of labor cannot be distinguished, or can be distinguished but cannot be separately measured, the entire contract shall be disposed as sales of commodity.

#### (2) Income from construction contracts

Under the circumstance that the outcome of a construction contract can be estimated in a reliable way, the contract revenue and the contract costs shall be recognized in light of the percentage-of-completion method on the date of the balance sheet. The percentage of completion is determined in the proportion of the accumulated actual contract costs among the estimated total contract costs.

If the outcome of a construction contract cannot be estimated in a reliable way, but the contract costs can be recovered, the contract revenue shall be recognized in accordance with the recoverable actual contract costs and the contract costs shall be recognized as contract expenses in the current period they are incurred; if the contract costs cannot be recovered, they shall be recognized as contract expenses immediately when they are incurred and no contract revenue shall be recognized. If uncertainties, due to which the outcome of a construction contract cannot be measured in a reliable way, have passed out of existence, the revenues and expenses pertinent to the construction contract shall be determined in the percentage-of-completion method.

If the estimated total contract costs exceed the total contract revenue, the estimated loss is recognized as the expenses for the period.

The cost and the gross profit (loss) accumulatively incurred and recognized of a construction-in-progress contract and the settled price are presented in the balance sheet with a net amount after offset. The part of the sum of the cost and the gross profit (loss) accumulatively incurred from a construction-in-progress contract exceeding over the settled contract price is presented as inventory; and the part of the settled contract price exceeding over the cost and the gross profit (loss) accumulatively incurred from a construction-in-progress is presented as advance payment.

#### (3) Recognized income of hospital business

The income of hospital mainly comes from the outpatient and inpatient departments, and the income recognition is done at the time of patient's settlement.

For the outpatient income, as the patients turning to the outpatient treatment do not need the inpatient treatment generally, the treatment duration is short, the settlement is made with the hospital at the end of the treatment and treatment and medicine expense is paid. Financially, such outpatient income shall be recognized at the day of receipt.

For the inpatient income, as the patient needs to be treated in the hospital for a certain period and a part of the medical expense shall be prepaid when be admitted to hospital, the inpatient income shall not be recognized at this moment. When discharging from the hospital, the patient will settle the medical expense for the hospitalization and the hospital will issue the invoice to the patient. In such case, the income from the inpatient is recognized financially.

## 29. Governmental subsidy

A government subsidy means the monetary or non-monetary assets obtained free by this company from the government. Government subsidies consist of the government subsidies pertinent to assets and government subsidies pertinent to income.

The assets-related government subsidy refers to government subsidies that are obtained by the Company used for purchase or construction, or forming the long-term assets by other ways. Government subsidies pertinent to income refer to the governmental subsidies except governmental subsidies pertinent to assets.

### (1) The judgment basis and accounting treatment method of assets-related government subsidy

#### 1. Recognition time

In case the governmental subsidies are monetary assets, it shall be calculated according to the received amount or the receivable amount. If a governmental subsidy is a nonmonetary asset, it shall be measured at its fair value or at its nominal amount in case that the fair value cannot be reliably obtained. The governmental subsidies calculated according to nominal amount shall be directly included in the

current profits and losses.

## 2. Accounting treatment

Governmental subsidy related to assets will be used to write down the book value of relevant assets or be confirmed as deferred income. If being confirmed as deferred income, the governmental subsidy will be recorded in the gain or loss of the current period within the service life of relevant assets with reasonable and systematic methods (if being related to the Company's daily activities, the governmental subsidy will be recorded in other benefits; if not, they will be recorded in non-operating income).

### (1) The judgment basis and accounting method of income-related government subsidy

The income-related government subsidy, if being used to compensate the Company's relevant cost expenses or losses in later period, will be confirmed as deferred income, and be recorded in the gain or loss of the current period (if being related to the Company's daily activities, the governmental subsidy will be recorded in other benefits; if not, they will be recorded in non-operating income) or be used to write down relevant cost expenses or losses during the period of confirmation on relevant cost expenses or losses; if being used to compensate the Company's relevant cost expenses or losses already incurred, the governmental subsidy will be directly recorded in the gain or loss of the current period (if being related to the Company's daily activities, the governmental subsidy will be recorded in other benefits; if not, they will be recorded in non-operating income) or be used to write down relevant cost expenses or losses.

## 30. Deferred Income Tax Assets/Deferred Income Tax Liabilities

For deductible temporary difference, deferred income tax assets will be confirmed within the limit of the taxable income which will probably be obtained in future period and be used to offset deductible temporary difference. As for deductible losses and taxes rebate which could be carried forward to later years, corresponding deferred income tax assets will be confirmed within the limit of the future taxable income which will probably be obtained to offset deductible losses and taxes.

For taxable temporary difference, deferred income tax liabilities will be confirmed except for under special circumstances.

The special circumstances under which deferred income tax assets or deferred income tax liabilities are not confirmed include: the initial confirmation of goodwill; other transactions or matters (except for business combination) of which the occurrence won't affect accounting profit or taxable income (or deductible loss).

If the Company has statutory right to settle with net amount, and has the intention to settle or obtain assets with net amount, and the discharge of debts is conducted simultaneously, the income tax assets of the current period and the income tax liabilities of the current period will be presented with the net amount after offsetting.

If the Company has the statutory right to settle the income tax assets of the current period and the income tax liabilities of the current period with net amount, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied by a same tax administration department from a same tax payment subject, or are related to different tax payment subjects, but in every important period when deferred income tax assets and liabilities are transferred back in future, if the tax payment subjects involved intend to settle the income tax assets and liabilities of the very period with net amount or to obtain assets and discharge liabilities simultaneously, deferred income tax assets and deferred income tax liabilities will be presented with the net amount after offsetting.

## Leasing

### 1. Accounting treatment method for operating lease

(1) The rent paid by the Company for rented assets will be amortized with straight-line method within the whole lease term including the rent-free period, and recorded in the expense of the current period. The initial direct expenses paid by the Company and related to leasing transaction will be recorded in the expense of the current period.

If the asset lessor undertakes the lease-related expenses which shall be assumed by the Company, the Company shall deduct such expenses from the total rent, amortize the remained rent within the lease term, and record it in the expense of the very period.

(2) The rent collected by the Company for leasing out assets will be amortized with straight-line method within the whole lease term including the rent-free period, and confirmed as lease-related income. The initial direct expenses paid by the Company and related to leasing transaction will be recorded in the expense of the very period; if the amount is relatively big, the amount will be capitalized, and will be recorded in the income of the very period by installments within the whole lease term on the basis same as that for confirmation of lease-related income.

If the Company undertakes lease-related expenses which shall be undertaken by the lessee, the Company will deduct such expenses from the total amount of rent income, and distributed the remained rent expense within the lease term.

### 2. Accounting treatment method for finance lease

(1) Assets rented through finance lease: On the date when the renting starts, the Company takes the fair value of rented assets and the present value of minimum rent payment, whichever is lower, as the entry value of rented assets, takes the minimum rent payment as the entry value of long-term accounts payable, and takes the balance as non-confirmed financing expense. The Company adopts actual interest rate method to amortize the non-confirmed financing expenses within the asset lease term, and records them in financial expenses. The Company records the initial direct expenses incurred in the value of rented assets.

(2) Assets leased out through finance lease: On the date when leasing starts, the Company confirms the balance between “the sum of finance lease account receivable and non-guaranteed balance” and their present value as non-realized financing income, and confirms it as lease income within each future period when rents are received. The Company records the initial direct expenses related to leasing transaction in the initial measured amount of finance lease account receivable, and reduces the income amount confirmed within the lease term.

## 32. Other Important Accounting Policies and Accounting Estimates

### 1. Important Accounting Judgment and Estimates

When applying accounting policies, the Company needs to make judgment, estimation and assumption of the book value of the statement items that cannot be accounted accurately due to the uncertainty of business activities. Based on the past experience of the company's management and other relevant factors, these judgments, estimates, and assumptions will impact the disclosure of reported amount of income, expenses, assets, and liabilities and the contingent liabilities on the balance sheet date. However, there may exists differences between the actual results caused by the uncertainty of these estimates and the current estimates of the company's management, which may lead to a significant

adjustment of the book amount of the affected assets or liabilities in the future.

The Company will regularly review the above-mentioned judgments, estimates and assumptions on the basis of continuing operations. In case the changes of accounting estimates only impact the period of change, the impacted number shall be confirmed in the period of change; in case the changes impact both the period of change and the future, the impacted number shall be confirmed in the period of change and the future.

On the date of balance sheet, the Company shall judge, estimate and assume the amount of the financial statement items in the following important areas.

(1) Accrued liabilities

The Company shall estimate and judge the possibility that the accrued liabilities may lead to the current obligations undertaken by the Company based on available evidence. If the management consider that there is such a possibility, and they are able to make a reliable estimation of the expenditures required, then the Company will recognize the best estimated amount of the expenditure required to fulfill the current obligations of the estimated liabilities as the accrued liabilities. Changes in these estimates may result in significant adjustments of accrued liabilities.

(2) Withdrawal of the bad debt reserves

The Company will use allowance method to account the loss of bad debt in accordance with the accounting policy of receivables. The impairment of receivables is based on the recoverability of estimated receivables. The appraisal of impairment of receivables requires the judgment and estimate of the management. The difference between the actual result and the original estimate will affect the book value of the receivables and the withdrawal or transferal of the bad debt reserve of the receivables during the period when the estimate is changed.

(3) Inventory depreciation reserve

In accordance with the inventory accounting policy, the Company will account based on the lower one of the cost and net realizable value. For the inventory with a cost higher than that of the net realizable value and the outdated inventory, it will withdraw the inventory depreciation reserve. The impairment of inventory to net realizable value is based on the marketability and the net realizable value of estimated inventory. The appraisal of inventory impairment requires the management to make judgment and estimate on the basis of obtaining solid evidence and taking into account the purpose of holding inventory and the impact of matters after the balance sheet date. The difference between the actual result and the original estimate will impact the book value of inventory and the withdrawal or transferal of the inventory depreciation reserve during the change of the estimate.

(4) Impairment of financial assets available for sale

The Company's determination of the impairment of financial assets available for sale depends on the judgment and assumption of the management to a large extent to determine whether the impairment loss needs to be confirmed in the income statement. When making judgments and assumptions, the Company needs to assess the degree and duration that the fair value of the investment is lower than the cost, as well as the financial condition and short-term business outlook of the invested objects, including the industry situation, technological innovation, credit rating, default rate and the risk of the peers.

(5) Long-term asset depreciation reserve

The Company shall judge the sign of possible impairment of non-current assets other than financial assets on the balance sheet date. For intangible assets with uncertain service life, impairment test should be conducted when there are signs of impairment except the annual impairment test. The non-current assets other than financial assets will have impairment tests when there is sign that their book value is unrecoverable.

It indicates depreciation when the book value of asset or group of assets is higher than the recoverable amount, which is the higher of the net amount after the fair value minus the disposal expenses and the present value of the predicted future cash flow.

The net amount after the fair value minus the disposal expenses is confirmed as the amount after agreed sales price of similar asset in a fair transaction or observable market price minus the incremental costs directly attributable to the disposal of asset.

When estimating the present value of future cash flow, it is necessary to make judgments on the output, selling price, relevant operating costs of the asset (or group of assets) and the discount rate to calculate the present value. The Company will use all relevant material available when estimating the recoverable amount, including projections of production, selling prices and relevant operating costs based on reasonable and supportable assumptions.

The Company shall test goodwill impairment annually, which requires estimating the present value of the future cash flow of the asset groups or portfolio of asset groups apportioned with goodwill. When estimating the present value of future cash flow, the Company shall estimate the cash flow generated by the future asset group or portfolios of asset groups, and choose the appropriate discount rate to determine the present value of future cash flow.

#### (6) Depreciation and amortization

The Company shall withdraw depreciation and amortization according to the straight-line method within the service life after considering the residual value of fixed assets and intangible assets. The Company shall regularly review the service life to determine the amount of depreciation and amortization to be included in each reporting period. It shall determine the service life based on the past experience of similar assets and expected technological updates. If there are big changes in previous estimates, the depreciation and amortization amount will be adjusted in the future.

#### (7) Deferred income tax asset

The Company will confirm deferred income tax assets for all unused tax losses when it is likely to offset losses with enough taxable profits. This requires the management of the Company to make many judgments to estimate the time and amount of future taxable profits to determine the amount of deferred income tax assets in combination with tax planning strategy.

#### (8) Income tax

There is some uncertainty in the final tax treatment and calculation of some deals in the company's normal business activities. Whether part of the projects can be itemized before tax need the approval of the tax department. If there is difference between the final result confirmed of these tax matters and the original estimated amount, then the difference will impact the income tax and deferred income tax of the final period confirmed.

## 2. Correction of Accounting Error

### (1) Reasons and content of the correction of accounting error

- ① The Company confirmed the claim income of the project of Cambodia in 2017. Among it, the actual written confirmation of the claim amount of USD 1.13 million (equivalent to RMB XX thousand yuan) by party A is in 2018, which is intertemporal. Besides, the project and two other projects of Cambodia are being accounted. Their revenue cost was not accounted according to the actual project progress. What should have been accounted in 2016 was included in 2017. As a result, the operating profit of 2016 is 12 million yuan less.
- ② In 2016 and 2017, there were accounts opened in the name of employees used to pay the employee's salary and other costs. Among them, the amount in 2016 is 1.9885 million yuan and the amount in 2017 is 3.8529 million yuan. As a result, the cost in 2016 was 1.9885 million yuan less, and the cost in 2017 was RMB 3.8529 million yuan less.

- ③ During the tax audit, it was found that the invoices of the construction cost of the Company in 2017 were illegal, including illegal general VAT invoice, general VAT invoice of other provinces, and abnormal VAT invoice, with a total amount of 42.9313 million yuan. As a result, the payable income tax of the Company in 2017 was 6.4397 million yuan less.

#### (2) Methods of correction of accounting error and its impact on financial statement

Considering that the amount of the above accounting errors is not significant, and has little impact on the company's assets liabilities at relevant time and the profits and losses during the period, the Company will adopt the prospective application method to correct the accounting errors. The impact on the 2018 financial statement is as follows:

| Matters                     | Have an impact or not | The impacted statement item    | Corrected amount |
|-----------------------------|-----------------------|--------------------------------|------------------|
| Intertemporal claim income  | No                    |                                |                  |
| Cost paid by personal cards | Yes                   | Administration expense of 2018 | +5,841,400.00    |
|                             |                       | Other account payable of 2018  | +5,841,400.00    |
| Illegal cost invoice        | Yes                   | Income tax of 2018             | +6,439,691.12    |
|                             |                       | Tax payable of 2018            | +6,439,691.12    |

### 33. Correction of Important Accounting Policies and Accounting Estimates

#### (1) Correction of Important Accounting Policies

Applicable  Not applicable

| Contents of and reasons for change of accounting policies | Approval procedures | Notes |
|---|---------------------|-------|
|   |                     |       |

According to the provisions of the Notice of the Ministry of Finance on the Revision and Issuance of the Format of Financial Statement of General Enterprises in 2018, (CK (2018) No. 15), the format of financial statement of general enterprises has been revised. The Company has prepared financial statements in the reporting period in accordance with the new reporting format stipulated by the Ministry of Finance. The specific subjects and amount affected are listed as follows:

| No. | Name of the affected statement item                    | Affected amount   |
|-----|--|-------------------|
|     | Retroactive adjustment method                          |                   |
| 1   | January 1, 2018 Note receivable and account receivable | 5,994,876,806.96  |
| 2   | January 1, 2018 Account receivable                     | -288,201,562.88   |
| 3   | January 1, 2018 Account receivable                     | -5,706,675,244.08 |
| 4   | January 1, 2018 Note receivable and account payable    | 2,626,177,075.77  |
| 5   | January 1, 2018 Notes Payable                          | -906,597,988.15   |

|   |                                       |                   |
|---|---------------------------------------|-------------------|
| 6 | January 1, 2018 Account payable       | -1,719,579,087.62 |
| 7 | January 1, 2018 Other account payable | 16,105,263.85     |

## (2) Change of Important Accounting Estimates

Applicable  Not applicable

## 34. Other

## VI. Taxes

### 1. Main Types of Taxes and Tax Rate

| Taxes                                  | Taxation basis   | Tax rate         |
|--|--|------------------|
| VAT                                    | For the taxable income, the output tax should be calculated based on relevant tax rate, and the VAT shall be paid based on the difference after deducting the input tax that is allowed to be deducted in the current period | 0%、3%、6%、11%、17% |
| Urban maintenance and construction tax | Paid as per 7%, 5% and 1% of the turnover tax paid actually.   | 7%、5%、1%         |
| Enterprise income tax                  | Paid as per 15% and 25% of taxable income  | 15%、25%          |
| Educational surtax                     | Paid as per 3% of the turnover tax paid actually.  | 3%               |
| Local educational surtax               | Paid as per 2% of the turnover tax paid actually.  | 2%               |

Illustration for disclosure of tax payers of different corporate income tax rate

| Name of tax payers   | Income tax rate |
|--|-----------------|
| Changzhi Shenzhou Laodingshan Industrial Co., Ltd.                     | 25%             |
| Xiangfen County Taoshan Construction Co., Ltd.                         | 25%             |
| Sino Great Wall (Xihua) Economic Development Zone Investment Co., Ltd. | 25%             |
| Liupanshui Central People's Hospital Investment Co., Ltd.              | 25%             |
| Sino Zhigu Industrial (Yueyang) Co., Ltd.                              | 25%             |
| Sino Great Wall Guangxia (Wuhan) Medical Development Co., Ltd.         | 25%             |
| Sino Great Wall Infrastructure Investment Co., Ltd.                    | 25%             |
| Wuhan Commercial Workers Hospital LLC                                  | 25%             |

|  |     |
|--|-----|
| Sino Great Wall Medical Investment Management Co., Ltd.        | 25% |
| Sino Great Wall International Engineering Co., Ltd.            | 15% |
| Fujian Sino Great Wall Mingyihui Medical Investment Co., Ltd.  | 25% |
| Sino Great Wall Medical Investment (Hubei) Co., Ltd.           | 25% |
| Hubei Yuanyaotong Supply Chain Co., Ltd.                       | 25% |
| Sino Great Wall Medical Management (Inner Mongolia) Co., Ltd.  | 25% |
| Sino Great Wall Health Management (Jiangsu) Co., Ltd.          | 25% |
| Sino Great Wall (Beijing) Investment Fund Management Co., Ltd. | 25% |
| Sino Great Wall New Energy (Beijing) Co., Ltd.                 | 25% |
| Wu'an Juhe Photovoltaic Power Co., Ltd.                        | 25% |
| Shanghai Lingrui International Trading Co., Ltd.               | 25% |
| Shenzhen Hongtulve Industrial Co., Ltd.                        | 25% |
| Sino Great Wall Southwest Engineering Co., Ltd.                | 25% |
| Sino Great Wall Southwest Science and Technology Co., Ltd.     | 25% |
| Sino Great Wall Southwest Commercial and Trading Co., Ltd.     | 25% |
| Sino Great Wall Southwest Engineering Consultation Co., Ltd.   | 25% |
| Sino Great Wall Decoration and Design Co., Ltd.                | 25% |
| Suzhou Lvbang Wood Industry Technology Co., Ltd.               | 25% |
| Huichang County Zhongcheng Construction Engineering Co., Ltd.  | 25% |
| Great Wall Biaodian Energy Co., Ltd.                           | 25% |
| Kunming Sino Forest Industry Development Co., Ltd.             | 25% |
| Sino Great Wall Development (Hengqin) Co., Ltd.                | 25% |
| Sino Great Wall Real Estate (Hubei) Co., Ltd.                  | 25% |
| SGW America LLC  | 21% |
| Sino Great Wall Group Co., Limited                             | 17% |
| Far eastern international engineering company,LLC              | 20% |
| Sino Great Wall(Philippines) International Corporation         | 30% |
| Sino Wai Man International Engineering Limited                 | 12% |
| Sino Great Wall (HK) Property Co., Limited                     | 17% |
| SGW HPEngineeringConstructionSDN.BHD                           | 24% |
| SGW VENTURES SDN.BHD.  | 24% |
| SGW CONSTRUCTION (LANGKAWI) SDN.BHD.                           | 24% |
| SINO GREAT WALL GENERAL TRADING & CONTRACTING CO.LTD           | 15% |
| Shenzhou Changcheng (Lao) Co., Ltd                             | 25% |

|   |       |
|---|-------|
| Sino International Engineering (Laos) Co., Ltd.                           | 25%   |
| Sino Great Wall Investment (Laos) Co., Ltd.                               | 25%   |
| Sino Great Wall Group (UK) Co., Limited                                   | 19%   |
| Sino Great Wall International Engineering (MM) Co., Ltd                   | 25%   |
| Sino Great Wall International Engineering Co., Ltd                        | 0%    |
| Inrich Me Engineering Co., Ltd  | 17%   |
| SINO  | GREAT |
| Sino Great Wall International Engineering (Thailand) Co., Ltd.            | 20%   |
| Sino Great Wall International Engineering (CNMI) Co., LLC.                | 21%   |
| SINO GREAT WALL (USA) .INC  | 21%   |
| PT.SINO GREAT WALL INVESTMENT INDONESIA                                   | 25%   |
| PT.SINO GREAT WALL CONSTRUCTION INDONESIA                                 | 25%   |
| Anshun Sino Great Wall Real Estate Development and Construction Co., Ltd. | 25%   |
| Beijing Sino Xinda Real Estate Co., Ltd.                                  | 25%   |
| Sino Great Wall Hebei Xiong'an Engineering Co., Ltd.                      | 25%   |
| Sino Great Wall Scientific and Technologic Development Co., Ltd.          | 25%   |
| Weifang Sino Great Wall Medical care and Health Industry Co., Ltd.        | 25%   |
| Sino Great Wall (Guangzhou) Elevator Engineering Co., Ltd.                | 25%   |
| Zhongda Chancheng Industrial (Chongqing) Co., Ltd.                        | 25%   |
| Sino Rongju Real Estate Development Co., Ltd.                             | 25%   |
| Chengwu County Shenguang Engineering Project Management Co., Ltd.         | 25%   |
| Sino Boda (Zhanjiang) Industrial Co., Ltd.                                | 25%   |
| Sino Great Wall Industrial (Chongqing) Co., Ltd.                          | 25%   |

## 2. Tax Preferences

(1) As verified by Beijing Municipal Office, SAT in 2013 as per Tax Category Verification Notice, the taxable income of Sino Great Wall Design shall be 10% of the total income.

(2) According to provisions in Notice of the State Administration of Taxation on Several Issues Concerning the Administration of Collection of Income Tax of Enterprises Operating Business across Different Regions and Paying Taxes on a Consolidated Basis (GSF (2008) No.28) on March 10, 2008, the head office (parent company) of the operation units and the place of business, being established within territory of China and running business across China without the legal personality (i.e. running production and operation activity across regions) shall be deemed as the enterprise for consolidated taxation. If the parent Company adopt the consolidated taxation method and the head office and the branches intend to

prepay the enterprise income tax by stages, 50% of such taxes shall be amortized to the branches and prepaid, while the other 50% shall be prepaid by the head office. The amortization ratio of each branch shall be 0.35:0.35:0.30 among the operating income, the staff salary and the total assets of each; the final settlement of annual corporate income tax shall be made to the tax authority by the parent Company and shall never amortized to the branches.

(3) Sino Great Wall Group Co., Limited (hereinafter referred to as “Sino Hong Kong”) and Inrich Me Engineering Co., Ltd. (hereinafter referred to as “Inrich Me”) under the subsidiary Company of the Company are enterprises established in the Hong Kong Special Administrative Region, which shall pay the 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, which shall pay the net profit tax and observe the progressive tax rate.

(4) Sino Great Wall International Engineering Co., Ltd. (hereinafter referred to as the “Sino International”), the wholly-owned subsidiary Company of the Company, was granted the Certificate of High & New Technological Enterprise on November 24, 2015 which was jointly approved and issued by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, Beijing Municipal Office, SAT and Beijing Local Taxation Bureau. Sino International was identified as the high and new technological enterprise (Certificate No.: GR201511003125; Issue date: November 24, 2015; Term of Validity: Three Years), i.e. Sino International shall pay the enterprise income tax at the rate of 15% in 2015, 2016 and 2017, respectively.

(5) According to Notice of Ministry of Finance and State Administration of Taxation on Pilot for Comprehensive Implementation of Business Tax Replaced by Value-added Tax (CS (2016) No.36), Wuhan Commercial Workers Hospital LLC, the wholly-owned subsidiary Company of the Company was entitled to the preferential policies of being exempted from VAT since May 1, 2016.

### 3. Other

According to provisions in the *Notice of the State Administration of Taxation on the Tax Policies for Implementing across the Country the Pilot Program of Levying Value-Added Tax in Lieu of Business Tax on the Transportation Industry and Some Modern Service Industries* (CS (2012) No.71) on July 31, 2012, the design business of Sino Great Wall Decoration and Design Co., Ltd. (hereinafter referred to as the “Sino Great Wall Design”) under the subsidiary Company of the Company was changed to taxable item of value-added tax from the that of the business tax with the value-added tax rate of 3% since September 1, 2012 and Sino Great Wall Design was deemed as the small-scale taxpayer.

## VII. Notes to Items in Consolidated Financial Statements

### 1. Monetary Resources

Unit: Yuan

| Items        | Ending balance | Opening balance |
|--------------|----------------|-----------------|
| Cash on hand | 3,116,229.51   | 4,614,087.16    |

|   |                |                  |
|---|----------------|------------------|
| Bank deposit                                  | 122,651,567.37 | 642,608,503.33   |
| Other monetary resources                      | 532,947,089.60 | 957,751,325.63   |
| Total   | 658,714,886.48 | 1,604,973,916.12 |
| Including: the total amount of overseas funds | 51,902,846.57  |                  |

Other description

| Items   | Ending balance | Opening balance |
|---|----------------|-----------------|
| Bank acceptance guarantee deposit                       | 230,602,428.53 | 349,043,551.56  |
| Guarantee bond  | 181,351,839.27 | 555,665,432.94  |
| Fixed time deposits or call deposits used for guarantee | 100,024,675.00 | 50,000,000.00   |
| Overseas funds with limited remittance                  | 873,465.90     | 22,098.66       |
| Bond for wages of migrant workers                       | 303,963.07     | 3,020,242.47    |
| Freezing  | 19,790,717.83  |                 |
| Total   | 532,947,089.60 | 957,751,325.63  |

## 2. Financial assets measured with fair value and having the change of fair value recorded in the gain or loss of the current period

Unit: Yuan

| Items | Ending balance | Opening balance |
|-------|----------------|-----------------|
|-------|----------------|-----------------|

Other description:

## 3. Derived financial assets

Applicable  Not applicable

## 4. Notes Receivable and Accounts Receivable

Unit: Yuan

| Items               | Ending balance   | Opening balance  |
|---------------------|------------------|------------------|
| Notes receivable    | 1,518,790.00     | 288,201,562.88   |
| Accounts receivable | 4,202,594,258.24 | 5,706,675,244.08 |
| Total               | 4,204,113,048.24 | 5,994,876,806.96 |

### (1) Notes Receivable

1) Classified Presentation of Notes Receivable

Unit: Yuan

| Items            | Ending balance | Opening balance |
|------------------|----------------|-----------------|
| Bank acceptance  | 0.00           | 15,544,160.00   |
| Trade acceptance | 1,518,790.00   | 272,657,402.88  |
| Total            | 1,518,790.00   | 288,201,562.88  |

## 2) Notes receivable pledged by the Company at the end of the period

Unit: Yuan

| Items            | Amounts pledged at the end of the period |
|------------------|--|
| Bank acceptance  | 0.00                                     |
| Trade acceptance | 0.00                                     |
| Total            | 0.00                                     |

## 3) Notes Receivable Already Endorsed or Discounted by the Company at the End of Period, but Not Coming Due Yet on the Date of Balance Sheet

Unit: Yuan

| Items            | Confirmation-terminated amount at the end of period | Non-confirmation-terminated amount at the end of period |
|------------------|---|---|
| Bank acceptance  | 4,608,144.88  | 0.00  |
| Trade acceptance | 95,940,000.00                                       | 0.00  |
| Total            | 100,548,144.88                                      | 0.00  |

## 4) Bills turned into account receivables due to the default of the drawer of the Company at the end of term

Unit: Yuan

| Items            | End-of-period arrears among the receivables |
|------------------|---|
| Trade acceptance | 444,932,329.41                              |
| Total            | 444,932,329.41                              |

Other description

None

**(2) Accounts receivable**

## 1) Classified Disclosure of Accounts Receivable

Unit: Yuan

| Type  | Ending balance |            |                  |                       |                | Opening balance |            |                  |                       |            |
|---|----------------|------------|------------------|-----------------------|----------------|-----------------|------------|------------------|-----------------------|------------|
|   | Book balance   |            | Bad debt reserve |                       | Book value     | Book balance    |            | Bad debt reserve |                       | Book value |
|   | Amount         | Proportion | Amount           | Withdrawal proportion |                | Amount          | Proportion | Amount           | Withdrawal proportion |            |
| Accounts receivable with significant single amount and having bad | 716,094,881.32 | 13.72%     | 286,437,952.53   | 40.00%                | 429,656,928.79 |                 |            |                  |                       |            |

|   |                  |         |                  |        |                  |                  |         |                |       |                  |
|---|------------------|---------|------------------|--------|------------------|------------------|---------|----------------|-------|------------------|
| debt reserve withdrawn independently  |                  |         |                  |        |                  |                  |         |                |       |                  |
| Accounts receivable with bad debt reserve withdrawn as per the portfolio of credit risk characteristics | 4,503,309,614.80 | 86.28%  | 730,372,285.35   | 16.22% | 3,772,937,329.45 | 6,332,915,727.57 | 100.00% | 626,240,483.49 | 9.89% | 5,706,675,244.08 |
| Total   | 5,219,404,496.12 | 100.00% | 1,016,810,237.88 | 56.22% | 4,202,594,258.24 | 6,332,915,727.57 | 100.00% | 626,240,483.49 | 9.89% | 5,706,675,244.08 |

Accounts receivable with significant single amount and having bad debt reserve withdrawn independently at the end of term:

Applicable  Not applicable

Unit: Yuan

| Accounts receivable (per unit)        | Ending balance      |                  |                       |  |
|---------------------------------------|---------------------|------------------|-----------------------|--|
|                                       | Accounts receivable | Bad debt reserve | Withdrawal proportion | Reasons for withdrawal   |
| China Harbor Engineering Company Ltd. | 716,094,881.32      | 286,437,952.53   | 40.00%                | Shutdown for the project of Military Academy, Ministry of National Defense |
| Total                                 | 716,094,881.32      | 286,437,952.53   | --                    | --   |

Accounts receivable with bad debt reserve withdrawn by means of account age analysis in the portfolios:

Applicable  Not applicable

Unit: Yuan

| Account age      | Ending balance      |                  |                       |
|------------------|---------------------|------------------|-----------------------|
|                  | Accounts receivable | Bad debt reserve | Withdrawal proportion |
| Within 1 year    |                     |                  |                       |
|                  | 1,435,285,534.03    | 71,769,102.30    | 5.00%                 |
| 1-2 years        | 2,038,443,035.35    | 190,125,609.54   | 10.00%                |
| 2-3 years        | 555,716,897.18      | 166,715,069.14   | 30.00%                |
| 3-4 years        | 358,293,199.04      | 179,146,599.52   | 50.00%                |
| 4-5years         | 76,448,267.42       | 61,158,613.94    | 80.00%                |
| More than 5years | 64,205,580.84       | 64,205,580.83    | 100.00%               |
| Total            | 4,528,392,513.86    | 733,120,575.26   |                       |

Description about the basis for determining the portfolio:

② Situations of bad debt reserves withheld, recycled or reversed in this term

The amount of bad debt reserve withdrawn in the current period was RMB 393,318,044.30; and the amount of bad debt reserve recovered or transferred back in the current period was RMB 0.00.

③ Accounts Receivable Actually Cancelled after Verification in the Current Period: none.

④ Top 5 Owning Parties Classified by Ending Balance of Accounts Receivable

The aggregate amount of the top 5 owning parties classified by ending balance of accounts receivable was RMB 2,441,187,064.70, accounting for 46.55% of the total amount of accounts receivable at the end of the year, and the aggregate amount of bad debt reserve ending balance withdrawn was RMB 498,149,003.15.

| Unit name                                     | Ending balance      |   |                  |
|---|---------------------|---|------------------|
|   | Accounts receivable | Proportion to total accounts receivable (%) | Bad debt reserve |
| China Harbor Engineering Company Ltd.         | 831,409,897.23      | 15.85                                       | 313,687,509.07   |
| POWERCHINA Construction Group Ltd.            | 674,079,636.78      | 12.85                                       | 73,244,894.27    |
| Oxley Gem (Cambodia)Co., Ltd                  | 426,011,027.46      | 8.12  | 25,469,397.37    |
| Henan NO.1 Thermal Power Construction Company | 298,264,504.82      | 5.69  | 65,526,002.54    |
| Cambodia Petrochemical Co., Ltd.              | 211,421,998.41      | 4.03  | 20,221,199.90    |
| Total   | 2,441,187,064.70    | 46.55                                       | 498,149,003.15   |

⑤Accounts receivable of which the recognition is terminated due to the transfer of financial assets: none.

⑥Amount of assets and liabilities formed by transferring accounts receivable and continuous involvement: none.

In the portfolio, other receivables of bad debts withdrawn with the balance percentage method:

Applicable  Not applicable

In the portfolio, other receivables of bad debts withdrawn with other methods:

The company shall comply with the disclosure requirements of the *Shenzhen Stock Exchange Industry Information Disclosure Guide No. 7 – Listed Companies Engaged in Civil Engineering Construction Business*.

### 2) Bad Debt Reserves Withdrawn, Recovered or Transferred Back in the Current Period

The amount of bad debt reserves withdrawn in current period is RMB 393,318,044.30 and the amount of bad debt reserves recovered or reversed in current period is RMB 0.

Important amounts of bad debt reserves recovered or reversed in current period:

Unit: Yuan

| Unit name | Amounts recycled or reversed | Recycle Method |
|-----------|------------------------------|----------------|
|-----------|------------------------------|----------------|

### 3) Accounts Receivable Actually Cancelled after Verification in the Current Period

Unit: Yuan

| Items | Amounts cancelled after verification |
|-------|--------------------------------------|
|-------|--------------------------------------|

Important cancellation after verification of other accounts receivable:

Unit: Yuan

| Unit name | Nature of accounts receivable | Amounts cancelled after verification | Reasons for cancellation after verification | Procedures performed for cancellation after verification | Whether the payment is generated by related transaction |
|-----------|-------------------------------|--------------------------------------|---|--|---|
|-----------|-------------------------------|--------------------------------------|---|--|---|

Note for accounts receivable cancelled after verification:

None

## 4) Top 5 Owing Parties Classified by the Ending Balance of Other Accounts Receivable

| Unit name                                     | Ending balance      |   |                  |
|---|---------------------|---|------------------|
|   | Accounts receivable | Proportion to total accounts receivable (%) | Bad debt reserve |
| China Harbor Engineering Company Ltd.         | 831,409,897.23      | 15.85                                       | 313,687,509.07   |
| POWERCHINA Construction Group Ltd.            | 674,079,636.78      | 12.85                                       | 73,244,894.27    |
| Oxley Gem (Cambodia) Co., Ltd                 | 426,011,027.46      | 8.12  | 25,469,397.37    |
| Henan NO.1 Thermal Power Construction Company | 298,264,504.82      | 5.69  | 65,526,002.54    |
| Cambodia Petrochemical Co., Ltd.              | 211,421,998.41      | 4.03  | 20,221,199.90    |
| Total   | 2,441,187,064.70    | 46.55                                       | 498,149,003.15   |

## 5) Other accounts receivable of which the recognition is terminated due to transfer of financial assets

None

## 6) Amount of assets and liabilities formed through transfer of other receivables and continuous involvement

None

Other description:

**5. Advance Payment****(1) Presentation of Advance Payments by Account Age**

Unit: Yuan

| Account age       | Ending balance |            | Opening balance |            |
|-------------------|----------------|------------|-----------------|------------|
|                   | Amount         | Proportion | Amount          | Proportion |
| Within 1 year     | 207,889,106.39 | 71.74%     | 212,854,246.00  | 94.51%     |
| 1-2 years         | 8,022,057.24   | 21.31%     | 11,257,454.64   | 5.00%      |
| 2-3 years         | 3,620,871.70   | 6.17%      | 903,997.25      | 0.40%      |
| More than 3 years | 729,583.80     | 0.78%      | 192,829.99      | 0.09%      |
| Total             | 220,261,619.13 | --         | 225,208,527.88  | --         |

Description of reasons why the advance payments of an important amount with account age more than 1 year are not settled in time:

**(2) Top 5 Advance Payment Objects Classified by the Ending Balance of Advance Payments****(2) Top 5 Advance Payment Objects Classified by the Ending Balance of Advance Payments**

The aggregate amount of the top 5 advance payment objects classified by the ending balance of advance payments was RMB 85,197,913.66, accounting for 38.60% of the total amount of the ending balance of advance payments.

| Unit name | Relationship | Ending balance | Proportion to the | Advance | Reasons for not |
|-----------|--------------|----------------|-------------------|---------|-----------------|
|-----------|--------------|----------------|-------------------|---------|-----------------|

|  | <u>with the company</u> |               | <u>total ending balance of advance payments (%)</u> | <u>payment time</u> | <u>settlement</u>                         |
|--|-------------------------|---------------|---|---------------------|---|
| Jiangsu Juye Jianshe Group Co., Ltd.                         | Subcontractor           | 27,020,017.56 | 12.24   | Within 2 year       | Advance payment for subcontracted project |
| Zhongcheng Jianye Construction Co., Ltd.                     | Subcontractor           | 25,421,813.77 | 11.52   | Within 2 year       | Advance payment for subcontracted project |
| Shandong Zhiyuan Building Installation Engineering Co., Ltd. | Subcontractor           | 11,430,371.93 | 5.18  | Within 1 year       | Advance payment for subcontracted project |
| Longyan City Hengda Engineering Co., Ltd.                    | Subcontractor           | 11,552,049.40 | 5.23  | Within 1 year       | Advance payment for subcontracted project |
| Xi'an Bihui Road and Bridge Engineering Co., Ltd.            | Subcontractor           | 9,773,661.00  | 4.43  | Within 1 year       | Advance payment for subcontracted project |
| Total  |                         | 85,197,913.66 | 38.60   |                     |   |
| ?  |                         |               |   |                     |   |

Other description:

## 6. Other accounts receivable

Unit: Yuan

| Items                     | Ending balance   | Opening balance  |
|---------------------------|------------------|------------------|
| Other accounts receivable | 2,186,223,361.40 | 1,674,675,360.28 |
| Total                     | 2,186,223,361.40 | 1,674,675,360.28 |

### (1) Interest receivable

1) Classification of interest receivable

Unit: Yuan

| Items | Ending balance | Opening balance |
|-------|----------------|-----------------|
|       |                |                 |

2) Important overdue interest

Unit: Yuan

| Borrowing unit | Ending balance | Overdue time | Overdue reason | Whether impairment occurs and the basis for its judgment |
|----------------|----------------|--------------|----------------|--|
|                |                |              |                |  |

Other description:

### (2) Dividends receivable

1) Dividends receivable

Unit: Yuan

| Items (or the invested unit) | Ending balance | Opening balance |
|------------------------------|----------------|-----------------|
|------------------------------|----------------|-----------------|

## 2) Important dividends receivable over one year of account age

Unit: Yuan

| Items (or the invested unit) | Ending balance | Account age | Reason for not recycling | Whether impairment occurs and the basis for its judgment |
|------------------------------|----------------|-------------|--------------------------|--|
|------------------------------|----------------|-------------|--------------------------|--|

Other description:

**(3) Other accounts receivable**

## 1) Classified Disclosure of Other Accounts Receivable

Unit: Yuan

| Type  | Ending balance          |                |                       |                       |                         | Opening balance         |                |                       |                       |                         |
|---|-------------------------|----------------|-----------------------|-----------------------|-------------------------|-------------------------|----------------|-----------------------|-----------------------|-------------------------|
|   | Book balance            |                | Bad debt reserve      |                       | Book value              | Book balance            |                | Bad debt reserve      |                       | Book value              |
|   | Amount                  | Proportion     | Amount                | Withdrawal proportion |                         | Amount                  | Proportion     | Amount                | Withdrawal proportion |                         |
| Other accounts receivables that are individually significant and for which individual bad debt reserves are withdrawn | 22,402,980.00           | 0.95%          | 2,000,000.00          | 8.93%                 | 20,402,980.00           |                         |                |                       |                       |                         |
| Other accounts receivable with bad debt reserve withdrawn as per the portfolio of credit risk characteristics         | 2,341,177,867.34        | 98.92%         | 175,357,485.94        | 7.49%                 | 2,165,820,381.40        | 1,820,332,846.84        | 100.00%        | 145,657,486.56        | 8.07%                 | 1,674,675,360.28        |
| Other accounts receivable with insignificant single amount and having bad debt reserve withdrawn separately           | 2,963,005.73            | 0.13%          | 2,963,005.73          | 100.00%               |                         |                         |                |                       |                       |                         |
| <b>Total</b>  | <b>2,366,543,853.07</b> | <b>100.00%</b> | <b>180,320,491.67</b> |                       | <b>2,186,223,361.40</b> | <b>1,820,332,846.84</b> | <b>100.00%</b> | <b>145,657,486.56</b> |                       | <b>1,674,675,360.28</b> |

Other accounts receivables that are individually significant and for which individual bad debt reserves are withdrawn at the end of the period:

√ Applicable □ Not applicable

Unit: Yuan

| Other accounts receivable (per unit)                                   | Ending balance            |                  |                       |                             |
|--|---------------------------|------------------|-----------------------|-----------------------------|
|  | Other accounts receivable | Bad debt reserve | Withdrawal proportion | Reasons for withdrawal      |
| Accounting Center of Forestry Bureau of Yongqiao District, Suzhou City | 2,000,000.00              | 2,000,000.00     | 100.00%               | Low likelihood of recycling |
| ACURA Kliniken Group Baden-Baden GmbH                                  | 20,402,980.00             |                  |                       | Assets held for sale        |
| Total  | 22,402,980.00             | 2,000,000.00     | --                    | --                          |

Other accounts receivable with bad debt reserve withdrawn by means of account age analysis in the portfolios:

Applicable  Not applicable

Unit: Yuan

| Account age       | Ending balance            |                  |                       |
|-------------------|---------------------------|------------------|-----------------------|
|                   | Other accounts receivable | Bad debt reserve | Withdrawal proportion |
| Within 1 year     |                           |                  |                       |
|                   | 1,980,686,398.10          | 99,034,319.91    | 5.00%                 |
| 1-2 years         | 248,752,112.99            | 24,875,211.30    | 10.00%                |
| 2-3 years         | 49,079,589.31             | 14,723,876.79    | 30.00%                |
| 3-4 years         | 48,461,428.86             | 24,230,714.43    | 50.00%                |
| 4-5 years         | 8,524,872.84              | 6,819,898.27     | 80.00%                |
| More than 5 years | 5,673,465.24              | 5,673,465.24     | 100.00%               |
| Total             | 2,341,177,867.34          | 175,357,485.93   |                       |

Description about the basis for determining the portfolio:

② Classified Disclosure of Other Accounts Receivable by Nature

| Nature of accounts                         | Ending book balance | Book balance at the beginning of year |
|--|---------------------|---------------------------------------|
| Tender bond, performance bond and deposit  | 359,746,410.63      | 564,988,488.94                        |
| Pretty Cash and personal intercourse funds | 400,356,527.19      | 45,065,829.65                         |
| Intercourse funds of the organization      | 1,534,777,052.09    | 1,191,088,012.16                      |
| Others                                     | 71,663,863.16       | 19,190,516.09                         |
| Total                                      | 2,366,543,853.07    | 1,820,332,846.84                      |

③ Bad Debt Reserves of Other Accounts Receivable Withdrawn, Recovered or Transferred Back in the Year

The amount of bad debt reserves withdrawn in current period is RMB34,911,005.11.

④ Top 5 Owing Parties Classified by the Ending Balance of Other Accounts Receivable

| Unit name | Nature of accounts | Ending balance | Account age | Proportion to total ending balance of other accounts | Bad debt reserve Ending balance |
|-----------|--------------------|----------------|-------------|--|---------------------------------|
|-----------|--------------------|----------------|-------------|--|---------------------------------|

|   |                                       |                |               | receivable (%) |               |
|---|---------------------------------------|----------------|---------------|----------------|---------------|
| Longyan City Hengda Engineering Co., Ltd. | Intercourse funds of the organization | 335,179,148.00 | Within 2 year | 14.16          | 21,608,957.40 |
| POWERCHINA Construction Group Ltd.        | Intercourse funds of the organization | 250,908,351.38 | 1-2 years     | 10.6           | 25,090,835.14 |
| Yueyang Public Resource Trading Center    | Tender bond                           | 131,500,000.00 | 1-2 years     | 5.56           | 13,150,000.00 |
| Hebei Xuxing Industrial Co., Ltd.         | Tender bond                           | 55,000,000.00  | 1-2 years     | 2.32           | 5,500,000.00  |
| China Harbor Engineering Company Ltd.     | Intercourse funds of the organization | 54,278,966.48  | Within 3 year | 2.29           | 6,330,428.72  |
| Total                                     | —                                     | 826,866,465.86 | —             | 34.93          | 71,680,221.26 |

⑥ Accounts Receivable Involving Governmental Subsidy: none.

⑦ Other accounts receivable of which the recognition is terminated due to transfer of financial assets: none.

⑧ Amount of assets and liabilities formed through transfer of other receivables and continuous involvement: none.

In the portfolio, other receivables of bad debts withdrawn with the balance percentage method:

Applicable  Not applicable

In the portfolio, other receivables of bad debts withdrawn with other methods:

Applicable  Not applicable

2) Situations of bad debt reserves withheld, reversed or recycled in this term

The amount of bad debt reserves withdrawn in current period is RMB      and the amount of bad debt reserves recovered or reversed in current period is RMB      .

Important amounts of bad debt reserves recovered or reversed in current period:

Unit: Yuan

| Unit name | Amounts reversed or recycled | Recycle method |
|-----------|------------------------------|----------------|
|-----------|------------------------------|----------------|

3) Status of actual verified other receivables in current period

Unit: Yuan

| Item | Amounts cancelled after verification |
|------|--------------------------------------|
|------|--------------------------------------|

Important cancellation after verification of other accounts receivable:

Unit: Yuan

| Unit name | Nature of other accounts receivable | Amounts cancelled after verification | Reasons for cancellation after verification | Procedures performed for cancellation after verification | Whether the payment is generated by related transactions |
|-----------|-------------------------------------|--------------------------------------|---|--|--|
|-----------|-------------------------------------|--------------------------------------|---|--|--|

Notes on other accounts receivable cancellation after verification:

4) Classification of Other Accounts Receivable by Nature

Unit: Yuan

| Nature of accounts                        | Ending book balance | Book balance at the beginning of year |
|---|---------------------|---------------------------------------|
| Tender bond, performance bond and deposit | 359,746,410.63      | 564,988,488.94                        |

|  |                  |                  |
|--|------------------|------------------|
| Pretty cash and intercourse funds of individuals | 400,356,527.19   | 45,065,829.65    |
| Intercourse funds of the organization            | 1,534,777,052.09 | 1,191,088,012.16 |
| Others   | 71,663,863.16    | 19,190,516.09    |
| Total  | 2,366,543,853.07 | 1,820,332,846.84 |

## 5) Top 5 Owing Parties Classified by the Ending Balance of Other Accounts Receivable

Unit: Yuan

| Unit name | Nature of accounts | Ending balance | Account age | Proportion to total ending balance of other accounts receivable | Bad debt reserve Ending balance |
|-----------|--------------------|----------------|-------------|---|---------------------------------|
|-----------|--------------------|----------------|-------------|---|---------------------------------|

## 6) Accounts Receivable Involving Governmental Subsidy

Unit: Yuan

| Unit name | Governmental subsidy project name | Ending balance | Ending account age | Estimated possession time, amount and basis |
|-----------|-----------------------------------|----------------|--------------------|---|
|-----------|-----------------------------------|----------------|--------------------|---|

## 7) Other accounts receivable of which the recognition is terminated due to transfer of financial assets

## 8) Amount of assets and liabilities formed through transfer of other receivables and continuous involvement

Other description:

**7. Inventories**

Whether the company shall comply with the disclosure requirements of the real estate industry

No

**(1) Classification of Inventories**

Unit: Yuan

| Items  | Ending balance |                      |                | Opening balance |                      |                |
|--|----------------|----------------------|----------------|-----------------|----------------------|----------------|
|  | Book balance   | Depreciation reserve | Book value     | Book balance    | Depreciation reserve | Book value     |
| Raw materials  | 110,557.92     |                      | 110,557.92     | 1,810,694.49    |                      | 1,810,694.49   |
| Merchandise inventory  | 10,708,600.50  |                      | 10,708,600.50  | 9,328,819.66    |                      | 9,328,819.66   |
| Completed and unsettled assets formed by the construction contract | 678,132,183.22 | 4,354,226.05         | 673,777,957.17 | 516,478,683.84  | 5,051,867.60         | 511,426,816.24 |
| Development costs  | 30,299,350.36  |                      | 30,299,350.36  | 34,272,995.11   |                      | 34,272,995.11  |
| Others   | 2,635,112.28   |                      | 2,635,112.28   |                 |                      |                |

|       |                |              |                |                |              |                |
|-------|----------------|--------------|----------------|----------------|--------------|----------------|
| Total | 721,885,804.28 | 4,354,226.05 | 717,531,578.23 | 561,891,193.10 | 5,051,867.60 | 556,839,325.50 |
|-------|----------------|--------------|----------------|----------------|--------------|----------------|

Whether the company shall comply with the disclosure requirements of the *Shenzhen Stock Exchange Industry Information Disclosure Guide No. 4 – Listed Companies Engaged in the Seed Industry and Planting Business*

No

The company shall comply with the disclosure requirements of the *Shenzhen Stock Exchange Industry Information Disclosure Guide No. 11 – Listed Companies Engaged in the Jewelry Related Business*

No

## (2) Depreciation Reserve of Inventories

Unit: Yuan

| Items  | Opening balance | Amount increased of current period |        | Amount decreased of current period |        | Ending balance |
|--|-----------------|------------------------------------|--------|------------------------------------|--------|----------------|
|  |                 | Withdrawn                          | Others | Transferred-back or written-off    | Others |                |
| Completed and unsettled assets formed by the construction contract | 5,051,867.60    |                                    |        | 697,641.55                         |        | 4,354,226.05   |
| Total  | 5,051,867.60    |                                    |        | 697,641.55                         |        | 4,354,226.05   |

## (3) Description about Capitalized Amount of Borrowing Costs Contained in Ending Balance of Inventories

## (4) The completed and unsettled assets formed by the construction contract at the end of the period

Unit: Yuan

| Items  | Amount            |
|--|-------------------|
| Aggregate costs incurred   | 18,506,213,679.77 |
| Aggregate gross profits acknowledged                               | 4,332,256,515.21  |
| Minus: estimated losses  | 4,354,226.05      |
| Amount settled   | 22,160,338,011.76 |
| Completed and unsettled assets formed by the construction contract | 673,777,957.17    |

Other description:

## 8、Assets Held for Sale

Unit: Yuan

| Items | Ending book value | fair value | Estimated disposal cost | Estimated disposal time |
|-------|-------------------|------------|-------------------------|-------------------------|
|       |                   |            |                         | February 02, 2019       |

|                         |                |  |  |                   |
|-------------------------|----------------|--|--|-------------------|
| Including: fixed assets | 0.00           |  |  |                   |
| Investment real estate  | 0.00           |  |  |                   |
| Equity investment       | 105,075,792.00 |  |  |                   |
|                         | 0.00           |  |  | February 02, 2019 |
|                         | 0.00           |  |  |                   |
| Total                   | 105,075,792.00 |  |  | --                |

Other description:

Note: in order to improve the company's financial situation and revitalize its effective assets, the company decided to transfer 94% of the equity of Acura Kliniken Baden-Baden GmbH. The company signed the equity transfer agreement with Hong Kong Congzhong Investment Co., Ltd. on February 2, 2019, with the transfer price of RMB 190 million.

## (2) Impairment provision of assets held for sale

| Items                                   | Book value at the beginning of the year | Amount Withdrawn of current period | Amount decreased of current period |                        | Ending balance |
|---|---|------------------------------------|------------------------------------|------------------------|----------------|
|   |   |                                    | Amount recovered                   | Other amount decreased |                |
| <b>Non-current assets held for sale</b> |   |                                    |                                    |                        |                |
| Including: fixed assets                 |   |                                    |                                    |                        |                |
| Investment real estate                  |   |                                    |                                    |                        |                |
| Equity investment                       |   |                                    |                                    |                        |                |
| <b>Disposal group held for sale</b>     |   |                                    |                                    |                        |                |
| Including: fixed assets                 |   |                                    |                                    |                        |                |
| Investment real estate                  |   |                                    |                                    |                        |                |
| Equity investment                       |   |                                    |                                    |                        |                |
| Total                                   |   |                                    |                                    | —                      | —              |

(3) At the end of the year, the accumulated amount of other comprehensive incomes related to the above non-current assets held for sale was RMB 0.00.

(4) It is no longer classified as assets held for sale and removal from Disposal group held for sale this year: none.

## 9. Non-current Assets Due Within One Year

Unit: Yuan

| Items | Ending balance | Opening balance |
|-------|----------------|-----------------|
|-------|----------------|-----------------|

Other description:

## 10. Other Non-current Assets

Unit: Yuan

| Items                                | Ending balance | Opening balance |
|--------------------------------------|----------------|-----------------|
| Advance tax                          | 291,392.34     | 1,779,133.63    |
| Input tax to be deducted or verified | 5,504,405.10   | 15,347,777.42   |
| Total                                | 5,795,797.44   | 17,126,911.05   |

Other description:

## 11. Financial Assets Available for Sale

### (1) Financial assets available for sale

Unit: Yuan

| Items                                 | Ending balance |                      |               | Opening balance |                      |               |
|---------------------------------------|----------------|----------------------|---------------|-----------------|----------------------|---------------|
|                                       | Book balance   | Depreciation reserve | Book value    | Book balance    | Depreciation reserve | Book value    |
| Available-for-sale equity instruments | 10,338,500.00  |                      | 10,338,500.00 | 10,338,500.00   |                      | 10,338,500.00 |
| Measured at Costs                     | 10,338,500.00  |                      | 10,338,500.00 | 10,338,500.00   |                      | 10,338,500.00 |
| Total                                 | 10,338,500.00  |                      | 10,338,500.00 | 10,338,500.00   |                      | 10,338,500.00 |

### (2) Available-for-Sale Financial Assets Measured by Fair Value at the End of Period

Unit: Yuan

| Classification of financial assets available for sale | Available-for-sale equity instruments | Available-for-sale debt instruments: |  | Total |
|---|---------------------------------------|--------------------------------------|--|-------|
|   |                                       |                                      |  |       |

### (3) Available-for-Sale Financial Assets Measured by Cost at the End of Period

Unit: Yuan

| Invested units                                 | Book balance                 |                                    |                                    |               | Depreciation reserve         |                                    |                                    |               | Proportion of shares held in invested units (%) | Cash dividends of current period |
|--|------------------------------|------------------------------------|------------------------------------|---------------|------------------------------|------------------------------------|------------------------------------|---------------|---|----------------------------------|
|  | At the beginning of the year | Amount increased of current period | Amount decreased of current period | Ending amount | At the beginning of the year | Amount increased of current period | Amount decreased of current period | Ending amount |   |                                  |
| Zhanjiang Construction & Engineering Co., Ltd. | 10,338,500.00                |                                    |                                    | 10,338,500.00 |                              |                                    |                                    |               | 19.00%  |                                  |
| Total  | 10,338,500.00                |                                    |                                    | 10,338,500.00 |                              |                                    |                                    |               | --  |                                  |

**(4) Changed situations of impairment of financial assets available for sale during the reporting period**

Unit: Yuan

| Classification of financial assets available for sale | Available-for-sale equity instruments | Available-for-sale debt instruments: |  | Total |
|---|---------------------------------------|--------------------------------------|--|-------|
|   |                                       |                                      |  |       |

**(5) Description of the ending fair value of the available-for-sale equity instruments seriously reduced or non-temporarily reduced with impairment reserve not withdrawn**

Unit: Yuan

| Available-for-sale equity instruments project | Investment cost | Ending fair value | The decline in fair value relative to cost | Continuous decline time (months) | Amount of impairment withdrawn | Reason for impairment not withdrawn |
|---|-----------------|-------------------|--|----------------------------------|--------------------------------|-------------------------------------|
|   |                 |                   |  |                                  |                                |                                     |

Other description

**12. Held-to-maturity Investment****(1) Held-to-maturity investment**

Unit: Yuan

| Items | Ending balance |                      |            | Opening balance |                      |            |
|-------|----------------|----------------------|------------|-----------------|----------------------|------------|
|       | Book balance   | Depreciation reserve | Book value | Book balance    | Depreciation reserve | Book value |
|       |                |                      |            |                 |                      |            |

**(2) Important held-to-maturity investment at the end of the period**

Unit: Yuan

| Bond project | Par value | Par interest rate | Actual interest rate | Due date |
|--------------|-----------|-------------------|----------------------|----------|
|              |           |                   |                      |          |

**(3) Reclassified held-to-maturity investment of the current period**

Other description

**13. Long-Term Accounts Receivable****(1) Long-Term Accounts Receivable**

Unit: Yuan

| Items | Ending balance |                  |            | Opening balance |                  |            | Range of discount rate |
|-------|----------------|------------------|------------|-----------------|------------------|------------|------------------------|
|       | Book balance   | Bad debt reserve | Book value | Book balance    | Bad debt reserve | Book value |                        |
|       |                |                  |            |                 |                  |            |                        |

|                               |               |  |               |               |  |               |    |
|-------------------------------|---------------|--|---------------|---------------|--|---------------|----|
| Long-Term Accounts Receivable | 16,708,613.19 |  | 16,708,613.19 | 14,328,557.82 |  | 14,328,557.82 |    |
| Total                         | 16,708,613.19 |  | 16,708,613.19 | 14,328,557.82 |  | 14,328,557.82 | -- |

## (2) Long-Term accounts receivable of which the recognition is terminated due to transfer of financial assets

Notes: Sino Great Wall Group Co., Limited, the subsidiary company of the Company, concluded and signed the cooperation agreement with Hong Kong Yick Hing Construction Co. Ltd. (hereinafter referred to as "Hong Kong Yick Hing") on October 10, 2017 on the jointly founding of SGW. Yick Hing Construction Engineering (Hong Kong) Limited (hereinafter referred to as "SGW. Yick Hing Construction"), with Sino Great Wall Group Co., Limited contributing HKD 6 million and holding 60% shares and Hong Kong Yick Hing contributing HKD 4 million and holding 40% shares. The business of SGW. Yick Hing Construction shall be managed by the Board of Directors. There are three seats in the Board of Directors, with two for Sino Great Wall and one for Hong Kong Yick Hing. However, only the director appointed by Yick Hing can serve as the chairman of the Board of Directors meeting, in case of whose absence from the Board of Directors meeting, an alternate shall take this place. In the event of the same votes, the chairman of the Board of Directors meeting has the right to vote the casting vote; the resolution of the Board of Directors shall be issued via the majority vote but the director of Hong Kong Yick Hing possesses the veto right and has the right to agree that the revenue shall be calculated as the long-term receivables based on constant rate of return.

(2) Long-term accounts receivable of which the recognition is terminated due to transfer of financial assets: none.

(3) Amount of assets and liabilities formed through transfer of long-term accounts receivable and continuous involvement: none.

## (3) Amount of assets and liabilities formed through transfer of long-term accounts receivable and continuous involvement

Other description

## 14. Long-term Equity Investments

Unit: Yuan

| Invested units | Opening balance | Changes of current period |                     |   |  |                         |  |                                 |        | Ending balance | Ending balance of depreciation reserve |
|----------------|-----------------|---------------------------|---------------------|---|--|-------------------------|--|---------------------------------|--------|----------------|--|
|                |                 | Additional investment     | Negative investment | Gains and losses on investments recognized with equity method | Other comprehensive income adjustments | Other changes in equity | Declare the payment of cash dividends or profits | Depreciation reserve withdrawal | Others |                |  |
|                |                 |                           |                     |   |  |                         |  |                                 |        |                |  |

| I. Joint ventures   |               |               |  |             |  |  |  |               |                |               |
|---|---------------|---------------|--|-------------|--|--|--|---------------|----------------|---------------|
| II. Jointly-run enterprises                                   |               |               |  |             |  |  |  |               |                |               |
| Sino Great Wall Zhihui Housing Property (Zhanjiang) Co., Ltd. | 24,000,000.00 |               |  | -420,828.29 |  |  |  |               |                | 23,579,171.71 |
| Cenang Resort Sdn Bhd   |               | 83,258,639.12 |  |             |  |  |  |               |                | 83,258,639.12 |
| III. Subsidiary   |               |               |  |             |  |  |  |               |                |               |
| AlorVista Development Sdn Bhd                                 | 25,292,312.68 |               |  |             |  |  |  | 25,292,312.68 |                | 25,292,312.68 |
| Subtotal  | 49,292,312.68 | 83,258,639.12 |  | -420,828.29 |  |  |  | 25,292,312.68 | 132,130,123.51 | 25,292,312.68 |
| Total   | 49,292,312.68 | 83,258,639.12 |  | -420,828.29 |  |  |  | 25,292,312.68 | 132,130,123.51 | 25,292,312.68 |

Other description

**15. Investment Real Estate****(1) Investment real estate using cost measurement** Applicable  Not applicable**(2) Investment real estate using fair value measurement** Applicable  Not applicable**(3) Investment real estate with the certificate of title not transacted**

Unit: Yuan

| Items | Book value | Reason(s) for the failure to transact the certificate of title |
|-------|------------|--|
|-------|------------|--|

Other description

**16、Fixed Assets**

Unit: Yuan

| Items        | Ending balance | Opening balance |
|--------------|----------------|-----------------|
| Fixed assets | 158,746,947.91 | 174,537,150.56  |
| Total        | 158,746,947.91 | 174,537,150.56  |

**(1) Fixed assets**

Unit: Yuan

| Items                                       | Houses and buildings | Mechanical equipment | Transportation Equipment | Transportation equipment | Total          |
|---|----------------------|----------------------|--------------------------|--------------------------|----------------|
| I. Original book value                      |                      |                      |                          |                          |                |
| 1. Opening balance                          | 103,857,727.50       | 99,011,854.51        | 41,578,019.37            | 14,847,444.63            | 259,295,046.01 |
| 2. Amount increased of current period       | 45,846.63            | 9,855,943.68         | 2,397,598.49             | 788,453.06               | 13,087,841.86  |
| (1) Purchase                                | 45,846.63            | 9,855,943.68         | 2,397,598.49             | 788,453.06               | 13,087,841.86  |
| (2) Transfer-in of construction in progress |                      |                      |                          |                          |                |
| (3) Increase of business combination        |                      |                      |                          |                          |                |
| 3. Amount decreased of current period       | 565,613.95           | 3,796,972.94         | 4,934,924.28             | 1,685,768.99             | 10,983,280.16  |
| (1) Disposal or retirement                  | 565,613.95           | 3,796,972.94         | 4,934,924.28             | 1,685,768.99             | 10,983,280.16  |
| 4. Ending balance                           | 103,337,960.18       | 105,070,825.25       | 39,040,693.58            | 13,950,128.70            | 261,399,607.71 |
| II. Accumulative depreciation               |                      |                      |                          |                          |                |
| 1. Opening balance                          | 15,127,800.94        | 30,513,047.92        | 16,465,368.36            | 9,502,963.24             | 71,609,180.46  |
| 2. Amount increased of current period       | 14,889,879.21        | 10,245,735.16        | 8,611,485.05             | 2,173,342.31             | 35,920,441.73  |
| (1) Withdrawn                               | 14,889,879.21        | 10,245,735.16        | 8,611,485.05             | 2,173,342.31             | 35,920,441.73  |
| 3. Amount decreased                         | 223,358.68           | 26,600.00            | 4,624,998.26             | 2,005.45                 | 4,876,962.39   |

|                                       |               |               |               |               |                |
|---------------------------------------|---------------|---------------|---------------|---------------|----------------|
| of current period                     |               |               |               |               |                |
| (1) Disposal or retirement            | 223,358.68    | 26,600.00     | 4,624,998.26  | 2,005.45      | 4,876,962.39   |
|                                       |               |               |               |               |                |
| 4. Ending balance                     | 29,794,321.47 | 40,732,183.08 | 20,451,855.15 | 11,674,300.10 | 102,652,659.80 |
| III. Depreciation reserve             |               |               |               |               |                |
| 1. Opening balance                    |               |               |               |               |                |
| 2. Amount increased of current period |               |               |               |               |                |
| (1) Withdrawn                         |               |               |               |               |                |
|                                       |               |               |               |               |                |
| 3. Amount decreased of current period |               |               |               |               |                |
| (1) Disposal or retirement            |               |               |               |               |                |
|                                       |               |               |               |               |                |
| 4. Ending balance                     |               |               |               |               |                |
| IV. Book value                        |               |               |               |               |                |
| 1. Ending book value                  | 73,543,638.71 | 64,338,642.17 | 18,588,838.43 | 2,275,828.60  | 158,746,947.91 |
| 2. Opening book value                 | 84,132,304.96 | 66,390,485.16 | 20,774,962.84 | 3,239,397.60  | 174,537,150.56 |

## (2) Temporarily idle fixed assets

Unit: Yuan

| Items | Original book value | Accumulative depreciation | Depreciation reserve | Book value | Note |
|-------|---------------------|---------------------------|----------------------|------------|------|
|       |                     |                           |                      |            |      |

## (3) Fixed asset rented through financing lease

Unit: Yuan

| Items                | Original book value | Accumulative depreciation | Depreciation reserve | Book value    |
|----------------------|---------------------|---------------------------|----------------------|---------------|
| House buildings      | 11,152,810.36       | 10,554,734.50             |                      | 598,075.86    |
| Mechanical equipment | 34,196,914.00       | 18,831,684.59             |                      | 15,365,229.41 |

**(4) Fixed assets leased through operating leases**

Unit: Yuan

| Items | Ending book value |
|-------|-------------------|
|-------|-------------------|

**(5) Fixed assets with the certificate of title not transacted**

Unit: Yuan

| Items                     | Book value    | Reason(s) for the failure to transact the certificate of title |
|---------------------------|---------------|--|
| Suzhou plants             | 8,574,218.59  | Being processed  |
| International engineering | 19,863,248.79 | Being processed  |

Other description

**(6) Disposal of fixed assets**

Unit: Yuan

| Items | Ending balance | Opening balance |
|-------|----------------|-----------------|
|-------|----------------|-----------------|

Other description

**17. Construction in Progress**

Unit: Yuan

| Items                    | Ending balance | Opening balance |
|--------------------------|----------------|-----------------|
| Construction in progress | 36,697,284.04  | 4,968,590.96    |
| Total                    | 36,697,284.04  | 4,968,590.96    |

**(1) Construction in Progress**

Unit: Yuan

| Items                                  | Ending balance |                      |               | Opening balance |                      |              |
|--|----------------|----------------------|---------------|-----------------|----------------------|--------------|
|  | Book balance   | Depreciation reserve | Book value    | Book balance    | Depreciation reserve | Book value   |
| Equipment and Construction in progress | 36,697,284.04  |                      | 36,697,284.04 | 4,968,590.96    |                      | 4,968,590.96 |
| Total                                  | 36,697,284.04  |                      | 36,697,284.04 | 4,968,590.96    |                      | 4,968,590.96 |

**(2) Change of Important Projects of Construction in Progress in Current Period**

Unit: Yuan

| Name of items  | Budget amount | Opening balance | Amount increased of current period | Amount transferred into fixed assets in current period | Other amount decreased in current period | Ending balance | Proportion of accumulative project input to the budget | Project progress | Accumulative amount of interest capitalization | Including: Amount of interest capitalization in the current period | Current interest capitalization rate | Capital source |
|--|---------------|-----------------|------------------------------------|--|--|----------------|--|------------------|--|--|--------------------------------------|----------------|
| Liangdu Central Hospital of Liupanshui City (tentative name) medical and nursing integration project   |               | 2,630,910.96    | 2,370,537.98                       |  |  | 5,001,448.94   |  |                  |  |  |                                      |                |
| PPP project of the north coast landscape engineering of Huanbaiyang Lake (Central Lake), PPP project of Baiyang Lake Headquarters Economic Port, |               | 1,112,880.00    | 7,363,471.41                       |  |  | 8,476,351.41   | 67%  |                  |  |  |                                      |                |

|  |  |              |               |  |  |               |     |    |  |  |  |    |
|--|--|--------------|---------------|--|--|---------------|-----|----|--|--|--|----|
| Xingang District, Chenglingji, Hunan Province                                      |  |              |               |  |  |               |     |    |  |  |  |    |
| Construction Project of Radio and Television Media Activity Center, Chengwu County |  |              | 15,792,351.48 |  |  | 15,792,351.48 | 13% |    |  |  |  |    |
| Total  |  | 3,743,790.96 | 25,526,360.87 |  |  | 29,270,151.83 | --  | -- |  |  |  | -- |

### (3) Impairment provision of project under construction withdrawn in the period

Unit: Yuan

| Items | Current withdrawal amount | Reason for withdrawal |
|-------|---------------------------|-----------------------|
|-------|---------------------------|-----------------------|

Other description

### (4) Engineering materials

Unit: Yuan

| Items | Ending balance |                      |            | Opening balance |                      |            |
|-------|----------------|----------------------|------------|-----------------|----------------------|------------|
|       | Book balance   | Depreciation reserve | Book value | Book balance    | Depreciation reserve | Book value |

Other description:

## 18. Productive Biological Asset

### (1) Productive biological assets measured at costs

 Applicable  Not applicable

### (2) Productive biological assets measured according to fair value

 Applicable  Not applicable

**19. Oil and gas assets**

□Applicable √ Not applicable

**20. Intangible Assets****(1) Intangible Assets**

Unit: Yuan

| Items                                  | Land use right | Patent right | Non-patent technology | Software     | Total          |
|--|----------------|--------------|-----------------------|--------------|----------------|
| I. Original book value                 |                |              |                       |              |                |
| 1. Opening balance                     | 132,460,370.94 |              |                       | 4,551,469.92 | 137,011,840.86 |
| 2. Amount increased of current period  |                |              |                       |              |                |
| (1) Purchase                           |                |              |                       |              |                |
| (2) Internal research and development  |                |              |                       |              |                |
| (3) Amount decreased of current period |                |              |                       |              |                |
|  |                |              |                       |              |                |
| 3. Amount decreased of current period  | 23,839,368.35  |              |                       |              | 23,839,368.35  |
| (1) Disposal                           |                |              |                       |              |                |
| (2) Consolidation scope reduction      | 23,839,368.35  |              |                       |              | 23,839,368.35  |
| 4. Ending balance                      | 108,621,002.59 |              |                       | 4,551,469.92 | 113,172,472.51 |
| II. Accumulative amortization          |                |              |                       |              |                |
| 1. Opening balance                     | 6,882,267.85   |              |                       | 2,605,128.01 | 9,487,395.86   |
| 2. Amount increased of current period  | 3,062,788.20   |              |                       | 902,968.92   | 3,965,757.12   |
| (1) Withdrawn                          |                |              |                       |              |                |
|  |                |              |                       |              |                |
| 3. Amount decreased of current period  | 201,932.14     |              |                       |              | 201,932.14     |
| (1) Disposal                           |                |              |                       |              |                |

|                                       |                |  |  |              |                |
|---------------------------------------|----------------|--|--|--------------|----------------|
| (2) Consolidation scope reduction     | 201,932.14     |  |  |              | 201,932.14     |
| 4. Ending balance                     | 9,743,123.91   |  |  | 3,508,096.93 | 13,251,220.84  |
| III. Depreciation reserve             |                |  |  |              |                |
| 1. Opening balance                    |                |  |  |              |                |
| 2. Amount increased of current period |                |  |  |              |                |
| (1) Withdrawn                         |                |  |  |              |                |
|                                       |                |  |  |              |                |
| 3. Amount decreased of current period |                |  |  |              |                |
| (1) Disposal                          |                |  |  |              |                |
|                                       |                |  |  |              |                |
| 4. Ending balance                     |                |  |  |              |                |
| IV. Book value                        |                |  |  |              |                |
| 1. Ending book value                  | 98,877,878.68  |  |  | 1,043,372.99 | 99,921,251.67  |
| 2. Opening book value                 | 125,578,103.09 |  |  | 1,946,341.91 | 127,524,445.00 |

The proportion of ending intangible assets generated via internal R&D of the Company in the balance of intangible assets.

## (2) Conditions of land use right with incomplete certificates of title

Unit: Yuan

| Items | Book value | Reason(s) for the failure to transact the certificate of title |
|-------|------------|--|
|       |            |  |

Other description:

## 21. Development Expenditure

Unit: Yuan

| Items | Opening balance | Amount increased of current period | Amount decreased of current period | Ending balance |
|-------|-----------------|------------------------------------|------------------------------------|----------------|
|       |                 |                                    |                                    |                |

Other description

**22. Goodwill****(1) Original book value of goodwill**

Unit: Yuan

| Name of invested units or the matters forming goodwill  | Opening balance      | Amount increased of current period |  | Amount decreased of current period |                     | Ending balance       |
|---|----------------------|------------------------------------|--|------------------------------------|---------------------|----------------------|
| Shenzhen Yatian Decoration Design Engineering Co., Ltd. | 6,724,316.91         |                                    |  | 6,724,316.91                       |                     | 0.00                 |
| Wuhan Commercial Workers Hospital LLC                   | 27,257,314.49        |                                    |  |                                    |                     | 27,257,314.49        |
| Sino Great Wall Southwest Engineering Co., Ltd.         | 17,948,978.53        |                                    |  |                                    |                     | 17,948,978.53        |
| Sino Great Wall Construction Construction Co., Ltd.     | 6,943,534.86         |                                    |  | 6,943,534.86                       |                     |                      |
| Alor Vista Development Sdn Bhd                          | 5,609,206.72         |                                    |  |                                    | 5,609,206.72        |                      |
| SAFAT GULF GENERAL TRADING & CONTRACTING COMPANY        | 5,547,635.00         |                                    |  |                                    |                     | 5,547,635.00         |
| Far eastern international engineering company, LLC      | 10,920.04            |                                    |  |                                    |                     | 10,920.04            |
| <b>Total</b>  | <b>70,041,906.55</b> |                                    |  | <b>13,667,851.77</b>               | <b>5,609,206.72</b> | <b>50,764,848.06</b> |

**(2) Depreciation Reserve of Goodwill**

Unit: Yuan

| Name of invested units or the matters forming goodwill  | Opening balance     | Amount increased of current period | Amount decreased of current period | Ending balance       |
|---|---------------------|------------------------------------|------------------------------------|----------------------|
| Shenzhen Yatian Decoration Design Engineering Co., Ltd. |                     |                                    |                                    |                      |
| Wuhan Commercial Workers Hospital LLC                   |                     |                                    |                                    |                      |
| Sino Great Wall Southwest Engineering Co., Ltd.         |                     | 17,948,978.53                      |                                    | 17,948,978.53        |
| Sino Great Wall Construction Co., Ltd.                  |                     |                                    |                                    |                      |
| Alor Vista Development Sdn Bhd                          |                     |                                    |                                    |                      |
| SAFAT GULF GENERAL TRADING & CONTRACTING COMPANY        | 5,547,635.00        |                                    |                                    | 5,547,635.00         |
| Far eastern international engineering company, LLC      |                     |                                    |                                    |                      |
| <b>Total</b>  | <b>5,547,635.00</b> | <b>17,948,978.53</b>               |                                    | <b>23,496,613.53</b> |

Relevant information of goodwill-related asset group or portfolio

### (3) Process of impairment test of goodwill

Sino Great Wall Southwest Engineering Co., Ltd., a subsidiary of the Company, has stopped all construction projects and has negative net assets. Given the failure to project positive future operation, the Company decides to record full goodwill impairment.

Description of process of goodwill impairment test, key factors (including estimated growth rate at the time of future cash flow value estimation, growth rate during the stable period, profit rate, discount rate and) and the method to confirm the loss of goodwill impairment:

Influences of goodwill impairment test

Other description

**23. Long-term deferred expense**

Unit: Yuan

| Items  | Opening balance      | Amount increased of current period | Amount amortized of current period | Other amount decreased | Ending balance      |
|--|----------------------|------------------------------------|------------------------------------|------------------------|---------------------|
| Leasehold improvement                                      | 7,029,913.15         | 1,207,117.00                       | 4,103,741.48                       | 56,698.69              | 4,076,589.98        |
| Overseas fees for letter of guarantee                      | 3,095,000.00         |                                    | 1,903,525.81                       |                        | 1,191,474.19        |
| Others   |                      | 2,235,044.00                       | 775,419.27                         |                        | 1,459,624.73        |
| Less: Long-term deferred expenses coming due within 1 year |                      |                                    |                                    |                        |                     |
| <b>Total</b>   | <b>10,124,913.15</b> | <b>3,442,161.00</b>                | <b>6,782,686.56</b>                | <b>56,698.69</b>       | <b>6,727,688.90</b> |

Other description

**Deferred income tax assets/deferred income tax liabilities****(1) Non-offset deferred income tax assets**

Unit: Yuan

| Items                      | Ending balance                  |                                | Opening balance                 |                                |
|----------------------------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
|                            | Deductible temporary difference | (1) Deferred Income Tax Assets | Deductible temporary difference | (1) Deferred Income Tax Assets |
| Asset depreciation reserve | 700,024,233.95                  | 107,117,209.33                 | 766,127,594.16                  | 118,233,337.36                 |
| Deductible losses          | 43,486,026.03                   | 10,871,506.51                  |                                 |                                |
| <b>Total</b>               | <b>743,510,259.98</b>           | <b>117,988,715.84</b>          | <b>766,127,594.16</b>           | <b>118,233,337.36</b>          |

**(2) Non-offset deferred income tax liabilities**

Unit: Yuan

| Items  | Ending balance               |                                 | Opening balance              |                                 |
|--|------------------------------|---------------------------------|------------------------------|---------------------------------|
|  | Taxable temporary difference | Deferred Income Tax Liabilities | Taxable temporary difference | Deferred Income Tax Liabilities |
| Appraised increment of assets for business combination not under | 97,477,824.72                | 24,369,456.18                   | 105,725,885.86               | 26,088,961.71                   |

|                  |               |               |                |               |
|------------------|---------------|---------------|----------------|---------------|
| the same control |               |               |                |               |
| Total            | 97,477,824.72 | 24,369,456.18 | 105,725,885.86 | 26,088,961.71 |

**(3) Offset deferred income tax assets or liabilities**

Unit: Yuan

| Items                           | Offset amount of deferred tax assets and liabilities at the end of a period | Balance of deferred tax assets and liabilities at the end of a period | Offset amount of deferred tax assets and liabilities at the beginning of a period | Balance of deferred tax assets and liabilities at the beginning of a period |
|---------------------------------|---|---|---|---|
| (1) Deferred Income Tax Assets  |   | 117,983,727.91  |   | 118,233,337.36  |
| Deferred Income Tax Liabilities |   | 24,369,456.18   |   | 26,088,961.71   |

**(4) Details of unconfirmed deferred income tax assets**

Unit: Yuan

| Items                           | Ending balance   | Opening balance |
|---------------------------------|------------------|-----------------|
| Deductible temporary difference | 506,759,969.56   | 20,178,730.17   |
| Deductible losses               | 1,297,146,979.98 | 79,207,601.38   |
| Total                           | 1,803,906,949.54 | 99,386,331.55   |

**(5) Deductible losses of unconfirmed deferred income tax assets due in the following years**

Unit: Yuan

| Year | Ending balance | Opening balance | Note |
|------|----------------|-----------------|------|
|------|----------------|-----------------|------|

Other description:

**25. Other non-current assets**

Unit: Yuan

| Items   | Ending balance | Opening balance  |
|---|----------------|------------------|
| PPP Project investment                          | 664,524,570.00 | 610,524,570.00   |
| Advance payment for purchasing long-term assets | 129,221,120.79 | 283,729,420.79   |
| Other project investment                        | 121,953,450.20 | 175,340,581.32   |
| Others  | 8,810,652.00   |                  |
| Less: Amount due within a year                  |                |                  |
| Total   | 924,509,792.99 | 1,069,594,572.11 |

Other description:

## (1) Description of PPP Project

| Projects  | Registered capital<br>(ten thousand Yuan) | Subscribed investment amount (ten thousand Yuan) | Shareholding proportion | Opening amount<br>(ten thousand Yuan) | Amount increased of current period<br>(ten thousand Yuan) | Amount decreased of current period | Closing amount<br>(ten thousand Yuan) |
|---|---|--|-------------------------|---------------------------------------|---|------------------------------------|---------------------------------------|
| Luyi Shuguang Medical Industrial Investment Construction Co., Ltd.                | 9,600.00                                  | 4,896.00   | 51%                     | 4,896.00                              |   |                                    | 4,896.00                              |
| Huichang County Sino Great Wall Medical Industrial Construction Service Co., Ltd. | 9,559.00                                  | 8,507.51   | 89%                     | 8,507.51                              |   |                                    | 8,507.51                              |
| Sino Great Wall (Fugou) High-speed Railways District Investment Co., Ltd.         | 13,050.65                                 | 7,830.39   | 60%                     | 7,830.39                              |   |                                    | 7,830.39                              |
| Anyang Sino Great Wall Medical Management Service Co., Ltd.                       | 26,680.00                                 | 25,346.00  | 90%                     | 25,346.00                             |   |                                    | 25,346.00                             |
| Sino Great Wall (Fugou) Jialu River Comprehensive Treatment Investment Co., Ltd.  | 3,986.16                                  | 3,587.54   | 90%                     | 200.00                                | 3,600.00  |                                    | 3,800.00                              |
| Sino Great Wall (Fugou) Fitness Center Investment Co., Ltd.                       | 4,191.00                                  | 3,771.90   | 90%                     | 3,772.56                              |   |                                    | 3,772.56                              |
| Sino Great Wall Shaanxi Fuyan Industrial Park Investment Co., Ltd.                | 5,000.00                                  | 4,500.00   | 90%                     | 4,500.00                              |   |                                    | 4,500.00                              |

|  |           |           |     |           |           |  |           |
|--|-----------|-----------|-----|-----------|-----------|--|-----------|
| Wuchuan City Sino Great Wall People's Hospital Investment CO., Ltd.          | 21,700.00 | 17,360.00 | 80% |           | 800.00    |  | 800.00    |
| Wuchuan City Sino Great Wall Chinese Medicine Hospital Investment CO., Ltd.  | 6,000.00  | 4,800.00  | 80% |           |           |  | 0.00      |
| Guizhou Hongqiao Sino Great Wall Healthcare Real Estate Investment Co., Ltd. | 15,200.00 | 11,400.00 | 80% |           | 1,000.00  |  | 1,000.00  |
| Gongxian Sino Healthcare Investment Co., Ltd.                                | 15,000.00 | 13,500.00 | 40% | 6,000.00  |           |  | 6,000.00  |
| Total  | 66,386.81 | 51,393.34 |     | 61,052.46 | 25,700.00 |  | 66,452.46 |

The PPP Project Company invested by the Company shall be operated in accordance with the established way. The rights, obligations, and related activities under which the Project Company be controlled are established through explicit contract terms or arrangements at the beginning of the establishment. In addition, there are representatives sent by the government among the members of the Board of Directors of the Project Company and the variable returns of the Project Company are generally fixed. The Project Company is not within the control scope of the Company, so the PPP Project Company is not included in the scope of the consolidation.

(2) Advance payment for purchasing long-term assets include: Housing payment of 129,221,120.79 RMB which can be used to offset liabilities.

(3) Other project investment

| No. | Company Name                      | Amount         |
|-----|-----------------------------------|----------------|
| 1   | UPL LAO CO., LTD.                 | 63,803,450.00  |
| 2   | Sino Hengda Engineering Co., Ltd. | 58,150,000.20  |
|     | Total                             | 121,953,450.20 |

## 26. Short-term Loans

### (1) Classification of Short-Term Loans

Unit: Yuan

| Items | Ending balance | Opening balance |
|-------|----------------|-----------------|
|-------|----------------|-----------------|

|  |                  |                  |
|--|------------------|------------------|
| Pledged loan   | 50,000,000.00    | 150,000,000.00   |
| Mortgaged loan   | 112,696,582.10   | 2,137,870,000.00 |
| Guaranteed loan  | 2,650,398,046.91 | 1,114,073,017.67 |
| Credit loan  | 49,490,000.00    |                  |
| Trade acceptance for which endorsement and discounting have been conducted while still being unmatured at the balance sheet date |                  | 75,257,402.88    |
| Total  | 2,862,584,629.01 | 3,477,200,420.55 |

Description for classification of short-term loans:

## (2) Description for overdue but unpaid short-term loans

The total overdue but unpaid short-term loans by the end of this period is 1,562,683,719.03 RMB, in which details of significant overdue but unpaid short-term loans are as follow:

Unit: Yuan

| Borrower   | Ending balance | Interest rate | Overdue period     | Late payment interest rate |
|--|----------------|---------------|--------------------|----------------------------|
| DBS Bank   | 47,081,552.00  | 3.15%         | September 27, 2018 |                            |
| Bank of Ningbo Shenzhen Branch                                   | 43,233,518.83  | 6.09%         | June 1, 2018       |                            |
| Xiamen International Bank Zhuhai Branch                          | 44,291,741.54  | 7.00%         | May 26, 2018       |                            |
| Chang'an International Trust Co., Ltd.                           | 115,874,736.70 | 7.00%         | June 22, 2018      |                            |
| Industrial International Trust Co., Ltd.                         | 100,000,000.00 | 8.60%         | August 9, 2018     |                            |
| Bridge Trust Co., Ltd.   | 300,000,000.00 | 7.50%         | August 21, 2018    |                            |
| Shanghai Pudong Development Bank Shenzhen Center District Branch | 70,000,000.00  | 6.09%         | August 29, 2018    |                            |
| Bank of Jiujiang Zhuhai Branch                                   | 97,768,794.96  |               | August 22, 2018    |                            |
| Shenzhen Rural Commercial Bank Futian Branch                     | 9,200,000.00   | 6.09%         | September 16, 2018 |                            |
| Shenzhen Rural Commercial Bank Meilin Branch                     | 8,800,000.00   | 6.09%         | November 17, 2018  |                            |

|  |                         |           |                    |           |
|--|-------------------------|-----------|--------------------|-----------|
| Shenzhen Rural Commercial Bank Meilin Branch | 27,800,000.00           |           | November 17, 2018  |           |
| China Bohai Bank Shenzhen Branch             | 50,000,000.00           | 5.22%     | December 21, 2018  |           |
| China Bohai Bank Shenzhen Branch             | 50,000,000.00           | 5.22%     | December 21, 2018  |           |
| CITIC Trust Co., Ltd.                        | 210,000,000.00          | 7.65%     | June 28, 2018      | 16.00%    |
| Industrial International Trust Co., Ltd.     | 100,000,000.00          | 8.00%     | September 29, 2018 |           |
| Industrial Bank Houhai Branch                | 288,633,375.00          | 8.00%     | October 17, 2018   |           |
| <b>Total</b>                                 | <b>1,562,683,719.03</b> | <b>--</b> | <b>--</b>          | <b>--</b> |

Other description:

Note: ① The loan is due on September 27, 2018. Considering the Company failed to pay back on time due to fund shortage, DBS Bank Beijing Branch has withdrawn a guarantee deposit of 50 million RMB to back up the overdue loan. The loan has not be paid back but DBS Bank has waived further interest charges by September 27, 2018.

## 27. Changes are measured by the fair value and will be recorded in the gain or loss of the current period

Unit: Yuan

| Items | Ending balance | Opening balance |
|-------|----------------|-----------------|
|-------|----------------|-----------------|

Other description:

## 28. Derived financial liabilities

Applicable  Non-applicable

## 29. Notes payable and accounts payable

Unit: Yuan

| Items            | Ending balance          | Opening balance         |
|------------------|-------------------------|-------------------------|
| Notes payable    | 1,034,087,499.72        | 906,597,988.15          |
| Accounts payable | 892,155,630.43          | 1,719,579,087.62        |
| <b>Total</b>     | <b>1,926,243,130.15</b> | <b>2,626,177,075.77</b> |

**(1) Classified presentation of notes receivable**

Unit: Yuan

| Type             | Ending balance   | Opening balance |
|------------------|------------------|-----------------|
| Trade acceptance | 471,267,864.12   | 283,190,010.00  |
| Bank acceptance  | 562,819,635.60   | 623,407,978.15  |
| Total            | 1,034,087,499.72 | 906,597,988.15  |

Overdue but unpaid notes receivable by the end of the period is 427,190,071.71 RMB.

**(2) Presentation of accounts payable**

Unit: Yuan

| Items                                   | Ending balance | Opening balance  |
|---|----------------|------------------|
| Project construction cost               | 870,866,176.06 | 1,704,130,649.60 |
| Payment for purchasing long-term assets |                |                  |
| Payment for medicine                    | 17,497,130.23  | 15,448,438.02    |
| Others                                  | 3,792,324.14   |                  |
| Total                                   | 892,155,630.43 | 1,719,579,087.62 |

**(3) Significant accounts receivable with account age of more than 1 year**

Unit: Yuan

| Items | Ending balance | Causes for non-payment or carryover |
|-------|----------------|-------------------------------------|
|       |                |                                     |

Other description:

**30. Items received in advance****(1) Presentation of items received in advance**

Unit: Yuan

| Items   | Ending balance | Opening balance |
|---|----------------|-----------------|
| Unfinished project with settled construction cost | 10,850,086.84  |                 |
| Advance payment for project construction cost     | 391,350,850.34 | 145,513,588.44  |
| Advance payment for medical treatment             | 845,407.87     | 866,264.23      |
| Advance payment for lease                         | 43,733,325.87  |                 |
| Advance payment for rent                          | 31,322,073.00  |                 |
| Total   | 478,101,743.92 | 146,379,852.67  |

**(2) Significant items received in advance with account age of more than 1 year**

Unit: Yuan

| Items | Ending balance | Causes for non-payment or carryover |
|-------|----------------|-------------------------------------|
|-------|----------------|-------------------------------------|

**(3) Description for unfinished project with settled construction cost due to end-of-period contract conclusion**

Unit: Yuan

| Items  | Amount           |
|--|------------------|
| Accrued occurred cost  | 1,449,011,469.60 |
| Accrued recognized gross profit  | 290,007,053.46   |
| Settled amount   | 1,749,868,609.90 |
| Unfinished project with settled construction cost arising from contract conclusion | -10,850,086.84   |

Other description:

**31. Long-term payroll payable****(1) Presentation of long-term payroll payable**

Unit: Yuan

| Items  | Opening balance | Amount increased of current period | Amount decreased of current period | Ending balance |
|--|-----------------|------------------------------------|------------------------------------|----------------|
| I. Short-term remuneration                             | 20,727,897.18   | 368,573,235.31                     | 303,232,214.76                     | 86,068,917.73  |
| 2. Post-demission welfare - defined contribution plans | 1,183,644.89    | 20,080,481.96                      | 20,918,185.73                      | 345,941.13     |
| Total  | 21,911,542.07   | 388,653,717.27                     | 324,150,400.49                     | 86,414,858.86  |

**(2) Presentation of short-term remuneration**

Unit: Yuan

| Items                                   | Opening balance | Amount increased of current period | Amount decreased of current period | Ending balance |
|---|-----------------|------------------------------------|------------------------------------|----------------|
| 1. Salary, bonus, allowance and subsidy | 20,075,245.00   | 324,705,806.14                     | 259,868,209.60                     | 84,912,841.53  |
| 2. Employees' welfare expense           |                 | 23,251,690.71                      | 22,328,108.54                      | 923,582.18     |
| 3. Social insurance premium             | 599,087.72      | 11,728,150.40                      | 12,274,222.84                      | 53,015.28      |

|   |               |                |                |               |
|---|---------------|----------------|----------------|---------------|
| Including: Medical insurance premium                  | 504,031.41    | 10,323,842.07  | 10,824,592.08  | 3,281.40      |
| Industrial injury insurance premium                   | 22,668.30     | 594,546.56     | 601,117.51     | 16,097.35     |
| Maternity insurance premium                           | 72,388.01     | 809,761.77     | 848,513.25     | 33,636.53     |
| 4. Housing fund                                       | 53,564.46     | 8,084,058.90   | 7,958,144.62   | 179,478.74    |
| 5. Labor union outlay and employees' education outlay |               | 803,529.16     | 803,529.16     |               |
| Total   | 20,727,897.18 | 368,573,235.31 | 303,232,214.76 | 86,068,917.73 |

### (3) Presentation of Drawing Plans Set Up

Unit: Yuan

| Items                             | Opening balance | Amount increased of current period | Amount decreased of current period | Ending balance |
|-----------------------------------|-----------------|------------------------------------|------------------------------------|----------------|
| 1. Basic pension insurance        | 1,154,346.00    | 19,327,824.90                      | 20,136,651.60                      | 345,519.30     |
| 2. Unemployment insurance premium | 29,298.89       | 752,657.06                         | 781,534.13                         | 421.83         |
| Total                             | 1,183,644.89    | 20,080,481.96                      | 20,918,185.73                      | 345,941.13     |

Other description:

### 32. Taxes payable

Unit: Yuan

| Items                                  | Ending balance | Opening balance |
|--|----------------|-----------------|
| Value-added tax                        | 85,518,697.30  | 32,678,325.28   |
| Enterprise income tax                  | 221,830,373.42 | 239,018,994.88  |
| Personal income tax                    | 6,468,895.33   | 374,031.94      |
| Urban maintenance and construction tax | 4,026,082.61   | 3,928,587.22    |
| Educational surtax                     | 3,001,921.43   | 2,983,381.35    |
| Other taxes                            | 73,111,917.43  | 78,462,157.04   |
| Total                                  | 393,957,887.52 | 357,445,477.71  |

Other description:

None

**33. Other accounts payable**

Unit: Yuan

| Items                  | Ending balance   | Opening balance |
|------------------------|------------------|-----------------|
| Interest payable       | 280,806,670.49   | 16,105,263.85   |
| Dividends payable      | 8,541,818.64     |                 |
| Other accounts payable | 1,923,064,481.30 | 520,965,421.13  |
| Total                  | 2,212,412,970.43 | 537,070,684.98  |

**(1) Interest payable**

Unit: Yuan

| Items   | Ending balance | Opening balance |
|---|----------------|-----------------|
| Payment of principal at maturity and interest in installments | 142,367,316.80 | 10,819,629.22   |
| Interest payable on short-term loans                          | 137,060,010.22 | 5,285,634.63    |
| Interests withdrawn for overdue notes                         | 1,379,343.47   |                 |
| Total   | 280,806,670.49 | 16,105,263.85   |

Significant overdue but unpaid interest

Unit: Yuan

| Borrower                                       | Overdue amount | Causes for overdue |
|--|----------------|--------------------|
| Great Wall Guoxing Financial Leasing Co., Ltd. | 1,862,398.37   | Capital shortage   |
| CITIC Trust Co., Ltd.                          | 18,755,539.19  | Capital shortage   |
| Industrial International Trust Co., Ltd.       | 11,534,803.45  | Capital shortage   |
| Industrial Bank Houhai Branch                  | 11,388,850.54  | Capital shortage   |
| Bohai International Trust Co., Ltd.            | 25,430,142.49  | Capital shortage   |
| Xiamen International Bank Zhuhai Branch        | 4,236,900.04   | Capital shortage   |
| Bank of Ningbo Shenzhen Branch                 | 4,149,615.44   | Capital shortage   |
| Shenzhen Rural Commercial Bank Futian Branch   | 326,957.92     | Capital shortage   |
| Wanxiang Trust Co., Ltd.                       | 6,164,383.56   | Capital shortage   |
| Zhongjiang International Trust Co., Ltd.       | 48,926,568.27  | Capital shortage   |
| Baoshang Bank Shenzhen Branch                  | 16,118,737.07  | Capital shortage   |
| Shenzhen Rural Commercial Bank Meilin Branch   | 1,036,262.79   | Capital shortage   |
| China Bohai Bank Shenzhen Branch               | 2,760,164.38   | Capital shortage   |

|   |                |                  |
|---|----------------|------------------|
| Shaanxi International Trust Co., Ltd.                               | 18,150,565.60  | Capital shortage |
| Chang'an International Trust Co., Ltd.                              | 7,952,291.31   | Capital shortage |
| Industrial International Trust Co., Ltd.                            | 14,470,421.04  | Capital shortage |
| Bridge Trust Co., Ltd.  | 36,052,715.11  | Capital shortage |
| Shanghai Pudong Development Bank<br>Shenzhen Center District Branch | 3,738,211.58   | Capital shortage |
| Bank of Jiujiang Zhuhai Branch                                      | 6,599,149.57   | Capital shortage |
| China Minsheng Bank Shenzhen Branch                                 | 4,286,407.31   | Capital shortage |
| Shanghai Pudong Development Bank<br>Fulicheng Subbranch             | 6,317,529.17   | Capital shortage |
| China Railway Trust Co., Ltd.                                       | 2,724,608.75   | Capital shortage |
| Ping'an International Financial Leasing<br>Co., Ltd.                | 816,385.59     | Capital shortage |
| Bank of Beijing Shuangxiu Subbranch                                 | 24,843,680.56  | Capital shortage |
| Total   | 278,643,289.10 | --               |

Other description:

## (2) Dividends payable

Unit: Yuan

| Items                  | Ending balance | Opening balance |
|------------------------|----------------|-----------------|
| Common stock dividends | 8,541,818.64   |                 |
| Total                  | 8,541,818.64   |                 |

Other description, including reasons for significant dividends in arrears for over a year:

## (3) Other accounts payable

1) Presentation of other accounts payable by the nature of accounts

Unit: Yuan

| Items   | Ending balance | Opening balance |
|---|----------------|-----------------|
| Tender bond, performance bond and<br>deposit        | 29,414,375.04  | 48,363,917.10   |
| Personal intercourse funds and withheld<br>items    | 266,550,420.26 | 14,453,897.51   |
| Intercourse funds of the organization               | 841,985,904.64 | 450,793,562.35  |
| Payment for subscription of non-public<br>offerings | 33,536.80      | 4,500,000.00    |
| Others  | 785,080,244.56 | 2,854,044.17    |

|       |                  |                |
|-------|------------------|----------------|
| Total | 1,923,064,481.30 | 520,965,421.13 |
|-------|------------------|----------------|

2) Other significant accounts receivable with account age of more than 1 year

Unit: Yuan

| Items | Ending balance | Causes for non-payment or carryover |
|-------|----------------|-------------------------------------|
|-------|----------------|-------------------------------------|

Other description

### 34. Liabilities held for sale

Unit: Yuan

| Items | Ending balance | Opening balance |
|-------|----------------|-----------------|
|-------|----------------|-----------------|

Other description:

None

### 35. Non-current liabilities coming due within one year

Unit: Yuan

| Items  | Ending balance | Opening balance |
|--|----------------|-----------------|
| Long-term loans coming due within 1 year           | 906,690,152.95 | 820,422,471.45  |
| Long-term account payable coming due within 1 year | 69,029,828.60  |                 |
| Total  | 975,719,981.55 | 820,422,471.45  |

Other description:

None

### 36. Other Current Liabilities

Unit: Yuan

| Items                    | Ending balance | Opening balance |
|--------------------------|----------------|-----------------|
| Output taxes to transfer |                | 121,529,600.95  |
| Total                    |                | 121,529,600.95  |

Increase or decrease of short-term bonds payable

Unit: Yuan

| Bond name | Par value | Date of issue | Bond period | Issued amount | Opening balance | Issue of current period | Interests withdrawn as per par value | Amortization of premium or discount | Amount repaid of current period |  | Ending balance |
|-----------|-----------|---------------|-------------|---------------|-----------------|-------------------------|--------------------------------------|-------------------------------------|---------------------------------|--|----------------|
|-----------|-----------|---------------|-------------|---------------|-----------------|-------------------------|--------------------------------------|-------------------------------------|---------------------------------|--|----------------|

Other description:

None

**37. Long-term loans****(2) Classification of long-term loans**

Unit: Yuan

| Items  | Ending balance   | Opening balance |
|--|------------------|-----------------|
| Mortgaged loan   |                  | 16,839,164.49   |
| Guaranteed loan  | 1,026,690,152.95 | 826,253,306.53  |
| Less: Long-term loans coming due within 1 year (see Note VI, 25) | -906,690,152.95  |                 |
| Total  | 120,000,000.00   | 843,092,471.02  |

Description for classification of long-term loans:

None

Other description: including the range of interest rate:

None

**38. Bonds payable****(1) Bonds payable**

Unit: Yuan

| Items   | Ending balance | Opening balance |
|---|----------------|-----------------|
| First period bond financing plan of Sino Great Wall International Engineering Co., Ltd. in 2017 | 254,801,342.47 | 245,000,000.00  |
| Qianhai Wutong Private Bond No. 2016070   |                | 100,000,000.00  |
| Total   | 254,801,342.47 | 345,000,000.00  |

**(2) Increase or decrease of bonds payable (excluding other financial instruments classified as financial liabilities, like preferred stocks and perpetual bonds, etc.)**

Unit: Yuan

| Bond name         | Par value      | Date of issue | Bond period | Issued amount | Opening balance | Issue of current period | Interests withdrawn as per par value | Amortization of premium or discount | Amount repaid of current period | Other amount decreased | Ending balance |
|-------------------|----------------|---------------|-------------|---------------|-----------------|-------------------------|--------------------------------------|-------------------------------------|---------------------------------|------------------------|----------------|
| 1. Qianhai Wutong | 100,000,000.00 | 1/6/2017      | 1/6/2019    | 99,800,000.00 | 100,000,000.00  | 0.00                    | 6,200,000.00                         |                                     | 106,200,000.00                  |                        | 0.00           |

|  |                |            |            |                |                |      |               |  |                |  |                |
|--|----------------|------------|------------|----------------|----------------|------|---------------|--|----------------|--|----------------|
| Private Bond No. 2016070   |                |            |            |                |                |      |               |  |                |  |                |
| 2. First period bond financing plan of Sino Great Wall International Engineering Co., Ltd. in 2017 | 245,000,000.00 | 10/31/2017 | 10/31/2020 | 245,000,000.00 | 245,000,000.00 | 0.00 | 9,801,342.47  |  |                |  | 254,801,342.47 |
| Subtotal   | 345,000,000.00 |            |            | 344,800,000.00 | 345,000,000.00 | 0.00 | 16,001,342.47 |  | 106,200,000.00 |  | 254,801,342.47 |
| Less: End-of-year amount due within a year (see Note VI, 25)                                       |                |            |            |                |                |      |               |  |                |  |                |
| Total  | --             | --         | --         | 344,800,000.00 | 345,000,000.00 | 0.00 | 16,001,342.47 |  | 106,200,000.00 |  | 254,801,342.47 |

### (3) Description of conversion conditions and time for convertible corporate bonds

None

### (4) Description of other financial instruments classified as financial liabilities

Basic description of financial instruments including preferred stocks and perpetual bonds issued at the end of a period

None

Presentation of changed situations of financial instruments including preferred stocks and perpetual bonds issued at the end of a period

Unit: Yuan

| Issued financial instruments | Opening |            | Amount increased of current period |            | Amount decreased of current period |            | Ending |            |
|------------------------------|---------|------------|------------------------------------|------------|------------------------------------|------------|--------|------------|
|                              | Amount  | Book value | Amount                             | Book value | Amount                             | Book value | Amount | Book value |
|                              |         |            |                                    |            |                                    |            |        |            |

Description of other financial instruments classified as financial liabilities

None

Other description

None

**39. Long-term account payable**

Unit: Yuan

| Items                     | Ending balance | Opening balance |
|---------------------------|----------------|-----------------|
| Long-term account payable | 322,990.35     | 81,945,567.86   |
| Total                     | 322,990.35     | 81,945,567.86   |

**(1) Presentation of other accounts payable by the nature of accounts**

Unit: Yuan

| Items                          | Ending balance | Opening balance |
|--------------------------------|----------------|-----------------|
| Accrued financial lease outlay | 322,990.35     | 81,945,567.86   |

Other description:

None

**(2) Special account payable**

Unit: Yuan

| Items | Opening balance | Amount increased of current period | Amount decreased of current period | Ending balance | Reason for formation |
|-------|-----------------|------------------------------------|------------------------------------|----------------|----------------------|
|-------|-----------------|------------------------------------|------------------------------------|----------------|----------------------|

Other description:

None

**40. Long-term payroll payable****(1) Chart of long-term payroll payable**

Unit: Yuan

| Items | Ending balance | Opening balance |
|-------|----------------|-----------------|
|-------|----------------|-----------------|

**(2) Changed situations of benefit plan measured and set up**

Present value of benefit plan measured and set up

Unit: Yuan

| Items | Amount incurred of current period | Amount incurred of last period |
|-------|-----------------------------------|--------------------------------|
|-------|-----------------------------------|--------------------------------|

Asset set up:

Unit: Yuan

| Items | Amount incurred of current period | Amount incurred of last period |
|-------|-----------------------------------|--------------------------------|
|-------|-----------------------------------|--------------------------------|

Net liabilities or net assets of benefit plan measured and set up

Unit: Yuan

| Items | Amount incurred of current period | Amount incurred of last period |
|-------|-----------------------------------|--------------------------------|
|-------|-----------------------------------|--------------------------------|

Explanation on the content of benefit plan set up and related risks, impact on the company's cash flow, timing and uncertainties:

Explanation on the sensitivity analysis result and significant actuarial assumptions of benefit plan set up:

Other description:

**41. Accrued liabilities**

Unit: Yuan

| Items           | Ending balance | Opening balance | Reason for formation |
|-----------------|----------------|-----------------|----------------------|
| Pending actions | 2,958,723.15   | 3,414,189.15    |                      |
| Total           | 2,958,723.15   | 3,414,189.15    | --                   |

Other descriptions, including significant assumptions and appraisal of significant accrued liabilities:

**42. Deferred income**

Unit: Yuan

| Items | Opening balance | Amount increased of current period | Amount decreased of current period | Ending balance | Reason for formation |
|-------|-----------------|------------------------------------|------------------------------------|----------------|----------------------|
|-------|-----------------|------------------------------------|------------------------------------|----------------|----------------------|

Projects involving governmental subsidy:

Unit: Yuan

| Liability items | Opening balance | Subsidy increased over current period | Amount recorded in non-operating income over current period | Amount recorded in other benefits over current period | Cost offset expenses over current period | Other changes | Ending balance | Related to assets/Related to income |
|-----------------|-----------------|---------------------------------------|---|---|--|---------------|----------------|-------------------------------------|
|-----------------|-----------------|---------------------------------------|---|---|--|---------------|----------------|-------------------------------------|

Other description:

**43. Other Non-current liabilities**

Unit: Yuan

| Items | Ending balance | Opening balance |
|-------|----------------|-----------------|
|-------|----------------|-----------------|

Other description:

None

**44. Capital Stock**

Unit: Yuan

|                        | Opening balance  | Increase/Decrease (+/-) |                           |                                      |        |          | Ending balance   |
|------------------------|------------------|-------------------------|---------------------------|--------------------------------------|--------|----------|------------------|
|                        |                  | New shares issued       | Shares presented for free | Shares converted from public reserve | Others | Subtotal |                  |
| Total amount of shares | 1,698,245,011.00 |                         |                           |                                      |        |          | 1,698,245,011.00 |

Other description:

**45. Other equity instruments****(1) Basic description of financial instruments including preferred stocks and perpetual bonds issued at the end of a period****(2) Presentation of changed situations of financial instruments including preferred stocks and perpetual bonds issued at the end of a period**

Unit: Yuan

| Issued financial instruments | Opening |            | Amount increased of current period |            | Amount decreased of current period |            | Ending |            |
|------------------------------|---------|------------|------------------------------------|------------|------------------------------------|------------|--------|------------|
|                              | Amount  | Book value | Amount                             | Book value | Amount                             | Book value | Amount | Book value |
|                              |         |            |                                    |            |                                    |            |        |            |

Explanation on the reason for increase, decrease or change of other current equity instruments and the accounting methods:

Other description:

**46. Capital reserve**

Unit: Yuan

| Items                                   | Opening balance   | Amount increased of current period | Amount decreased of current period | Ending balance    |
|---|-------------------|------------------------------------|------------------------------------|-------------------|
| Capital premium (capital stock premium) | -857,285,524.28   |                                    |                                    | -857,285,524.28   |
| Other capital reserve                   | -442,064,177.46   | 503,161.67                         |                                    | -441,561,015.79   |
| Total                                   | -1,299,349,701.74 | 503,161.67                         |                                    | -1,298,846,540.07 |

Other description, including explanation on the reason for increase, decrease or change of current special reserve:

**47. Inventory stock**

Unit: Yuan

| Items | Opening balance | Amount increased of | Amount decreased of | Ending balance |
|-------|-----------------|---------------------|---------------------|----------------|
|       |                 |                     |                     |                |

|  |  |                |                |  |
|--|--|----------------|----------------|--|
|  |  | current period | current period |  |
|--|--|----------------|----------------|--|

Other description, including explanation on the reason for increase, decrease or change of current inventory stock

#### 48. Other composite benefits

Unit: Yuan

| Items   | Opening balance | Amount incurred of current period              |  |                             |   |   | Ending balance |
|---|-----------------|--|--|-----------------------------|---|---|----------------|
|   |                 | Amount incurred of current period before taxes | Less: Current gain and loss from conversion of other previous composite benefits | Less: Expense of income tax | After-tax amount attributed to the parent company | After-tax amount attributed to minor shareholders |                |
| II. Other composite benefits to be re-classified as gain and loss | 858,242.13      | -50,380.95                                     | 858,242.13   | 0.00                        | -908,623.08                                       | 0.00  | -50,380.95     |
| Balance from conversion of foreign-currency financial statements  | 858,242.13      | -50,380.95                                     |  |                             | -908,623.08                                       |   | -50,380.95     |
| Total of other composite benefits                                 | 858,242.13      | -50,380.95                                     | 858,242.13   | 0.00                        | -908,623.08                                       |   | -50,380.95     |

Other description, including adjustment of initial carrying amount of hedged items converted from the effective portion of gain or loss of cash flow hedge

#### Special reserve

Unit: Yuan

| Items               | Opening balance | Amount increased of current period | Amount decreased of current period | Ending balance |
|---------------------|-----------------|------------------------------------|------------------------------------|----------------|
| Work safety expense | 164,231,078.18  |                                    | 143,204,995.75                     | 21,026,082.43  |
| Total               | 164,231,078.18  |                                    | 143,204,995.75                     | 21,026,082.43  |

Other description, including explanation on the reason for increase, decrease or change of current special reserve:

#### 50. Surplus reserve

Unit: Yuan

| Items                     | Opening balance | Amount increased of current period | Amount decreased of current period | Ending balance |
|---------------------------|-----------------|------------------------------------|------------------------------------|----------------|
| Statutory surplus reserve | 84,394,441.23   |                                    |                                    | 84,394,441.23  |
| Total                     | 84,394,441.23   |                                    |                                    | 84,394,441.23  |

Description, including explanation on the reason for increase, decrease or change of current surplus reserve

**51. Undistributed profit**

Unit: Yuan

| Items  | Amount of current period | Amount of last period |
|--|--------------------------|-----------------------|
| Undistributed profit at the end of last period before adjustment                 | 1,503,103,396.72         | 1,228,970,498.86      |
| Undistributed profit at beginning of the year after adjustment                   | 1,503,103,396.72         | 1,228,970,498.86      |
| Plus: Net profit attributed to the parent company's owners in the current period | -1,704,739,736.40        | 380,090,990.83        |
| Common stock dividends payable   | 67,929,800.44            | -101,894,700.66       |
| Others   |                          | -4,063,392.31         |
| Ending undistributed profit  | -269,566,140.13          | 1,503,103,396.72      |

Details of undistributed profit at beginning of the year:

- 1) Undistributed profit affected by the tracking and adjustment carried out in accordance with the Accounting Standards for Business Enterprises and related regulations.
- 2) Undistributed profit affected by change of accounting methods.
- 3) Undistributed profit affected by significant accounting errors.
- 4) Undistributed profit affected by change of accounting scope after business combination under the same control.
- 5) Undistributed profit affected by other adjustments.

**52. Operating Income and Operating Cost**

Unit: Yuan

| Items            | Amount incurred of current period |                  | Amount incurred of last period |                  |
|------------------|-----------------------------------|------------------|--------------------------------|------------------|
|                  | Income                            | Cost             | Income                         | Cost             |
| Main businesses  | 2,426,404,120.17                  | 2,448,895,755.44 | 6,496,576,893.36               | 4,886,041,528.62 |
| Other businesses | 583,566.85                        | 604,879.43       | 548,087.16                     | 312,971.04       |
| Total            | 2,426,987,687.02                  | 2,449,500,634.87 | 6,497,124,980.52               | 4,886,354,499.66 |

**53. Taxes and Surcharge**

Unit: Yuan

| Items                                  | Amount incurred of current period | Amount incurred of last period |
|--|-----------------------------------|--------------------------------|
| Urban maintenance and construction tax | 1,925,156.82                      | 1,884,723.85                   |
| Educational surtax                     | 1,461,672.67                      | 1,399,860.90                   |
| Property tax                           | 136,902.96                        |                                |
| Land use tax                           | 95,436.15                         |                                |
| Vehicle and vessel usage tax           | 660.00                            |                                |

|              |              |              |
|--------------|--------------|--------------|
| Stamp duty   | 1,136,171.01 |              |
| Business tax |              | -141,646.64  |
| Other taxes  | 34,660.96    | 1,390,067.50 |
| Total        | 4,790,660.57 | 4,533,005.61 |

Other description:

#### 54. Selling Expenses

Unit: Yuan

| Items                              | Amount incurred of current period | Amount incurred of last period |
|------------------------------------|-----------------------------------|--------------------------------|
| Employee Compensation              | 4,952,958.61                      | 8,019,452.92                   |
| Travel expenses                    | 169,017.69                        | 723,327.21                     |
| Business entertainment expense     | 430,325.64                        | 379,837.66                     |
| Advertising and promotion expenses |                                   | 16,293.68                      |
| Construction maintenance fees      | 20,496,867.63                     | 16,040,272.66                  |
| Others                             | 2,251,632.85                      | 7,034,063.84                   |
| Total                              | 28,300,802.42                     | 32,213,247.97                  |

Other description:

#### 55. Management Expenses

Unit: Yuan

| Items                                   | Amount incurred of current period | Amount incurred of last period |
|---|-----------------------------------|--------------------------------|
| Employee Compensation                   | 179,468,828.70                    | 146,060,526.13                 |
| Administrative expenses                 | 6,753,534.24                      | 15,110,557.60                  |
| Rental                                  | 14,188,202.29                     | 19,054,037.35                  |
| Travel expenses                         | 9,449,221.53                      | 13,611,200.61                  |
| Business entertainment expense          | 10,737,792.07                     | 8,668,113.32                   |
| Depreciation fees of fixed assets       | 11,878,149.07                     | 11,262,728.55                  |
| Vehicle expenses                        | 1,259,121.59                      | 3,538,337.07                   |
| Long-term deferred expense amortization | 3,947,660.60                      | 4,360,113.43                   |
| Consulting fee                          | 27,870,502.23                     | 59,415,179.05                  |
| Conference                              | 140,828.39                        | 718,194.44                     |
| Litigation Fee                          | 3,039,464.22                      |                                |
| Intangible asset amortization           | 3,522,205.28                      |                                |
| Others                                  | 39,443,290.32                     | 31,158,219.65                  |
| Total                                   | 311,698,800.53                    | 312,957,207.20                 |

Other description:

**56. R&D Expenses**

Unit: Yuan

| Items | Amount incurred of current period | Amount incurred of last period |
|-------|-----------------------------------|--------------------------------|
|-------|-----------------------------------|--------------------------------|

Other description:

**57. Financial Expenses**

Unit: Yuan

| Items                       | Amount incurred of current period | Amount incurred of last period |
|-----------------------------|-----------------------------------|--------------------------------|
| Interest expenditure        | 721,751,253.62                    | 294,207,584.82                 |
| Less: Interest income       | 17,750,530.72                     | 14,448,977.61                  |
| Net Interest Expenses       | 704,000,722.90                    | 279,758,607.21                 |
| Exchange gain or loss       | -118,130,856.86                   | 124,220,566.01                 |
| Discount interest           |                                   |                                |
| Handling charges and others | 20,145,670.19                     | 28,611,434.33                  |
| Total                       | 606,015,536.23                    | 432,590,607.55                 |

Other description:

**58. Asset Impairment Loss**

Unit: Yuan

| Items   | Amount incurred of current period | Amount incurred of last period |
|---|-----------------------------------|--------------------------------|
| I. Bad debt loss                                    | 463,968,319.90                    | 316,738,875.97                 |
| II. Inventory depreciation loss                     | -697,641.55                       |                                |
| V. Impairment losses on long-term equity investment | 25,292,312.68                     |                                |
| XIII. Goodwill impairment loss                      | 17,948,978.53                     | 5,547,635.00                   |
| Total   | 506,511,969.56                    | 322,286,510.97                 |

Other description:

**59. Other Income**

Unit: Yuan

| Sources of other income        | Amount incurred of current period | Amount incurred of last period |
|--------------------------------|-----------------------------------|--------------------------------|
| Subsidy for post stabilization | 38,940.28                         | 250,194.89                     |
| Commerce Commission bounty     |                                   | 1,960,934.00                   |

|   |           |  |
|---|-----------|--|
| Return of handling charges on personal income tax | 13,100.20 |  |
|---|-----------|--|

## 60. Investment Yield

Unit: Yuan

| Items   | Amount incurred of current period | Amount incurred of last period |
|---|-----------------------------------|--------------------------------|
| Gain on long-term equity investments subject to accounting with equity method | -420,828.29                       |                                |
| Investment yield obtained from disposal of long-term equity investments       | 25,953,835.15                     |                                |
| Proceeds from wealth management products                                      | 4,686,911.15                      | -387,601.37                    |
| Total   | 30,219,918.01                     | -387,601.37                    |

Other description:

## 61. Profits from Changes in Fair Value

Unit: Yuan

| Sources of profits from changes in fair value | Amount incurred of current period | Amount incurred of last period |
|---|-----------------------------------|--------------------------------|
|   |                                   |                                |

Other description:

## 62. Proceeds from Asset Disposal

Unit: Yuan

| Sources of proceeds from asset disposal | Amount incurred of current period | Amount incurred of last period |
|---|-----------------------------------|--------------------------------|
| Disposal of fixed assets                |                                   | -150,250.00                    |

## 63. Non-Operating Income

Unit: Yuan

| Items                                     | Amount incurred of current period | Amount incurred of last period | Amount recorded in the non-recurring gain or loss of current period |
|---|-----------------------------------|--------------------------------|---|
| Gains from debt restructuring             | 100,000,000.00                    |                                |   |
| Awards for steady growth                  | 5,526,702.00                      |                                |   |
| Nonpayment intercourse funds              | 22,972,420.86                     |                                |   |
| Gains from disposal of non-current assets | 116,125.14                        |                                |   |
| Others                                    | 84,587.85                         | 156,426.78                     |   |

|       |                |            |  |
|-------|----------------|------------|--|
| Total | 128,699,835.85 | 156,426.78 |  |
|-------|----------------|------------|--|

Governmental subsidies included in gain or loss of current period:

Unit: Yuan

| Subsidy items                                    | Granting subjects | Reasons | Nature/type | Whether subsidies affect gain or loss in the current period | Whether it is special subsidy | Amount incurred of current period | Amount incurred of last period | Related to assets/Related to income |
|--|-------------------|---------|-------------|---|-------------------------------|-----------------------------------|--------------------------------|-------------------------------------|
| Awards for steady growth                         |                   |         |             |   |                               | 5,526,702.00                      |                                | Related to income                   |
| Subsidy for post stabilization                   |                   |         |             |   |                               | 38,940.20                         |                                | Related to income                   |
| Return of handling charge on personal income tax |                   |         |             |   |                               | 13,100.20                         |                                | Related to income                   |

Other description:

#### 64. Non-Operating Expenditure

Unit: Yuan

| Items                                  | Amount incurred of current period | Amount incurred of last period | Amount recorded in the non-recurring gain or loss of current period |
|--|-----------------------------------|--------------------------------|---|
| Donation outlay                        |                                   | 240,000.00                     |   |
| Loss from non-current asset retirement | 1,297,636.91                      |                                | 1,297,636.91  |
| Overdue fine                           | 11,774,955.74                     |                                | 11,774,955.74   |
| Loss by default                        | 403,761,833.33                    |                                | 403,761,833.33  |
| Others                                 | 5,133,452.12                      | -3,270,152.73                  | 5,133,452.12  |
| Total                                  | 395,623,593.98                    | -3,030,152.73                  |   |

Other description:

**65. Expense of Income Tax****(I) Table of Income Tax**

Unit: Yuan

| Items                                       | Amount incurred of current period | Amount incurred of last period |
|---|-----------------------------------|--------------------------------|
| Expense of income tax in the current period | 12,135,333.39                     | 172,349,309.88                 |
| Deferred income tax expenses                | -8,853,410.79                     | -45,345,578.12                 |
| Total                                       | 3,281,922.60                      | 127,003,731.76                 |

**(II) Adjustment Process of Accounting Profit and Expense of Income Tax**

Unit: Yuan

| Items  | Amount incurred of current period |
|--|-----------------------------------|
| Total profit   | -1,716,482,516.80                 |
| Expense of income tax calculated with statutory [or applicable] tax rate   | -430,354,356.39                   |
| Influences of different tax rates applicable to subsidiaries   | -3,982,736.66                     |
| Influences of non-deductible costs, expenses and losses  | 126,689,992.39                    |
| Influences of deductible temporary difference or deductible loss of non-confirmed deferred income tax assets in the current period | 304,484,844.65                    |
| Expense of income tax  | 3,281,922.60                      |

Other description:

**66. Other Composite Benefits**

For more details, please see Notes to Financial Statement.

**67. Items of Cash Flow Statement****(I) Cash Received Relating to Other Operating Activities**

Unit: Yuan

| Items                                     | Amount incurred of current period | Amount incurred of last period |
|---|-----------------------------------|--------------------------------|
| Interest income                           | 6,994,835.15                      | 6,963,410.83                   |
| Bond, deposit and other intercourse funds | 4,926,888,796.41                  | 6,125,468,343.62               |
| Governmental subsidy                      | 51,435.00                         | 2,211,128.89                   |
| Others                                    | 77,749.30                         |                                |

|       |                  |                  |
|-------|------------------|------------------|
| Total | 4,934,012,815.86 | 6,134,642,883.34 |
|-------|------------------|------------------|

Description on cash received relating to other operating activities:

## (II) Cash Paid Relating to Other Operating Activities

Unit: Yuan

| Items                           | Amount incurred of current period | Amount incurred of last period |
|---------------------------------|-----------------------------------|--------------------------------|
| Handling charges                | 235,185,395.07                    | 25,037,998.96                  |
| Warranties and deposit expenses | 190,984,798.40                    | 545,286,663.39                 |
| Selling Expenses                | 1,076,050.17                      | 71,903,447.59                  |
| Management Expenses             | 50,611,015.00                     | 305,349,194.66                 |
| Current account                 | 4,051,155,412.98                  | 6,022,745,439.52               |
| Others                          | 11,137.39                         |                                |
| Total                           | 4,529,023,809.01                  | 6,970,322,744.12               |

Description on cash paid relating to other operating activities:

## (III) Cash Received Relating to Other Investment Activities

Unit: Yuan

| Items | Amount incurred of current period | Amount incurred of last period |
|-------|-----------------------------------|--------------------------------|
|       |                                   |                                |

Description on cash received relating to other investment activities:

## (IV) Cash Paid Relating to Other Investment Activities

Unit: Yuan

| Items  | Amount incurred of current period | Amount incurred of last period |
|--|-----------------------------------|--------------------------------|
| Cash balance of subsidiaries in disposal of subsidiaries | 2,990,381.41                      |                                |
| Bond paid for land auction                               |                                   | 131,500,000.00                 |
| Total  | 2,990,381.41                      | 131,500,000.00                 |

Description on cash paid relating to other investment activities:

## (V) Cash Received Relating to Other Financing Activities

Unit: Yuan

| Items                                    | Amount incurred of current period | Amount incurred of last period |
|--|-----------------------------------|--------------------------------|
| Received company/personal financing fund | 54,209,648.35                     | 166,727,200.00                 |
| Non-public warranties                    |                                   | 12,600,000.00                  |

|       |               |                |
|-------|---------------|----------------|
| Total | 54,209,648.35 | 179,327,200.00 |
|-------|---------------|----------------|

Description on cash received relating to other financing activities:

## (VI) Cash Paid Relating to Other Financing Activities

Unit: Yuan

| Items                                | Amount incurred of current period | Amount incurred of last period |
|--------------------------------------|-----------------------------------|--------------------------------|
| Paid company/personal financing fund | 22,511,749.85                     | 178,321,283.83                 |
| Paid trust deposit                   |                                   | 48,600,000.00                  |
| Paid financing fees                  |                                   | 6,150,000.00                   |
| Others                               | 1,050.18                          |                                |
| Total                                | 22,512,800.03                     | 233,071,283.83                 |

Description on cash paid relating to other financing activities:

## 68. Supplementary Data of Cash Flow Statement

### (I) Supplementary Data of Cash Flow Statement

Unit: Yuan

| Supplementary Data   | Amount of current period | Amount of last period |
|--|--------------------------|-----------------------|
| 1. Net profit adjusted to cash flow of operating activities:   | --                       | --                    |
| Net profit   | -1,719,764,439.40        | 384,046,026.83        |
| Plus: Asset depreciation reserve   | 506,759,969.56           | 322,286,510.97        |
| Depreciation of fixed assets, depreciation of oil and gas assets, and depreciation of productive biological assets | 35,920,441.73            | 17,923,017.62         |
| Intangible asset amortization  | 3,965,757.12             | 2,653,220.75          |
| Long-term deferred expense amortization  | 6,782,686.56             | 17,222,764.37         |
| Loss on disposal of fixed assets, intangible assets and other long-term assets (income represented with “-”)       | 1,181,511.77             |                       |
| Loss from fixed asset retirement (Income is represented with “-”)  |                          | 150,250.00            |
| Financial expenses (income represented with “-”)   | 721,751,253.62           | 294,207,584.82        |
| Investment loss (income represented with   | -29,219,919.01           | 387,601.37            |

|  |                  |                   |
|--|------------------|-------------------|
| “ - ”)   |                  |                   |
| Decrease of deferred income tax assets<br>(increase represented with “ - ”)                    | -5,949,436.23    | -41,934,678.02    |
| Increase of deferred income tax liabilities<br>(decrease represented with “ - ”)               | -53,653.31       | -1,380,927.06     |
| Decrease of inventories (increase represented<br>with “ - ”)                                   | -160,692,252.73  | -222,529,694.72   |
| Decrease of operating items receivable<br>(increase represented with “ - ”)                    | 1,284,162,666.35 | -2,467,941,286.77 |
| Increase of operating items payable<br>(decrease represented with “ - ”)                       | 183,034,469.42   | -86,959,008.81    |
| Net amount of cash flow from operating<br>activities   | 827,879,055.45   | -1,781,868,618.65 |
| 2. Major investment and financing<br>activities not involving cash revenue and<br>expenditure: | --               | --                |
| 3. Net change of cash and cash<br>equivalents:   | --               | --                |
| Ending balance of cash   | 125,767,796.88   | 647,222,590.48    |
| Less: Opening balance of cash  | 647,222,590.48   | 943,705,322.41    |
| Net increment of cash and cash equivalents   | -521,454,793.60  | -296,482,731.93   |

**(II) Net Amount of Cash Paid for Acquisition of Subsidiaries in Current Period**

Unit: Yuan

|          | Amount |
|----------|--------|
| Wherein: | --     |
| Wherein: | --     |
| Wherein: | --     |

Other description:

**(III) Net Amount of Cash Received from Disposal of Subsidiaries in Current Period**

Unit: Yuan

|          | Amount |
|----------|--------|
| Wherein: | --     |
| Wherein: | --     |
| Wherein: | --     |

Other description:

#### (IV) Composition of Cash and Cash Equivalents

Unit: Yuan

| Items  | Ending balance | Opening balance |
|--|----------------|-----------------|
| I. Cash  | 125,767,796.88 | 647,222,590.48  |
| Including: Cash on hand                          | 3,116,229.51   | 4,614,087.17    |
| Bank deposit available for payment anytime       | 122,651,567.37 | 642,608,503.33  |
| III. Ending balance of cash and cash equivalents | 125,767,796.88 | 647,222,590.48  |

Other description:

#### 69. Notes to Items in Statement of Changes in Owner's Equity

Explain names of "other" items that adjust the ending balance of last year and the amount adjusted and other items:

#### 70. Assets with Ownership or Use Right Restricted

Unit: Yuan

| Items               | Ending book value | Reason for restriction            |
|---------------------|-------------------|-----------------------------------|
| Monetary Resources  | 532,947,089.60    | Guarantee deposit and frozen fund |
| Fixed assets        | 15,963,305.27     | Finance lease assets              |
| Accounts receivable | 716,094,881.32    | Pledge                            |
| Total               | 1,265,005,276.19  | --                                |

Other description:

#### 71. Foreign-Currency Monetary Items

##### (I) Foreign-Currency Monetary Items

Unit: Yuan

| Items              | Ending balance in foreign currency | Exchange rate for conversion | Ending balance in RMB after conversion |
|--------------------|------------------------------------|------------------------------|--|
| Monetary Resources | --                                 | --                           |  |
| Wherein: USD       | 1,079,139.41                       | 6.8632                       | 7,406,349.58                           |

|                            |                |        |                |
|----------------------------|----------------|--------|----------------|
| EUR                        |                |        |                |
| HKD                        | 345,733.97     | 0.8762 | 302,932.10     |
| QAR                        | 48,391.43      | 1.8848 | 91,210.45      |
| BUK                        | 24,542,203.15  | 0.0044 | 108,446.54     |
| IDR                        | 2,955,569.10   | 0.0005 | 1,395.00       |
| Russian Ruble (RUB)        | 14,477,133.45  | 0.0986 | 1,427,445.36   |
| PHP                        | 8,409,386.87   | 0.1306 | 1,098,400.48   |
| MYR                        | 561,416.73     | 1.6479 | 925,164.25     |
| MOP                        | 109,037.47     | 0.8500 | 92,680.21      |
| Accounts receivable        | --             | --     |                |
| Wherein: USD               | 61,883,264.10  | 6.8632 | 424,717,218.17 |
| EUR                        |                |        |                |
| HKD                        |                |        |                |
| QAR                        | 357,701,359.03 | 1.8848 | 674,212,418.07 |
| MYR                        | 60,603,384.88  | 1.6479 | 99,868,923.99  |
| MOP                        | 1,362,817.67   | 0.8500 | 1,158,373.92   |
| Advance Payment            |                |        |                |
| Wherein: USD               | 190,698.15     | 6.8632 | 1,308,799.55   |
| Russian Ruble (RUB)        | 7,869,840.23   | 0.0986 | 775,966.25     |
| MYR                        | 121,322.96     | 1.6479 | 199,929.32     |
| Other accounts receivable: |                |        |                |
| Wherein: USD               | 3,495,233.16   | 6.8632 | 24,030,248.49  |
| EUR                        | 2,600,000.00   | 7.8473 | 20,402,980.00  |
| HKD                        | 1,474.18       | 0.8762 | 1,291.68       |
| QAR                        | 136,466,367.94 | 1.8848 | 257,218,256.48 |
| BUK                        | 202,697,842.51 | 0.0046 | 936,810.18     |
| Russian Ruble (RUB)        | 9,583,296.61   | 0.0986 | 944,913.05     |
| PHP                        | 146,997.00     | 0.1306 | 19,200.16      |
| MYR                        | 1,000,168.97   | 1.6479 | 1,648,188.49   |
| LAK                        | 375,243,716.39 | 0.0008 | 301,125.13     |
| Accounts payable           |                |        |                |
| Wherein: USD               | 38,973,517.01  | 6.8632 | 267,483,041.94 |
| QAR                        | 5,928,511.95   | 1.8534 | 10,987,967.45  |
| BUK                        | 1,121,875.00   | 0.0044 | 4,959.81       |
| PHP                        | 44,130.43      | 0.1306 | 5,764.13       |

|                            |               |        |               |
|----------------------------|---------------|--------|---------------|
| MYR                        | 26,092,854.29 | 1.6479 | 42,998,675.51 |
| Items Received in Advance: |               |        |               |
| Wherein: USD               | 354,069.48    | 6.8632 | 2,430,049.66  |
| Other accounts payable:    |               |        |               |
| Wherein: USD               | 608,672.04    | 6.8632 | 4,177,437.95  |
| HKD                        | 407.62        | 0.8762 | 357.16        |
| PHP                        | 8,447.15      | 0.1306 | 1,103.33      |
| MYR                        | 24,542.40     | 1.6479 | 40,443.42     |
| AUD                        | 6,270.00      | 4.8250 | 30,252.75     |
| Long-term loans            | --            | --     |               |
| Wherein: USD               |               |        |               |
| EUR                        |               |        |               |
| HKD                        |               |        |               |
|                            |               |        |               |

Other description:

**(II) Description of Overseas Operating Entities; In Particular, Important Overseas Operating Entities Should Disclose Their Main Business Place, Recording Currency and the Basis for Selection; Reasons for Changes in the Recording Currency Should Also Be Disclosed.**

Applicable  Not applicable

**72. Hedging**

Disclosure of hedging items and related hedging instruments and qualitative and quantitative information on hedged risks in accordance with the hedging category:

**73. Governmental Subsidy**

**(I) Basic Facts about Governmental Subsidies**

Unit: Yuan

| Type | Amount | Presented items | Amount recorded in the gain or loss of the current period |
|------|--------|-----------------|---|
|      |        |                 |   |

**(II) Refund of Governmental Subsidy**

Applicable  Not applicable

Other description:

## 74. Miscellaneous

## VIII. Change of Combination Scope

## (I) Business Combination not under the Same Control

## 1. Business combination not under the same control in current term:

Unit: Yuan

| Name of the purchased party | Time point of equity acquisition | Cost of equity acquisition | Proportion of equity acquired | Way to acquire the stock equity | Date of purchasing | Basis for determining the date of purchasing | The purchased party's income from the date of purchasing to the end of term | The purchased party's net profit from the date of purchasing to the end of term |
|-----------------------------|----------------------------------|----------------------------|-------------------------------|---------------------------------|--------------------|--|---|---|
|                             |                                  |                            |                               |                                 |                    |  |   |   |

Others:

## 2. Combination cost and goodwill

Unit: Yuan

|                  |  |
|------------------|--|
| Combination cost |  |
|------------------|--|

Method to determine the fair value of combination cost, contingent consideration and its changes:

Main reasons for large amount of goodwill:

Others:

## 3. Identifiable assets and liabilities of the purchased party on the date of purchasing

Unit: Yuan

|  |                                      |                                      |
|--|--------------------------------------|--------------------------------------|
|  |                                      |                                      |
|  | Fair value on the date of purchasing | Book value on the date of purchasing |

Method to determine the fair value of identifiable assets and liabilities:

Contingent liabilities from the purchased party during the combination:

Others:

## 4. Gains or losses on re-measurement as per fair value of equity held before the date of purchasing

Is there such transaction that realizes combination through several steps of transactions and obtains control right during reporting period?

 Yes  No

**5. Relevant descriptions for failure to reasonably determine combination consideration and fair value of identifiable assets and liabilities of the purchased party on the purchasing date or at the end of current combination term.**

**6. Others**

**(II) Business Combination under the Same Control**

**1. Business combination under the same control in current term**

Unit: Yuan

| Name of the combined party | Proportion of gained equities during the combination. | Basis for business combination under the same control | Combination date | Basis for determining the combination date | The combined party's income from the beginning to the end of the current combination term | The combined party's net profit from the beginning to the end of the current combination term | The combined party's income in the comparative period | The combined party's net profit in the comparative period |
|----------------------------|---|---|------------------|--|---|---|---|---|
|                            |   |   |                  |  |   |   |   |   |

Others:

**2. Combination cost**

Unit: Yuan

|                  |  |
|------------------|--|
| Combination cost |  |
|------------------|--|

Contingent consideration and its changes:

Others:

**3. The combined party's book value of assets and liabilities on the combination date**

Unit: Yuan

|  |                  |                             |
|--|------------------|-----------------------------|
|  |                  |                             |
|  | Combination date | At the end of the last term |

Contingent liabilities from the combined party during the combination:

Others:

**(III) Counter Purchase**

Transaction basic information, basis to determine a transaction as a counter purchase, remaining assets of the listed company, whether liabilities are part of businesses and basis to determine it, determination of combination cost, adjusted equity amount and its calculation when dealt per equity transaction:

**(IV) Disposal of Subsidiaries**

Is there a single disposal of investments in a subsidiary, that is, loss of control right?

√ Yes □ No

Unit: Yuan

| Name of the subsidiary   | Price of the stock equity disposal | Proportion of the stock equity disposed | Way of the equity stock disposal | Time point of losing control right | Basis for determining the time point of losing control right    | Balance between the disposal price and the owned net asset share of the subsidiary corresponding to the disposal investment in the financial statement | Remaining proportion of stock equity at the date of losing control right | Book value of the remaining stock equity at the date of losing control right | Fair value of the remaining stock equity at the date of losing control right | Gain or loss on re-measurement of remaining stock equity as per fair value | Method to determine the fair value of the remaining stock equity at the date of losing control right and major assumptions | Amount of profit and loss on investments converted from other comprehensive gains related to the stock equity investments of the original subsidiary |
|--|------------------------------------|---|----------------------------------|------------------------------------|---|--|--|--|--|--|--|--|
| Sino Great Wall (Beijing) Investment Fund Management Co., Ltd. | 1,000,000.00                       | 100.00%                                 | Transfer                         | January 24, 2018                   | Completion of industrial and commercial registration of changes | 6,207.57   |  |  |  |  |  |  |
| Sino Great Wall Zhihui Housing Property (Zhanjiang) Co., Ltd.  | 84,000,000.00                      | 56.00%                                  | Transfer                         | August 10, 2018                    | Completion of industrial and commercial registration of changes | 72,235,477.48  | 44.00%   | 24,000,000.00  | 24,000,000.00  |  |  |  |

|   |               |         |          |                   |   |               |  |  |  |  |  |  |
|---|---------------|---------|----------|-------------------|---|---------------|--|--|--|--|--|--|
| Sino Great Wall Construction Construction Co., Ltd.     | 90,000,000.00 | 60.00%  | Transfer | December 06, 2018 | Completion of industrial and commercial registration of changes | 22,054,227.07 |  |  |  |  |  |  |
| Guangzhou Herabena Interior Design Co., Ltd.            | 1.00          | 100.00% | Transfer | October 16, 2018  | Completion of industrial and commercial registration of changes | -565,924.41   |  |  |  |  |  |  |
| Shenzhen Yatian Decoration Design Engineering Co., Ltd. | 5,500,000.00  | 70.00%  | Transfer | January 18, 2018  | Completion of industrial and commercial registration of changes | 15,953,394.16 |  |  |  |  |  |  |

Others

Is there disposal by steps of investments in a subsidiary through several transactions and losing control right in the current term?

Yes  No

#### (V) Changes of Combination Scope for Other Reasons

Describing other reasons for the changes of combination scope (e.g. newly-established subsidiary, liquidation of a subsidiary) and related matters:

## 6. Miscellaneous

## IX. Equity in Other Subjects

## (I) Equity in Subsidiaries

## 1. Composition of the enterprise group

| Name of the subsidiary | Main business place | Registered place | Business nature | Shareholding proportion |          | Acquisition method |
|------------------------|---------------------|------------------|-----------------|-------------------------|----------|--------------------|
|                        |                     |                  |                 | Direct                  | Indirect |                    |

About a subsidiary's shareholding proportion different from voting proportion:

Basis for controlling the invested party while holding half or less voting rights and not controlling the invested party despite holding half or more voting rights:

Basis for controlling the important structured entity incorporated into the combination scope:

Basis to confirm whether a company is an agent or a consignee:

Others:

## 2. Main non-sole subsidiaries

Unit: Yuan

| Name of the subsidiary | Shares of minority shareholders | Gains and losses of minority shareholders in current term | Dividends declared to minority shareholders in current term | Equity balance of minority shareholders at the end of the term |
|------------------------|---------------------------------|---|---|--|
|------------------------|---------------------------------|---|---|--|

About minority shareholders' shareholding proportion different from voting proportion:

Others:

## 3. Main financial information of important non-sole subsidiaries

Unit: Yuan

| Name of the subsidiary | Ending balance |                    |              |                     |                         |                   | Opening balance |                    |              |                     |                         |                   |
|------------------------|----------------|--------------------|--------------|---------------------|-------------------------|-------------------|-----------------|--------------------|--------------|---------------------|-------------------------|-------------------|
|                        | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities | Current assets  | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |

Unit: Yuan

| Name of the subsidiary | Amount incurred of current term |            |                                    |                                     | Amount incurred of last term |            |                                    |                                     |
|------------------------|---------------------------------|------------|------------------------------------|-------------------------------------|------------------------------|------------|------------------------------------|-------------------------------------|
|                        | Operating income                | Net profit | Total amount of composite benefits | Cash flow from operating activities | Operating income             | Net profit | Total amount of composite benefits | Cash flow from operating activities |

Others:

**4. Major limitations on using corporate group assets and liquidating corporate group liabilities****5. Financial and other support for structured entities incorporated into the combined financial statement**

Others:

**(II) Transactions When Owned Equity Shares of a Subsidiary Changed but Still Control the Subsidiary****1. About change of owned equity shares of a subsidiary****2. Influence of transactions on parent company's owned equity and the equity of minority shareholders**

Unit: Yuan

|  |  |
|--|--|
|  |  |
|--|--|

Others:

**(III). Equity in Joint Ventures and Jointly-run Enterprises****1. Important joint ventures and jointly-run enterprises**

| Name of the joint venture and jointly-run enterprise | Main business place | Registered place | Business nature | Shareholding proportion |          | Accountant arrangement method for joint ventures and jointly-run enterprise |
|--|---------------------|------------------|-----------------|-------------------------|----------|---|
|  |                     |                  |                 | Direct                  | Indirect |   |
|  |                     |                  |                 |                         |          |   |

About a joint venture or jointly-run enterprise's shareholding proportion different from voting proportion:

Basis for holding 20% or less voting rights but exerting important influence, or holding 20% or more voting rights but not exerting important influence:

**2. Main financial information of important joint ventures**

Unit: Yuan

|  | Ending balance/Amount incurred of current term | Opening balance/Amount incurred of last term |
|--|--|--|
|  |  |  |

Others:

**3. Main financial information of important jointly-run enterprises**

Unit: Yuan

|  | Ending balance/Amount incurred of current term | Opening balance/Amount incurred of last term |
|--|--|--|
|  |  |  |

|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

Others:

#### 4. Financial information summary of not important joint ventures and jointly-run enterprises

Unit: Yuan

|   | Ending balance/Amount incurred of current term | Opening balance/Amount incurred of last term |
|---|--|--|
| Joint ventures:   | --   | --   |
| Total number of the following items calculated by shareholding proportion | --   | --   |
| Jointly-run enterprises:  | --   | --   |
| Total number of the following items calculated by shareholding proportion | --   | --   |

Others:

#### 5. About major limitations on joint ventures and jointly-run enterprises' capability of capital transfer to the company

#### 6. Excess deficit incurred by joint ventures and jointly-run enterprises

Unit: Yuan

| Name of the joint venture and jointly-run enterprise | Accumulated unconfirmed losses accrued in the previous term | Unconfirmed losses of the current term (or shared net profits of the current term) | Accumulated unconfirmed losses in current term |
|--|---|--|--|
|  |   |  |  |

Others:

#### 7. Unconfirmed undertakings related to the investments of joint ventures

#### 8. Contingent liabilities related to the investments of joint ventures or jointly-run enterprises

#### (IV). Important Joint Operation

| Name of the joint operation | Main business place | Registered place | Business nature | Shareholding proportion/Owned shares |          |
|-----------------------------|---------------------|------------------|-----------------|--------------------------------------|----------|
|                             |                     |                  |                 | Direct                               | Indirect |
|                             |                     |                  |                 |                                      |          |

About shareholding proportion or owned shares in the joint operation different from voting proportion:

Basis for classifying a single entity as joint operation:

Others:

#### 5. Equity in structured entities not incorporated into the combined financial statement

About structured entities not incorporated into the combined financial statement:

**6. Others****X. Risks Related to Financial Instruments****XI. Disclosure of Fair Values****1. Closing fair values of assets and liabilities measured with fair value**

Unit: Yuan

| Item                                      | Closing fair values            |            |            |    |
|---|--------------------------------|------------|------------|----|
|   | Level 1 fair value measurement | 第二层次公允价值计量 | 第三层次公允价值计量 | 合计 |
| I. Continuous fair value measurement      | --                             | --         | --         | -- |
| II. Non-continuous fair value measurement | --                             | --         | --         | -- |

**2. Basis for determining market prices of items of continuous and non-continuous Level 1 fair value measurements****3. Qualitative and quantitative information of estimation techniques and key parameters adopted for items of continuous and non-continuous Level 2 fair value measurements****4. Qualitative and quantitative information of estimation techniques and key parameters adopted for items of continuous and non-continuous Level 3 fair value measurements****5. Adjustments between the beginning and the closing book values and sensitivity analysis of non-observable parameters for items of continuous Level 3 fair value measurement****6. Reasons for and policies for deciding the time for conversion between different levels for items of continuous fair value measurement during the current period****7. Estimation technique changes during the current period and reasons for the changes****8. Fair values of financial assets and financial liabilities non-measured with fair value****9. Others****XII. Related Parties and Related Transactions****1. Information about Parent Company of the Company**

| Name of Parent Company | Registered place | Business nature | Registered capital | Shareholding proportion of | Voting right proportion of |
|------------------------|------------------|-----------------|--------------------|----------------------------|----------------------------|
|                        |                  |                 |                    |                            |                            |

|  |  |  |  |                                  |                                  |
|--|--|--|--|----------------------------------|----------------------------------|
|  |  |  |  | Parent Company<br>to the Company | Parent Company<br>to the Company |
|  |  |  |  |                                  |                                  |
|  |  |  |  |                                  |                                  |

Description about Parent Company of the Company

The final controller of the Company is Chen Lue.

Other description:

## 2. Information about Subsidiaries of the Company

Please refer to Note VIII. 1 “Equity in Subsidiaries”.

## 3. Information about Joint Ventures and Associates of the Company

Please refer to Notes.

Other joint ventures or associates that had balances from related party transactions with the Company during the current period or the previous period:

| Name of joint venture or associate | Relationship with the Company  |
|------------------------------------|--|
| Cenang Resort Sdn Bhd              | An associate of which the Company holds 40% shares                                   |
|                                    |  |

Other description

## 4. Information about Other Related Parties

| Name of other related party                       | Relationship with the Company  |
|---|--|
| Shenzhen Hualian Development Investment Co., Ltd. | An affiliated company of shareholder                                       |
| Kunwu Jiuding Investment Management Co., Ltd.     | Bai Bin, a former director of the Company, acts as its Investment Director |

|   |  |
|---|--|
| Shanghai Heyi Supply Chain Management Co., Ltd.                                   | Wang Lei, a former director of the Company, acts as its director                     |
| Sino Great Wall (Beijing) Investment Fund Management Co., Ltd.                    | A company controlled by the actual controller  |
| Qinghai Heyi Commerce Co., Ltd.   | A company controlled by Wang Lei, a former director of the Company                   |
| Sino Great Wall Investment (Beijing) Co., Ltd.                                    | A company controlled by Chen Lve, a director of the Company                          |
| Yang Chunling   | Secretary to the Board of Directors of the Company                                   |
| Fang Xianzhong  | Vice President of the Company  |
| Chen Lve  | Actual controller of the Company   |
| He Sen  | Brother-in-law of the shareholder and actual controller of the Company               |
| Luyi Shuguang Medical Industrial Investment Construction Co., Ltd.                | A PPP Project Company controlled by the Company                                      |
| Huichang County Sino Great Wall Medical Industrial Construction Service Co., Ltd. | A PPP Project Company controlled by the Company                                      |
| Sino Great Wall (Fugou) High-speed Railways District Investment Co., Ltd.         | A PPP Project Company controlled by the Company                                      |
| Anyang Sino Great Wall Medical Management Service Co., Ltd.                       | A PPP Project Company controlled by the Company                                      |
| Sino Great Wall (Fugou) Jialu River Comprehensive Control Investment Co., Ltd.    | A PPP Project Company controlled by the Company                                      |
| Sino Great Wall (Fugou) National Fitness Center Investment Co., Ltd.              | A PPP Project Company controlled by the Company                                      |
| Sino Great Wall Shaanxi Fuyan Industrial Park Investment Co., Ltd.                | A PPP Project Company controlled by the Company                                      |
| Wuchuan City Sino Great Wall People's Hospital                                    | A PPP Project Company controlled by the Company                                      |
| Wuchuan Sino Great Wall TCM Hospital Investment Co., Ltd.                         | A PPP Project Company controlled by the Company                                      |
| Guizhou Hongqiao Sino Great Wall Medical Real Estate Investment Co., Ltd.         | A PPP Project Company controlled by the Company                                      |
|   |  |

Other description

## 5. Related Transaction

### (1) Related transactions for the provision and receipt of labor services for merchandises purchased and sold

Purchase goods/Service acceptance

Unit: Yuan

| Related Party | Content of related transactions | Current amount | Approved transaction quota | Whether exceed the transaction limited | Last Amount |
|---------------|---------------------------------|----------------|----------------------------|--|-------------|
|---------------|---------------------------------|----------------|----------------------------|--|-------------|

Purchase goods/Service acceptance

Unit: Yuan

| Related Party  | Content of related transactions | Current amount | Last Amount    |
|--|---------------------------------|----------------|----------------|
| Sino Great Wall (Fugou) High-speed Railways District Investment Co., Ltd.            | PPP project construction        |                | 108,664,988.71 |
| Sino Great Wall (Fugou) Fitness Center Investment Co., Ltd.                          | PPP project construction        |                | 42,981,344.98  |
| Sino Great Wall People's Hospital Co., Ltd. in Wuchuan                               | PPP project construction        | 21,553,398.06  |                |
| Sino Great Wall Traditional Chinese Medicine Investment Co., Ltd. in Wuchuan         | PPP project construction        | 19,149,594.63  |                |
| Total  |                                 | 119,209,440.10 | 347,760,072.27 |
|  |                                 |                |                |

Related transactions for the provision and receipt of labor services for merchandises purchased and sold

### (2) Related Trusteeship/contract and entrusted management/packaging situation

Table on company's trusteeship/contract

Unit: Yuan

| Name of | Name of | Type of asset | Beginning date | End date of | Pricing basis of | Confirmed |
|---------|---------|---------------|----------------|-------------|------------------|-----------|
|---------|---------|---------------|----------------|-------------|------------------|-----------|

|                              |                           |                     |                        |                     |                                     |                                  |
|------------------------------|---------------------------|---------------------|------------------------|---------------------|-------------------------------------|----------------------------------|
| entrusting/contract-out part | trustee/contracting party | trustee/contracting | of trustee/contracting | trustee/contracting | trustee earning/contracting earning | trustee earning/contract earning |
|------------------------------|---------------------------|---------------------|------------------------|---------------------|-------------------------------------|----------------------------------|

Note of related trustee/contracting

Table on company's trusteeship/contract-out

Unit: Yuan

| Name of entrusting/contract-out part | Name of trustee/contracting party | Type of asset trustee/contracting | Beginning date of trustee/contracting | End date of trustee/contracting | Pricing basis of trustee earning/contracting-out earning | Confirmed trustee earning/contract earning |
|--------------------------------------|-----------------------------------|-----------------------------------|---------------------------------------|---------------------------------|--|--|
|--------------------------------------|-----------------------------------|-----------------------------------|---------------------------------------|---------------------------------|--|--|

Note of related trustee/contracting

### (3) Related tenancy situation

The company as the lessor

Unit: Yuan

| Name of renter | Type of leased assets | Current confirmed rental income | Last confirmed rental income |
|----------------|-----------------------|---------------------------------|------------------------------|
|----------------|-----------------------|---------------------------------|------------------------------|

The company as the renter:

Unit: Yuan

| Name of renter | Type of leased assets | Current confirmed rental income | Last confirmed rental income |
|----------------|-----------------------|---------------------------------|------------------------------|
|----------------|-----------------------|---------------------------------|------------------------------|

Note of related tenancy situation

### (4) Related guarantee situation

The company as the guarantee:

Unit: Yuan

| Secured party             | Amount guaranteed | Beginning date of guarantee | End date of guarantee | Finished or yet |
|---------------------------|-------------------|-----------------------------|-----------------------|-----------------|
| Sino Great Wall Co., Ltd. | 200,000,000.00    | 2017.01.13                  | 2018.01.12.           | Yes             |
| Sino Great Wall Co., Ltd. | 200,000,000.00    | 2018.01.17.                 | 2019.01.16.           | No              |
| Sino Great Wall Co., Ltd. | 800,000,000.00    | 2017.04.17.                 | 2018.10.17.           | No              |
| Sino Great Wall Co., Ltd. | 50,000,000.00     | 2017.05.17.                 | 2018.05.16.           | No              |
| Sino Great Wall Co., Ltd. | 400,000,000.00    | 2017.06.23.                 | 2018.06.22.           | No              |

|                           |                |             |             |     |
|---------------------------|----------------|-------------|-------------|-----|
| Sino Great Wall Co., Ltd. |                | 2017.07.10. | 2018.07.09. | No  |
| Sino Great Wall Co., Ltd. |                | 2017.08.24. | 2018.08.23. | No  |
| Sino Great Wall Co., Ltd. | 100,000,000.00 | 2017.06.28. | 2018.12.21. | No  |
| Sino Great Wall Co., Ltd. | 100,000,000.00 | 2017.08.09. | 2018.08.08. | No  |
| Sino Great Wall Co., Ltd. | 130,000,000.00 | 2017.08.22. | 2018.08.21. | Yes |
| Sino Great Wall Co., Ltd. |                | 2017.08.23. | 2018.08.22. | Yes |
| Sino Great Wall Co., Ltd. | 130,000,000.00 | 2018.09.30. | 2019.09.29. | No  |
| Sino Great Wall Co., Ltd. |                | 2018.11.02. | 2019.09.29. | No  |
| Sino Great Wall Co., Ltd. | 200,000,000.00 | 2017.08.30. | 2018.08.30. | Yes |
| Sino Great Wall Co., Ltd. | 200,000,000.00 | 2018.09.08. | 2019.03.08. | No  |
| Sino Great Wall Co., Ltd. | 50,000,000.00  | 2017.11.17. | 2018.11.17. | No  |
| Sino Great Wall Co., Ltd. | 200,000,000.00 | 2017.10.26. | 2018.05.27. | No  |
| Sino Great Wall Co., Ltd. | 100,000,000.00 | 2016.10.27. | 2017.10.27. | No  |
| Sino Great Wall Co., Ltd. | 200,000,000.00 | 2016.04.19. | 2018.04.19. | No  |
| Sino Great Wall Co., Ltd. | 400,000,000.00 | 2016.06.28. | 2018.06.27. | No  |
| Sino Great Wall Co., Ltd. | 300,000,000.00 | 2017.05.10. | 2020.05.10. | No  |
| Sino Great Wall Co., Ltd. | 200,000,000.00 | 2017.08.03. | 2019.02.03. | No  |
| Sino Great Wall Co., Ltd. |                | 2017.08.10. | 2019.02.10. | No  |
| Sino Great Wall Co., Ltd. |                | 2017.08.16. | 2019.02.16. | No  |
| Sino Great Wall Co., Ltd. |                | 2017.08.03. | 2019.08.03. | No  |

|                           |                |             |             |     |
|---------------------------|----------------|-------------|-------------|-----|
| Ltd.                      |                |             |             |     |
| Sino Great Wall Co., Ltd. |                | 2017.08.10. | 2019.08.10. | No  |
| Sino Great Wall Co., Ltd. |                | 2017.08.16. | 2019.08.16. | No  |
| Sino Great Wall Co., Ltd. | 300,000,000.00 | 2017.09.18. | 2019.09.18. | No  |
| Sino Great Wall Co., Ltd. |                | 2017.09.25. | 2019.09.25. | No  |
| Sino Great Wall Co., Ltd. |                | 2017.09.29. | 2019.09.29. | No  |
| Sino Great Wall Co., Ltd. |                | 2017.10.13. | 2019.10.13. | No  |
| Sino Great Wall Co., Ltd. |                | 2017.10.18. | 2019.10.18. | No  |
| Sino Great Wall Co., Ltd. | 160,000,000.00 | 2018.04.04. | 2019.04.03. | No  |
| Sino Great Wall Co., Ltd. |                | 2018.04.04. | 2019.10.03. | No  |
| Sino Great Wall Co., Ltd. | 250,000,000.00 | 2017.01.11. | 2018.01.10. | No  |
| Sino Great Wall Co., Ltd. | 100,000,000.00 | 2016.09.30. | 2018.09.29. | No  |
| Sino Great Wall Co., Ltd. | 101,590,000.00 | 2018.12.28. | 2019.12.28. | No  |
| Sino Great Wall Co., Ltd. | 500,000,000.00 | 2016.11.12. | 2017.11.12. | Yes |
| Sino Great Wall Co., Ltd. | 700,000,000.00 | 2017.11.16. | 2018.11.05. | No  |
| Sino Great Wall Co., Ltd. | 130,000,000.00 | 2016.10.28. | 2017.09.28. | No  |
| Sino Great Wall Co., Ltd. | 70,000,000.00  | 2017.02.28. | 2018.02.27. | Yes |
| Sino Great Wall Co., Ltd. | 120,000,000.00 | 2018.03.12. | 2019.03.11. | No  |
| Sino Great Wall Co., Ltd. | 200,000,000.00 | 2017.04.11. | 2018.03.31. | Yes |
| Sino Great Wall Co., Ltd. | 180,000,000.00 | 2017.01.03. | 2018.01.02. | Yes |

|  |                |             |             |     |
|--|----------------|-------------|-------------|-----|
| Sino Great Wall Co., Ltd.                      | 120,000,000.00 | 2017.06.07. | 2018.05.22. | Yes |
| Sino Great Wall Co., Ltd.                      | 119,900,000.00 | 2018.08.22. | 2019.08.21. | No  |
| Sino Great Wall Co., Ltd.                      | 400,000,000.00 | 2017.07.25. | 2018.07.24. | No  |
| Sino Great Wall Co., Ltd.                      | 220,000,000.00 | 2017.06.30. | 2018.06.30. | No  |
| Sino Great Wall Co., Ltd.                      | 200,000,000.00 | 2017.10.18. | 2018.10.17. | No  |
| Sino Great Wall Co., Ltd.                      | 100,000,000.00 | 2017.11.22. | 2018.11.21. | No  |
| Sino Great Wall Co., Ltd.                      | 84,000,000.00  | 2017.03.31. | 2019.09.30. | No  |
| Sino Great Wall Co., Ltd.                      | 100,000,000.00 | 2017.11.30. | 2018.11.30. | No  |
| Sino Great Wall Co., Ltd.                      | 80,000,000.00  | 2018.02.13. | 2019.02.13. | No  |
| Sino Great Wall Co., Ltd.                      | 200,000,000.00 | 2017.12.28. | 2018.12.27. | No  |
| Sino Great Wall Construction Co. LTD.          | 50,000,000.00  | 2017.09.30. | 2018.09.29. | No  |
| Wuhan Business Professional Hospital Co., Ltd. | 108,898,099.51 | 2017.01.18. | 2020.01.17. | No  |
|  |                |             |             |     |

The company as the secured party

Unit: Yuan

| Secured party                       | Amount guaranteed | Beginning date of guarantee | End date of guarantee | Finished or yet |
|-------------------------------------|-------------------|-----------------------------|-----------------------|-----------------|
| Chen Lue, Sino Great Wall Co., Ltd. | 130,000,000.00    | 2016.10.28.                 | 2017.09.28.           | No              |
| Sino Great Wall Co., Ltd., Chen Lue | 70,000,000.00     | 2017.02.28.                 | 2018.02.27.           | Yes             |
| Sino Great Wall Co., Ltd., Chen Lue | 120,000,000.00    | 2018.03.12.                 | 2019.03.11.           | No              |
| Sino Great Wall Co., Ltd., Chen Lue | 200,000,000.00    | 2017.04.11.                 | 2018.03.31.           | Yes             |
| Sino Great Wall Co., Ltd.           | 180,000,000.00    | 2017.01.03.                 | 2018.01.02.           | Yes             |

|   |                |             |             |    |
|---|----------------|-------------|-------------|----|
| Ltd., Chen Lue, He Feiyan   |                |             |             |    |
| Sino Great Wall Co., Ltd., Chen Lue   | 120,000,000.00 | 2017.06.07. | 2018.05.22. | No |
| Sino Great Wall Co., Ltd., Chen Lue, Sino Great Wall Investment (Beijing) Co., Ltd, Suzhou Lvbang Wood Industry Technology Co., Ltd., Sino Great Wall Southwest Engineering Co., Ltd.                   | 119,900,000.00 | 2018.08.22. | 2019.08.21. | No |
| Chen Lue, Sino Great Wall Zhihui Housing Property (Zhanjiang) Co., Ltd., Wuhan Business Professional Hospital Co., Ltd., China Industry Investment Co., Ltd., Sino Zhigu Industrial (Yueyang) Co., Ltd. | 400,000,000.00 | 2017.07.25. | 2018.07.24. | No |
| Sino Great Wall Co., Ltd., Chen Lue   | 220,000,000.00 | 2017.06.30. | 2018.06.30. | No |
| Sino Great Wall Co., Ltd., Chen Lue   | 200,000,000.00 | 2017.10.18. | 2019.10.17. | No |
| Sino Great Wall Co., Ltd., Chen Lue   | 100,000,000.00 | 2017.11.22. | 2018.11.21. | No |
| Sino Great Wall Co., Ltd., Chen Lue   | 84,000,000.00  | 2017.03.31. | 2019.09.30. | No |
| Sino Great Wall Co., Ltd., Chen Lue   | 100,000,000.00 | 2017.11.30. | 2018.11.30. | No |
| Beijing Zhongguancun Sci-tech Financing Guaranty Co., Ltd.  | 230,000,000.00 | 2016.02.22. | 2018.03.22. | No |
| Beijing Zhongguancun Sci-tech Financing Guaranty Co., Ltd.  | 150,000,000.00 | 2018.03.22. | 2020.09.10. | No |
| Chen Lue  | 5,500,000.00   | 2015.02.11. | 2018.02.11. | No |
| Chen Lue  | 5,500,000.00   | 2015.02.11. | 2018.02.11. | No |

|   |                |             |             |    |
|---|----------------|-------------|-------------|----|
| Chen Lue  | 5,500,000.00   | 2015.07.30. | 2018.07.30. | No |
| Chen Lue  | 5,500,000.00   | 2015.08.03. | 2018.08.03. | No |
| Chen Lue  | 12,000,000.00  | 2016.01.13. | 2018.01.13. | No |
| Chen Lue  | 12,000,000.00  | 2016.03.29. | 2018.03.29. | No |
| Chen Lue  | 12,000,000.00  | 2016.03.29. | 2018.03.29. | No |
| Beijing Zhongguancun<br>Sci-tech Financing<br>Guaranty Co., Ltd.                  | 245,000,000.00 | 2017.10.31. | 2020.10.30. | No |
| Sino Great Wall Co.,<br>Ltd., Chen Lue  | 80,000,000.00  | 2018.02.13. | 2019.02.13. | No |
| Sino Great Wall Co.,<br>Ltd., Chen Lue, He<br>Feiyan                              | 200,000,000.00 | 2017.12.28. | 2018.12.27. | No |
| Beijing Zhongguancun<br>Sci-tech Financing<br>Guaranty Co., Ltd.                  | 150,000,000.00 | 2017.12.14. | 2019.12.13. | No |
| Sino Great Wall<br>International<br>Engineering Co., Ltd.,<br>Chen Lue, He Feiyan | 270,000,000.00 | 2017.03.13. | 2018.03.13. | No |
| Sino Great Wall<br>International<br>Engineering Co., Ltd.,<br>Chen Lue, He Feiyan | 200,000,000.00 | 2017.01.13. | 2018.01.12. | No |
| Sino Great Wall<br>International<br>Engineering Co., Ltd.,<br>Chen Lue            | 200,000,000.00 | 2018.01.17. | 2019.01.16. | No |
| Sino Great Wall<br>International<br>Engineering Co., Ltd.,<br>Chen Lue            | 800,000,000.00 | 2017.04.17. | 2018.10.17. | No |
| Chen Lue  | 300,000,000.00 | 2017.08.21. | 2018.08.21. | No |
| Sino Great Wall<br>International<br>Engineering Co., Ltd.,<br>Chen Lue            | 50,000,000.00  | 2017.05.17. | 2018.05.16. | No |
| Sino Great Wall<br>International<br>Engineering Co., Ltd.,<br>Chen Lue            | 400,000,000.00 | 2017.06.23. | 2018.06.22. | No |

|   |                |             |             |    |
|---|----------------|-------------|-------------|----|
| Sino Great Wall International Engineering Co., Ltd., Chen Lue |                | 2017.07.10. | 2018.07.09. | No |
| Sino Great Wall International Engineering Co., Ltd., Chen Lue |                | 2017.08.24. | 2018.08.23. | No |
| Sino Great Wall International Engineering Co., Ltd., Chen Lue | 200,000,000.00 | 2017.06.28. | 2018.12.21. | No |
| Sino Great Wall International Engineering Co., Ltd., Chen Lue | 100,000,000.00 | 2017.08.09. | 2018.08.08. | No |
| Sino Great Wall International Engineering Co., Ltd.           | 130,000,000.00 | 2017.08.22. | 2018.08.22. | No |
| Sino Great Wall International Engineering Co., Ltd.           |                | 2017.08.23. | 2018.08.22. | No |
| Sino Great Wall International Engineering Co., Ltd.           | 130,000,000.00 | 2018.09.30. | 2019.09.29. | No |
| Sino Great Wall International Engineering Co., Ltd.           |                | 2018.11.02. | 2019.09.29. | No |
| Sino Great Wall International Engineering Co., Ltd., Chen Lue | 200,000,000.00 | 2017.08.30. | 2018.08.30. | No |
| Sino Great Wall International Engineering Co., Ltd., Chen Lue | 200,000,000.00 | 2018.09.08. | 2018.08.30. | No |
| Sino Great Wall International Engineering Co., Ltd., Chen Lue | 50,000,000.00  | 2017.11.17. | 2018.11.17. | No |
| Sino Great Wall International                                 | 200,000,000.00 | 2017.10.26. | 2018.05.27. | No |

|   |                |             |             |    |
|---|----------------|-------------|-------------|----|
| Engineering Co., Ltd.,<br>Chen Lue  |                |             |             |    |
| Sino Great Wall<br>International<br>Engineering Co., Ltd.,<br>Chen Lue            | 100,000,000.00 | 2016.10.27. | 2017.10.27. | No |
| Sino Great Wall<br>International<br>Engineering Co., Ltd.,<br>Chen Lue, He Feiyan | 200,000,000.00 | 2016.04.19. | 2018.04.19. | No |
| Sino Great Wall<br>International<br>Engineering Co., Ltd.,<br>Chen Lue            | 400,000,000.00 | 2016.06.28. | 2018.06.27. | No |
| Sino Great Wall<br>International<br>Engineering Co., Ltd.,<br>Chen Lue, He Feiyan | 300,000,000.00 | 2017.05.10. | 2020.05.10. | No |
| Sino Great Wall<br>International<br>Engineering Co., Ltd.,<br>Chen Lue            | 200,000,000.00 | 2017.08.03. | 2019.02.03. | No |
| Sino Great Wall<br>International<br>Engineering Co., Ltd.,<br>Chen Lue            |                | 2017.08.10. | 2019.02.10. | No |
| Sino Great Wall<br>International<br>Engineering Co., Ltd.,<br>Chen Lue            |                | 2017.08.16. | 2019.02.16. | No |
| Sino Great Wall<br>International<br>Engineering Co., Ltd.,<br>Chen Lue            |                | 2017.08.03. | 2019.08.03. | No |
| Sino Great Wall<br>International<br>Engineering Co., Ltd.,<br>Chen Lue            |                | 2017.08.10. | 2019.08.10. | No |
| Sino Great Wall<br>International<br>Engineering Co., Ltd.,<br>Chen Lue            |                | 2017.08.16. | 2019.08.16. | No |

|  |                |             |             |     |
|--|----------------|-------------|-------------|-----|
| Sino Great Wall International Engineering Co., Ltd., Chen Lue                    | 300,000,000.00 | 2017.09.18. | 2019.09.18. | No  |
| Sino Great Wall International Engineering Co., Ltd., Chen Lue                    |                | 2017.09.25. | 2019.09.25. | No  |
| Sino Great Wall International Engineering Co., Ltd., Chen Lue                    |                | 2017.09.29. | 2019.09.29. | No  |
| Sino Great Wall International Engineering Co., Ltd., Chen Lue                    |                | 2017.10.13. | 2019.10.13. | No  |
| Sino Great Wall International Engineering Co., Ltd., Chen Lue                    |                | 2017.10.18. | 2019.10.18. | No  |
| Sino Great Wall International Engineering Co., Ltd., Chen Lue                    | 250,000,000.00 | 2017.01.11. | 2018.01.10. | No  |
| Chen Lue, He Feiyan  | 600,000,000.00 | 2017.04.07. | 2018.04.07. | Yes |
| Chen Lue   | 100,000,000.00 | 2017.04.28. | 2018.04.28. | Yes |
| Chen Lue, He Feiyan, Sino China Great Wall Co., Ltd.                             | 100,000,000.00 | 2016.09.30. | 2018.09.30. | Yes |
| Shenzhen Small and Medium Enterprises Credit Financing Guarantee Group Co., Ltd. | 100,000,000.00 | 2017.01.06. | 2019.01.05. | Yes |
| Sino Great Wall International Engineering Co., Ltd., Chen Lue                    | 101,590,000.00 | 2018.12.28. | 2019.12.28. | No  |
| Sino Great Wall International Engineering Co., Ltd., Chen Lue                    | 500,000,000.00 | 2016.11.12. | 2017.11.12. | No  |

|  |                |             |             |    |
|--|----------------|-------------|-------------|----|
| Sino Great Wall International Engineering Co., Ltd., Chen Lue                                  | 160,000,000.00 | 2018.04.04. | 2019.10.03. | No |
| Sino China Great Wall Co., Ltd.  | 50,000,000.00  | 2017.09.30. | 2018.09.29. | No |
| Sino China Great Wall Co., Ltd.  | 108,898,099.51 | 2017.01.18. | 2020.01.17. | No |
| Sino China Great Wall Co., Ltd., Sino Great Wall International Engineering Co., Ltd., Chen Lue | 32,000,000.00  | 2018.12.21. | 2019.12.20. | No |
|  |                |             |             |    |

Note on related guarantee

#### (5) Related party fund borrowing

Unit: Yuan

| Related party | Borrowing amount                               | Beginning date | End date | Note |
|---------------|--|----------------|----------|------|
| Borrowing     | Sino Great Wall Investment (Beijing) Co., Ltd. | 3,590,000.00   |          |      |
| Lending       |  |                |          |      |

#### (6) Related party asset transferring and debt restructuring

Unit: Yuan

| Related party | Content or related transactions   | Current amount   | Last amount   |
|---------------|---|--|---|
|               |  |  |  |

**(7) Reward of key management persons**

Unit: Yuan

| Project | Current amount  | Last amount   |
|---------|---|---|
|         |  |  |

**(8) Other related transactions****6、Receivables and payables of related party****(1) Receivables**

Unit: Yuan

| Project name  | Related party | Ending book value |                      | Beginning book value |                      |
|---|---------------|-------------------|----------------------|----------------------|----------------------|
|   |               | Book balance      | Reserve for bad-debt | Book balance         | Reserve for bad-debt |
| JD Capital Investment Management Co., Ltd. and its related party                  |               | 77,613.49         | 7,761.35             | 1,227,613.49         | 61,380.67            |
| Lhasa JD Capital Investment Management Co., Ltd. and its related party            |               | 160,000.00        | 48,000.00            | 160,000.00           | 16,000.00            |
| Shanghai Heyi Supply Chain Management Co., Ltd                                    |               | 2,469,164.81      | 246,916.48           | 2,469,164.81         | 123,458.24           |
| Huichang County Sino Great Wall Medical Industrial Construction Service Co., Ltd. |               | 78,155,590.97     | 3,907,779.55         | 133,278,732.83       | 6,663,936.64         |

|  |  |                |              |                |              |
|--|--|----------------|--------------|----------------|--------------|
| Sino Great Wall (Fugou) High-speed Railways District Investment Co., Ltd.        |  |                |              | 45,962,983.37  | 2,298,149.17 |
| Sino Great Wall (Fugou) Fitness Center Investment Co., Ltd.                      |  | 4,445,215.33   | 444,521.53   | 8,545,215.33   | 427,260.77   |
| Sino Great Wall People's Hospital Co., Ltd. in Wuchuan                           |  | 19,724,082.47  | 986,204.12   |                |              |
| Total  |  | 105,031,667.07 | 5,641,183.04 | 191,643,709.83 | 9,590,185.49 |
| Other receivables  |  |                |              |                |              |
| Yang Chunling  |  | 530,000.00     | 26,500.00    |                |              |
| Fang Xianzhong   |  | 227,789.60     | 24,066.88    | 227,789.60     | 12,648.96    |
| Sino Great Wall Investment (Beijing) Co., Ltd.                                   |  | 9,500.00       | 950.00       | 9,500.00       |              |
| Sino Great Wall Investment (Beijing) Co., Ltd.                                   |  | 1,060,000.00   | 53,000.00    |                |              |
| Luyi Shuguang Medical Industrial Investment Construction Co., Ltd.               |  | 4,220,171.89   | 418,999.46   | 4,159,817.24   | 207,990.86   |
| Sino Great Wall (Fugou) Jialu River Comprehensive Treatment Investment Co., Ltd. |  | 217,569.20     | 3,851.67     | 19,464.20      | 973.21       |
| Sino Great Wall Shaanxi Fuyan Industrial Park Investment Co., Ltd.               |  | 5,195,923.58   | 400,761.72   | 2,819,310.85   | 140,965.54   |
| Sino Great Wall (Fugou)  |  | 23,773,722.22  | 1,188,686.11 | 188,000.00     | 9,400.00     |

|   |  |               |              |              |            |
|---|--|---------------|--------------|--------------|------------|
| High-speed Railways District Investment Co., Ltd.                     |  |               |              |              |            |
| Sino Great Wall (Fugou) Fitness Center Investment Co., Ltd.           |  | 573,300.00    | 28,665.00    |              |            |
| Wuchuan City Sino Great Wall People's Hospital Investment CO., Ltd.   |  | 35,626,341.47 | 1,818,500.17 | 743,661.85   | 37,183.09  |
| Wuchuan City Sino Great Wall People's Hospital Investment CO., Ltd.   |  | 343,018.86    | 34,301.89    | 343,018.86   | 17,150.94  |
| Yanjin County Sino Great Wall Drainage Network Construction Co., Ltd. |  | 400,000.00    | 20,000.00    |              |            |
| Total   |  | 72,177,336.82 | 4,018,282.90 | 8,510,562.60 | 426,312.60 |
|   |  |               |              |              |            |



## (2) Payables

Unit: Yuan

| Project name                      | Related party | Ending book value | Beginning book value |
|-----------------------------------|---------------|-------------------|----------------------|
| Qinghai Heyi Commercial Co., Ltd. |               |                   | 3,190,000.00         |
| Total                             |               |                   | 3,190,000.00         |
| Deposit received:                 |               |                   |                      |
| Qinghai Heyi Commercial           |               | 244,863,301.51    | 0.00                 |

|   |   |  |   |
|---|---|--|---|
| Co., Ltd.   |   |  |   |
| Wuchuan City Sino Great Wall People's Hospital Investment CO., Ltd. |   | 12,360,000.00  | 0.00  |
| Total   |   | 257,223,301.51   |   |
| Other payables  |   |  |   |
| Sino Great Wall Investment Co., Ltd.                                |   | 3,590,000.00   |   |
| He Sen  |   | 200,000.00   | 628,600.00  |
| Chen Lue  |   | 153,613.00   |   |
| Yang Chunling   |   | 22,106.90  |   |
| Anyang Sino Great Wall Medical Management Service Co., Ltd.         |   | 159,973,316.87   | 100,000,016.87  |
| Total   |   | 163,939,036.77   | 100,628,616.87  |
|   |  |  |  |

## 7. Promise of related party

No

## 8. Other

## XIII. Share payment

### 1. Overall situation of share payment

Applicable  Not Applicable

### 2. Share payments settled in equity

Applicable  Not Applicable

**3. Share payments settled in cash**

□ Applicable √ Not Applicable

**4. Modification and termination of share payment**

No

**5. Other****XIV. Commitments and Contingencies****1. Important commitments**

Important commitments on the balance sheet date

## 1) Outstanding letter of guarantee

In order to ensure the smooth completion of the project, the company, upon the request of the employer, applied for the issuance of a performance guarantee at a commercial bank or a guarantee institution. By December 31st of 2018, the outstanding letter of guarantee was 1,440,006,713.84 yuan, of which 1,044,136,514.99 yuan is the outstanding performance guarantee and 204,736,366.85 yuan is the outstanding advance payment guarantee.

The outstanding balance is as follows (exchange rate: 1 USD =6.8632 yuan):

| Item/currency  | Amount of RMB<br>guarantee | Amount of USD<br>guarantee (\$) | USD-equivalent-to-RMB<br>amount | Total            |
|--|----------------------------|---------------------------------|---------------------------------|------------------|
| Letter of guarantee that has expired but has not yet been paid in respect of which a claim has been filed before the expiration date ① | 220,208,723.00             | 500,000.00                      | 3,431,600.00                    | 223,640,323.00   |
| Letter of guarantee that has not expired and has not been settled ②  | 826,278,870.95             | 28,988,473.00                   | 198,953,687.89                  | 1,025,232,558.84 |
| Total outstanding letter of guarantee ③ = ①+②  | 1,046,487,593.95           | 29,488,473.00                   | 202,385,287.89                  | 1,248,872,881.84 |
| Unexpired letter of guarantee which a claim has been filed against but no payment has been made for ④                                  | 180,000,000.00             |                                 |                                 | 180,000,000.00   |
| Total outstanding letter of guarantee claimed ⑤=①+④  | 400,208,723.00             | 500,000.00                      | 3,431,600.00                    | 403,640,323.00   |

2) The company has no other important commitments that need to be disclosed.

## 2. Contingencies

(1) Important contingencies on the balance sheet date

(1) Contingent liabilities arising from pending litigation/arbitration and their financial implications

1) Dispute over the loan contract with Bohai International Trust Co., Ltd.

On April 28th of 2017, the company signed a loan agreement with Bohai International Trust Co., Ltd., with a loan amount of 300 million yuan. Chen Lue and He Feiyan, the actual controllers of Sino Great Wall International Engineering Co., Ltd.(the company's subsidiary), made a joint liability guarantee. On September 25th of 2018, Bohai International Trust Co., Ltd. filed a lawsuit with the Higher People's Court of Hebei Province, requesting the company to pay the principal of 300 million yuan, interest of 2,504,316.67 yuan (from June 21st of 2018 to the date of full payment, provisionally calculated until August 6th of 2018), default interest of 2,212,489.89 YUAN (from July 10th of 2018 to the date of full payment, provisionally calculated until August 6th of 2018), and liquidated damages of 60 million yuan. Sino Great Wall International Engineering Co., Ltd., Chen Lue and He Feiyan shall bear joint and several liabilities, and jointly bear lawyer fees of 200,000 YUAN, pre-litigation preservation fees of 5,000 yuan and case acceptance fees. As of the balance sheet date, the case has not yet been concluded.

2) Dispute over the loan contract with China Industrial International Trust Limited

On July 13th of 2017, the company signed a trust loan agreement with China Industrial International Trust Limited with a loan amount of 100 million yuan. Chen Lue, the actual controller of Sino Great Wall International Engineering Co., Ltd.(the company's subsidiary), made a joint liability guarantee. On October 9th of 2018, China Industrial International Trust Limited filed a lawsuit with the Higher People's Court of Fujian Province, requesting the company to pay the principal of 100 million yuan along with interest, default interest and compound interest (calculated from May 9th of 2018 to the actual date of repayment by the defendant in accordance with the standards of the contract, the result of provisional calculation until August 6th of 2018 is 2,277,354.05 yuan). Moreover, the company is requested to pay lawyer fees of 180,000 YUAN and the legal costs of the case. Sino Great Wall International Engineering Co., Ltd. and Chen Lue shall be jointly and severally liable. As of the balance sheet date, the case has not yet been concluded.

3) Dispute over the loan contract with China Industrial International Trust Limited

On September 23rd of 2016, the company signed a trust loan agreement with China Industrial International Trust Limited with a loan amount of 100 million yuan. Chen Lue and He Feiyan (actual controllers of Sino Great Wall International Engineering Co., Ltd., the company's subsidiary) made a joint liability guarantee. On October 9th of 2018, China Industrial International Trust Limited filed a lawsuit with the Higher People's Court of Fujian Province, requesting the company to pay the principal of 100 million yuan along with interest, default interest and compound interest (calculated from May 9th of 2018 to the actual date of repayment by the defendant in accordance with the standards of the contract, the result of provisional calculation until August 6th of 2018 is 957,777.78 YUAN). Moreover, the company is requested to pay lawyer fees of 180,000 YUAN and the legal costs of the case. China Industrial International Trust Limited is entitled to be paid in priority for the receivables under the Accounts Receivable Pledge Contract numbered CIIT [2016] 0479XTXY and CIIT [2016] 0479XTXY2. Chen Lue and He Feiyan shall be jointly and severally liable. As of the balance sheet date, the case has not yet been concluded.

4) Dispute over the loan contract with Datong Securities Co., Ltd.

On April 27th of 2017, the company signed a trust loan agreement with Datong Securities Co., Ltd., with a loan amount of 400 million yuan. The actual loans amounted to 138.07 million YUAN. Sino Great

Wall International Engineering Co., Ltd. and its actual controllers Chen Lue and He Feiyan made a joint liability guarantee. On September 28th of 2018, China Industrial International Trust Limited filed a lawsuit with the Shanghai Financial Court, requesting the company to pay the principal of 134.07 million yuan, the loan interest of 3,943,237.50 yuan from June 20th of 2018 to September 17th of 2018 based on the principal of 134.07 million yuan, and the overdue interest at a rate of 24% as of September 17th of 2018. The guarantors shall bear joint and several liabilities and jointly bear the litigation costs. As of the balance sheet date, the case has not yet been concluded.

5) Dispute over bill recourse right with Shenzhen Yi'an Baoli Co., Ltd.

On April 12th of 2018, the company issued 6 electronic commercial acceptance bills to Zhongcheng Jianye Construction Co., Ltd., totaling 10 million yuan. Later, Zhongcheng Jianye Construction Co., Ltd. transferred the bills to Shenzhen Yi'an Baoli Co., Ltd. Sino Great Wall International Engineering Co., Ltd., Chen Lue and He Feiyan made a joint liability guarantee. On November 27th of 2018, Shenzhen Yi'an Baoli Co., Ltd. filed a lawsuit with the Shenzhen Longgang District People's Court, requesting the Company to pay the principal (3 million YUAN) of the matured bill of exchange, interest of 2,416.67 yuan (from the maturity date of the bill to the date of full payment, calculated provisionally to September 30th of 2018), and fixation fees of 1,500 yuan for electronic evidence. Moreover, the company and guarantors are requested to pay default interest of 15,000.00 yuan (from the maturity date of the bill to the date of full payment, calculated on the basis of 3 million yuan at a rate of 5/10000 per day, provisionally calculated until September 30th of 2018) and to jointly bear the litigation and other costs. As of the date of balance sheet, the case has not yet been concluded.

6) Private lending dispute with Gong Lihong

On March 30, 2018, the Company and Sino Great Wall International Engineering Co., Ltd. and Chen Lue as co-borrowers signed a loan agreement with Gong Lihong with a loan amount of 30 million yuan. The company's subsidiary Wuhan Business Professional Hospital Co., Ltd. provided joint liability guarantee for it. On September 29, 2018, Gong Lihong filed a lawsuit with the People's Court of Futian District, Shenzhen, requesting the Company, Sino Great Wall International Engineering Co., Ltd., Chen Lue and Wuhan Business Professional Hospital Co., Ltd. as co-payers to repay the principal of 30 million yuan and an interest of 1,190,000.00 yuan (calculated according to the monthly profit of 2%, from July 25, 2018 to the date of prosecution, after which interest continues to be calculated at the monthly interest rate of 2% to the date of actual repayment), and jointly bear attorney fees of 220,000.00 yuan, costs of preservation of 21,833 yuan and related litigation costs. As of the date of balance sheet, the case has not yet been concluded.

7) Financial loan contract dispute with Zhongjiang International Trust Co., Ltd.

On August 21, 2017, the company signed a trust loan agreement with Zhongjiang International Trust Co., Ltd., with a loan amount of 300 million yuan, for which Sino Great Wall International Engineering Co., Ltd. and its actual controller Chen Lue made joint liability guarantee and Sino Great Wall International Engineering Co., Ltd. pledged its accounts receivable. On November 1, 2018, Zhongjiang International Trust Co., Ltd. filed a lawsuit with the Jiangxi Higher People's Court, requesting the court to order an early expiration of the loan and other unexpired business contracts, the company's repayment of the principal of 300 million yuan, payment of an interest (including default interest and compound interest) of 12,386,825.17 yuan (interest calculated tentatively to September 28, 2018), a penalty of 15,000,000.00 yuan, and bearing of all the charges, attorneys' fees, travel expenses, etc. At the same time, Zhongjiang International Trust Co., Ltd. shall have the right to receive priority payment for the accounts receivable under the Accounts Receivable Pledge Contract of 04728646000565579073 signed with Sino Great Wall International Engineering Co., Ltd. The guarantor shall bear joint and several liabilities and

jointly bear the litigation expenses and maintenance costs. As of the date of balance sheet, the case has not yet been concluded.

8) Contract dispute with Shanghai Ctrip Hongrui International Travel Service Co., Ltd. and Shanghai Huacheng Southwest International Travel Service Co., Ltd.

On July 1, 2016, the company signed a business travel service agreement with Shanghai Ctrip Hongrui International Travel Service Co., Ltd. and Shanghai Huacheng Southwest International Travel Service Co., Ltd. From May to September, 2018, the company failed to pay the booked airfares on schedule. On November 19, 2018, Shanghai Ctrip Hongrui International Travel Service Co., Ltd. and Shanghai Huacheng Southwest International Travel Service Co., Ltd. filed a lawsuit with the People's Court of Changning District of Jianghai City, requesting the company to pay a total of 389,766 yuan for air tickets and hotels in August and September 2018, and an overdue fine of 8828.22 yuan in May-September (until the actual payment date). As of the date of balance sheet, the case has not yet been concluded.

9) Loan contract dispute with Li Shaoxiong

At the beginning of May 2018, the company signed a loan agreement with Li Shaoxiong with a loan amount of 50 million yuan. The loan period was three months. On October 25, 2018, Chen Lue, He Feiyan, China Industry Investment Co., Ltd., Tang Xianyong and Sino Great Wall Group made joint and several liability guarantees for the contract. Li Shaoxiong filed an arbitration with the Shenzhen International Court of Arbitration, requesting the company's immediately return of the principal and interest (based on the principal of 50 million yuan and a monthly interest of 3%; calculated from August 8, 2018 to the date of the full repayment of the principal of the loan, tentatively counted to 31.5 million yuan on October 9, 2018) of the loan of 50 million yuan. At the same time, the company was required to pay liquidated damages (based on the loan principal of RMB 50 million, calculated from August 8, 2018 to the date of the full repayment of the loan principal, and tentatively counted to 3.15 million yuan on October 9, 2018). The company was also required to bear a legal fee of 2,254,198.80 yuan and an arbitration fee. The company, together with the guarantor, shall jointly bear the costs of preservation of 5,000 yuan, a warranty fee of 49,969.92 yuan, travel expenses, etc. As of the date of balance sheet, the arbitral decision has not been made.

10) Loan contract dispute with Shanghai Pudong Development Bank Co., Ltd. Shenzhen Branch

On August 29, 2017, the company signed a loan agreement with Shanghai Pudong Development Bank Co., Ltd. Shenzhen Branch to borrow 70 million yuan from the bank. Sino Great Wall International Engineering Co., Ltd. and the actual controller of the company, Chen Lue and He Feiyan made a joint liability guarantee. On January 2, 2019, Shanghai Pudong Development Bank Co., Ltd. Shenzhen Branch filed a lawsuit with Shenzhen Intermediate People's Court, requesting the Court to adjudge the company to repay the principal of 70 million yuan and the related interest, compound interest and penalty interest (the accrued interest as of July 5, 2018 is 177,625.00 yuan, after which the interest, default interest and compound interest shall be collected according to the contract and relevant regulations of the People's Bank of China). The guarantor shall bear joint and several liabilities and jointly bear the litigation expenses. As of the date of balance sheet, the results have not yet been concluded.

11) Loan contract dispute with Bank of Ningbo Co., Ltd. Shenzhen Branch

On May 31, 2017, the company signed a loan agreement with Bank of Ningbo Co., Ltd. Shenzhen Branch for a loan of 50 million yuan. On June 21, 2017, the company signed a Cooperation Agreement on Guaranteed Discount of Commercial Acceptance Bills, with the maximum amount as 50 million yuan. Chen Lue, Sino Great Wall International Engineering Co., Ltd. and Sino Great Wall Investment (Beijing) Co., Ltd. made joint liability guarantee and pledged their respective property rights. On August 20, 2018,

Bank of Ningbo Co., Ltd. Shenzhen Branch filed a lawsuit with Shenzhen Intermediate People's Court, requesting the Court to adjudge the company to return the principal of 44,734,233.41 yuan and the related interest of 215,674.92 yuan (including default interest and compound interest as of July 9, 2018); adjudge the company to return the advance of 43,236,631.80 yuan for the commercial acceptance bills and the related default interest of 281,038.11 yuan (temporarily calculated as of July 9, 2018); adjudge the company to repay the discounted amount of commercial acceptance bills, which is 6,763,368.20 yuan, and the related default interest until the date of repayment; adjudge that the bank has the priority to get repaid in light of the related pledges of the guarantors. The guarantors shall bear joint and several liabilities and jointly bear the litigation expenses. As of the date of balance sheet, the results have not yet been concluded.

12) Financial loan contract dispute with Xiamen International Bank Co., Ltd. Zhuhai Branch

On May 27, 2017, the company borrowed 50 million yuan from Xiamen International Bank Co., Ltd. Zhuhai Branch but failed to repay the principal and interest after the maturity in May 2018. On July 3, 2018, Xiamen International Bank Co., Ltd. Zhuhai Branch filed a lawsuit with the People's Court of Xiangzhou District, Zhuhai. On September 29, 2018, the Court ruled in the first instance that: the company shall repay the principal of 44,010,311.18 yuan, the interest of 895,528.99 yuan, the default interest of 447,764.50 yuan and compound interest of 2189.08 yuan as of September 11, 2018 to Xiamen International Bank Co., Ltd. Zhuhai Branch; shall pay the interest, default interest and compound interest from September 12, 2018 until the principal and interest are actually paid off (the interest is calculated on the basis of the outstanding principal of 44,010,311.18 yuan and the interest rate of 60.9% higher than the benchmark one-year loan interest rate, and the penalty interest and compound interest are halved). Sino Great Wall International Engineering Co., Ltd. and Chen Lue shall be jointly and severally liable for the relevant debts. The litigation cost of 291,661.00 yuan and the preservation fee of 5000.00 yuan shall be jointly borne by the company and the guarantors. The company appealed to Zhuhai Intermediate People's Court on October 19, 2018 because the Court did not consider the part that has been repaid. As of the date of balance sheet, the results of the second instance have not yet been concluded.

13) Loan contract dispute with Shenzhen Dingsheng Trade Co., Ltd.

The company borrowed 50 million yuan from Shenzhen Guodingsheng Trade Co., Ltd. on March 10, 2018 and another 50 million yuan on March 20. The company failed to fully repay the principal and interest upon maturity. On July 18, 2018, Shenzhen Guodingsheng Trade Co., Ltd. filed a lawsuit with Shenzhen Intermediate People's Court. On October 15, 2018, the Court ruled in the first instance that: The company shall repay the principal of 88,082,007.52 yuan and the overdue interest (the overdue interest as of July 26, 2018 is 1,377,936.36 yuan, and the overdue interest as of July 27 is calculated on the basis of the outstanding principal at an annual interest rate of 24% until the actual pay-off date) to Shenzhen Guodingsheng Trade Co., Ltd. Sino Great Wall International Engineering Co., Ltd., Chen Lue and Li Erlong shall be jointly and severally liable for the relevant debts. Shenzhen Guodingsheng Trade Co., Ltd. has the priority to receive compensation from the collateral pledged by China Industry Investment Co., Ltd. The litigation cost of 481,167.00 yuan shall be jointly borne by the company and the guarantors. The company appealed to the Guangdong Provincial Higher People's Court on October 8, 2018 because the calculation of the remaining principal and interest was wrong when the Court made the judgment. As of the date of balance sheet, the results of second instance have not yet been concluded.

14) Loan contract dispute with Ping An International Financial Leasing Co., Ltd.

On March 3, 2017, Sino Great Wall International Engineering Co., Ltd. (referred to as "International Engineering"), the company's subsidiary, borrowed 84 million yuan from Ping An International Financial Leasing Co., Ltd. Sino Great Wall Co., Ltd. and the actual controller Chen Lue provided joint liability

guarantee for such loan. Since Sino Great International Engineering Co., Ltd. failed to repay the principal due on August 31, 2018 to Ping An International Financial Leasing Co., Ltd. Ping An International Financial Leasing Co., Ltd. filed a lawsuit with the Pudong New Area People's Court in Shanghai, requesting the Court to adjudge Sino Great International Engineering Co., Ltd. to repay the understanding principal and interest totaling 29,050,995.68 yuan (after deducting the deposit of 12,600,00.00 yuan); adjudge Sino Great Wall International Engineering Co., Ltd. to pay the liquidated damages (based on the unpaid amount due for each period and as per the daily interest rate of 0.08% from the date of breach of contract to the actual pay-off date); adjudge Sino Great Wall Co., Ltd. and Chen Lue to bear the joint and several liabilities for repayment, Sino Great International Engineering Co., Ltd., Sino Great Wall Co., Ltd. and Chen Lue to jointly bear the litigation cost, property preservation cost and other cost for realizing the creditor's rights. As of the date of balance sheet, the case has not yet been heard.

#### 15) Labor contract dispute with Lei Hongxiang

On April 17, 2015, the company's subsidiary Sino Great Wall International Engineering Co., Ltd. (referred to as "International Engineering") signed a Construction Contracting Agreement with Lei Hongxiang. According to the agreement, Lei Hongxiang shall be responsible for all works of water, electricity, mason, wood and painting and the relevant added works for interior decoration of Nanjing Poly Jiangxinzhou Zijin Masion undertaken by International Engineering. As the International Engineering failed to pay the remaining project cost of 734,330 yuan to Lei Hongxiang, Lei Hongxiang filed a lawsuit with the People's Court of Jianye District, requesting the Court to adjudge International Engineering to pay the remaining project cost and liquidated damages totaling 818,688.20 yuan; adjudge Hangzhou Yingtianxia Construction Co., Ltd., as the labor subcontractor of the project, to bear the joint and several liability; adjudge International Engineering and Hangzhou Yingtianxia Construction Co., Ltd. to jointly bear the litigation cost and preservation cost of the case. As of the date of balance sheet, the results have not yet been concluded.

#### 16) Purchase and sales contract dispute with Guangdong Haomei Aluminium Co., Ltd.

In December 2016, Sino Great Wall International Engineering Co., Ltd. (referred to "International Engineering"), the company's subsidiary, signed an aluminum profile procurement contract with Guangdong Haomei Aluminium Co., Ltd. As the International Engineering failed to clear the payment to Guangdong Haomei Aluminium Co., Ltd., Guangdong Haomei Aluminium Co., Ltd. filed a lawsuit with People's Court of Qingcheng District, Qingyuan City, requesting the Court to adjudge International Engineering to pay the contract price of 604,034.94 yuan; adjudge International Engineering to pay the liquidated damages (overdue interest shall be paid at 150% of the bank loan interest rate for the same period from June 25, 2017 until it is paid off); and adjudge international engineering to bear the litigation costs of this case. As of the date of balance sheet, the results have not yet been concluded.

#### 17) Labor dispute with Hunan Zhongjian Construction Labor Co., Ltd.

On March 15, 2016 and in February 2017, the company's subsidiary, Sino Great Wall International Engineering Co., Ltd. (referred to International Engineering) signed two Labor Subcontracting Agreements with Hunan Zhongjian Construction Labor Co., Ltd. As International Engineering failed to fulfill its obligations as agreed in the contract, Hunan Zhongjian Construction Labor Co., Ltd. filed an arbitration with Beijing Arbitration Commission, requesting the Commission to rule to rescind the two Labor Sub-contracting Agreements; rule International Engineering to compensate Hunan Zhongjian Construction Labor Co., Ltd. for various loss totaling 2,515,717.43 yuan; rule International Engineering to bear the arbitration cost of this case. As of the date of balance sheet, the arbitral decision has not been made.

#### 18) Construction contract dispute with Nanchang Wanda City Investment Co., Ltd.

On October 16, 2014, the company's subsidiary, Sino Great Wall International Engineering Co., Ltd. (referred to "International Engineering") signed Subcontracting Agreement with Nanchang Wanda City Investment Co., Ltd. and China Construction Eighth Engineering Division Corp., Ltd. (not involved in this case). As Nanchang Wanda City Investment Co., Ltd. failed to pay the project price on schedule, International Engineering filed an arbitration with China International Economic and Trade Arbitration Commission, requesting the Commission to rule Nanchang Wanda City Investment Co., Ltd. to pay the remaining project price of 6,323,181.65 yuan to International Engineering; rule Nanchang Wanda City Investment Co., Ltd. to pay the interest of project price (from the January 12, 2018 to actual pay-off date) to International Engineering; rule Nanchang Wanda City Investment Co., Ltd. to bear the arbitration cost and lawyer's fee paid by International Engineering. As of the date of balance sheet, the results have not yet been concluded.

19) Decoration contract dispute with Xi'an Vanke Kaizhou Real Estate Co., Ltd.

On March 15, 2012, Sino Great Wall International Engineering Co., Ltd. (referred to "International Engineering"), the company's subsidiary, signed Contract on Fine Decoration of Building 14 in 1.3 Section of Qujiang Project. As Xi'an Vanke Kaizhou Real Estate Co., Ltd. failed to pay the project fund and warranty fund on schedule, International Engineering filed a lawsuit with People's Court of Yanta District, Xi'an City, requesting the Court to adjudge Xi'an Vanke Kaizhou Real Estate Co., Ltd. to pay the remaining project fund of 141,849.78 yuan to International Engineering; rule Xi'an Vanke Kaizhou Real Estate Co., Ltd. to return the amount of 151,505.41 yuan for warranty to International Engineering; Rule Xi'an Vanke Kaizhou Real Estate Co., Ltd. to pay liquidated damages for the overdue payable balance of the project (calculated on the basis of 141,849.78 yuan and as per the default interest rate of five-year loan announced by the People's Bank of China, from April 10, 2015 until the actual pay-off date); rule Xi'an Vanke Kaizhou Real Estate Co., Ltd. to pay the overdue warranty fund and liquidated damages (calculated on the basis of 151,505.41 yuan and as per the default interest rate of the same type of loan announced by the People's Bank of China until the actual pay-off date; of which, the part with 106,053.79 yuan as the base number should be calculated from May 30, 2014; the part with 45,451.6 yuan as the base number should be calculated from May 30, 2017). As of the date of balance sheet, the case has not yet been concluded.

20) Decoration contract dispute with Xi'an Vanke Kaizhou Real Estate Co., Ltd.

In December 2012, Sino Great Wall International Engineering Co., Ltd. (referred to "International Engineering"), the company's subsidiary, signed Contract on Fine Decoration of Building 20, Building 28 and Building 29 in 2.2 Section of Qujiang Project. As Xi'an Vanke Kaizhou Real Estate Co., Ltd. failed to pay the project fund on schedule, International Engineering filed a lawsuit with People's Court of Yanta District, Xi'an City, requesting the Court to adjudge Xi'an Vanke Kaizhou Real Estate Co., Ltd. to pay the remaining project fund of 836,231.53 yuan to International Engineering; adjudge Xi'an Vanke Kaizhou Real Estate Co., Ltd. to return the warranty fund of 1,500,894.19 yuan to International Engineering; adjudge Xi'an Vanke Kaizhou Real Estate Co., Ltd. to pay liquidated damages for the overdue payable balance of the project (calculated on the basis of 836,231.53 yuan and as per the default interest rate of one-year to five-year loan announced by the People's Bank of China, from April 11, 2015 until the actual pay-off date); adjudge Xi'an Vanke Kaizhou Real Estate Co., Ltd. to pay the overdue warranty fund and liquidated damages (calculated on the basis of 1,500,894.19 yuan and as per the default interest rate of the same type of loan announced by the People's Bank of China until the actual pay-off date; Of which, the part with 1,050,625.93 yuan as the base number should be calculated from June 14, 2015 to the actual pay-off date. The liquidated damages for this part until June 13, 2018 are 320,816.13 yuan). As of the date of balance sheet, the case has not yet been concluded.

21) Purchase and sales contract dispute with Zhejiang Jianlifang Wood Industry Co., Ltd.

On December 19, 2014, the company's subsidiary, Sino Great Wall International Engineering Co., Ltd. (referred to International Engineering) signed Contract on Supply and Installation of Wood Veneer and Wood Furniture with Zhejiang Jianlifang Wood Industry Co., Ltd. After that, both parties made an agreement on the additional works which were signed by managers of the both parties and confirmed that such agreement is an attachment to the afore-said contract. As International Engineering failed to clear the project fund to Zhejiang Jianlifang Wood Industry Co., Ltd., Zhejiang Jianlifang Wood Industry Co., Ltd. filed an arbitration with Beijing Arbitration Commission, requesting the Commission to rule International Engineering to pay the remaining project fund of 993,108.95 yuan under the Contract on Supply and Installation of Wood Veneer and Wood Furniture and compensate Zhejiang Jianlifang Wood Industry Co., Ltd. for the interest loss from the agreed payment date to the actual pay-off date as per the benchmark interest rate of the same type of loan for the same period announced by the People's Bank of China; rule International Engineering to bear the arbitration cost and lawyer's fee totaling 38,000 yuan of this case. As of the date of balance sheet, the arbitral decision has not been made.

22) Purchase and sales contract dispute with Shanghai Wusheng Industrial Co., Ltd.

On August 18, 2016, the company's subsidiary, Sino Great Wall International Engineering Co., Ltd. (referred to "International Engineering") signed Asia Materials (Equipment) Subcontract Contract for Supply with Shanghai Wusheng Industrial Co., Ltd. As International Engineering failed to clear the payment to Shanghai Wusheng Industrial Co., Ltd., Shanghai Wusheng Industrial Co., Ltd. filed an arbitration with Shanghai Arbitration Commission, requesting the Commission to rule International Engineering to pay the contract price of 267,594.37 yuan to Shanghai Wusheng Industrial Co., Ltd; rule International Engineering to pay the liquidated damages for overdue payment from May 5, 2017 to the actual pay-off date as per the benchmark interest rate of the loan for the same period announced by the People's Bank of China and the liquidated damages as of August 4, 2018 is 15,888.42 yuan; rule International Engineering to bear the arbitration cost of this case; Rule International Engineering to bear lawyer's fee of 10,000.00 yuan. As of the date of balance sheet, the arbitral decision has not been made.

23) Loan contract dispute with Gome Cinda Commercial Factoring Co., Ltd.

On February 12, 2018, Gome Cinda Commercial Factoring Co., Ltd. signed a Factoring Contract with the Company's subsidiary Sino Great Wall International Engineering Co., Ltd. (hereinafter referred to as "International Engineering") and Wuhan Jiutai Weiye Iron & Steel Co., Ltd., agreeing that within the term of cooperation and the credit line, Wuhan Jiutai Weiye Iron & Steel Co., Ltd. may transfer its accounts receivable for International Engineering to Gome Cinda Commercial Factoring Co., Ltd. to apply for factoring financing. After the expiration of factoring financing, the International Engineering will pay the interest of factoring financing to Gome Xinda Commercial Factoring Co., Ltd. On February 12, 2018, Wuhan Jiutai Weiye Iron & Steel Co., Ltd. transferred its accounts receivable of 14,564,590.97 yuan for International Engineering to Gome Cinda Commercial Factoring Co., Ltd. for factoring financing of 11,600,000.00 yuan according to the above-mentioned Factoring Contract and signed the Accounts Receivable Transfer Financing Application. At the same time, Wuhan Jiutai Weiye Iron & Steel Co., Ltd. transferred a commercial acceptance bill with the International Engineering as the drawer and the Company as the Acceptor to Gome Cinda Commercial Factoring Co., Ltd., and the commercial acceptance bill expired on August 10, 2018. On May 28, 2018, Wuhan Jiutai Weiye Iron & Steel Co., Ltd. transferred its accounts receivable of 27,294,442.23 yuan for International Engineering to Gome Cinda Commercial Factoring Co., Ltd. for factoring financing of 21,800,000.00 yuan according to the above-mentioned Factoring Contract and signed the Accounts Receivable Transfer Financing Application. At the same time, Wuhan Jiutai Weiye Iron & Steel Co., Ltd. transferred a commercial acceptance bill

with the International Engineering as the drawer and the Company as the Acceptor to Gome Cinda Commercial Factoring Co., Ltd., and the commercial acceptance bill expired on November 23, 2018. As International Engineering, Wuhan Jiutai Weiye Iron & Steel Co., Ltd. and the Company did not fulfil their respective responsibilities before the expiration of the term of factoring financing and the bill, Gome Cinda Commercial Factoring Co., Ltd. filed a lawsuit with the People's Court of Chaoyang District, ordering the International Engineering to pay 14,564,590.97 yuan of principal of the accounts receivable, 63,800.00 yuan of overdue interest, and 131,081.32 yuan of liquidated damages for overdue payment of accounts receivable; ordering the International Engineering to pay 27,294,442.23 yuan of principal of the accounts receivable, 492,922.22 yuan of interests during actual financing, 3,696.92 yuan of liquidated damages for overdue payment of interests, 99,916.67 yuan of overdue interest, 204,708.32 yuan of liquidated damages for overdue payment of accounts receivable; ordering the Wuhan Jiutai Weiye Iron & Steel Co., Ltd. to pay 11,600,000.00 yuan of repurchase money and 87,000.00 yuan of default interest for overdue repurchase; ordering Wuhan Jiutai Weiye Iron & Steel Co., Ltd. to pay 21,800,000.00 yuan of repurchase money and 163,500.00 yuan of default interest for overdue repurchase; ordering the International Engineering, Wuhan Jiutai Weiye Iron & Steel Co., Ltd. and the Company to undertake the litigation costs, attorney fees, property preservation fees, security guarantee fees, travel expenses, notary fees of the case and other costs to realized the creditor's right. As of the balance sheet date, the case has not been concluded.

#### 24) Construction dispute with Changzhou Green Furniture Co., Ltd.

In May 2017, Changzhou Green Furniture Co., Ltd. and a subsidiary of the Company, Sino Great Wall International Engineering Co., Ltd. (hereinafter referred to as the "International Engineering") orally agreed that Changzhou Green Furniture Co., Ltd. undertook the decoration engineering of Jinjiang Sunshine Town Feili Bay and fine decoration and installation engineering of public area in Tower 01-A, Xiamen Huarun Center (Plot 2013P16). It was later negotiated by both parties that Changzhou Green Furniture Co., Ltd. withdrew from the construction, and both parties signed the Withdrawal Settlement Agreement on September 7, 2017. As the International Engineering failed to pay the project payment, Changzhou Green Furniture Co., Ltd., filed a lawsuit with the People's Court of Jinjiang City, Fujian Province, ordering the International Engineering to repay 560,000.00 yuan of principal of the project payment to Changzhou Green Furniture Co., Ltd. with a penalty of 39,680.00 yuan (calculated as of January 5, 2018), and ordering the International Engineering to undertake the litigation costs of this case. As of the balance sheet date, the case has not been concluded.

#### 25) Sales contract dispute with KINGKOIL (Shanghai) Co., Ltd.

On November 22, 2016, the Company's subsidiary Sino Great Wall International Engineering Co., Ltd. (hereinafter referred to as "International Engineering") signed a Bedclothes Purchase Contract with KINGKOIL (Shanghai) Co., Ltd. After the delivery of the goods by KINGKOIL (Shanghai) Co., Ltd., the International Engineering failed to make the payment as agreed in the Contract. KINGKOIL (Shanghai) Co., Ltd. filed an arbitration application with Beijing Arbitration Commission, ordering the International Engineering to pay the repurchase price of RMB 25,466.00, and liquidated damages of RMB 1,151.20 (from January 7, 2018 to the actual payment date, temporarily calculate as of October 8, 2018 at the bank loan interest rate for the same period) to KINGKOIL (Shanghai) Co., Ltd.; ordering the International Engineering to bear the arbitration fee of the case. As of the balance sheet date, the case has not yet been concluded.

#### 26) Case of revocation of the arbitration with Beijing Yuhe Borui Culture Development Co., Ltd.

On February 14, 2017, Xiao Yang, Xue Piao, et al., on behalf of the Company's subsidiary, Sino Great Wall International Engineering Co., Ltd. (hereinafter referred to as "International Engineering")

signed a Software Procurement Contract with Beijing Yuhe Borui Culture Development Co., Ltd. Since the International Engineering failed to pay for the remaining project payments, Beijing Yuhe Borui Culture Development Co., Ltd. filed an arbitration application with the Beijing Arbitration Commission, claiming the remaining project payments and the liquidated damages for overdue payment. After arbitration, the Beijing Arbitration Commission made a ruling on August 31, 2018, rejecting the arbitration application of Beijing Yuhe Borui Culture Development Co., Ltd. On November 27, 2018, Beijing Yuhe Borui Culture Development Co., Ltd. decided that the Beijing Arbitration Commission had violated the law and applied to the the Beijing Fourth Intermediate People's Court for revocation of the arbitration. As of the balance sheet date, the case has not been concluded.

27) Supply and installation contract dispute with Dongguan Kema Decoration Furniture Co., Ltd.

On December 1, 2016, the Company's subsidiary, Sino Great Wall International Engineering Co., Ltd. (hereinafter referred to as "International Engineering") and Dongguan Kema Decoration Furniture Co., Ltd. signed a Wood Veneer and Furniture Supply and Installation Contract. Since the International Engineering owed Dongguan Kema Decoration Furniture Co., Ltd. the contract payment of 771,387.98 yuan and refused to pay it at the repeated urging by Dongguan Kema Decoration Furniture Co., Ltd., Dongguan Kema Decoration Furniture Co., Ltd. filed an arbitration application with the Beijing Arbitration Commission, ordering the International Engineering to pay the money immediately and assume the economic loss caused to the applicant due to delayed payment, including the interest loss during the capital occupation period, attorney fees and other losses incurred in realizing the creditor's right. As of the balance sheet date, the case has not been concluded.

28) Construction contract dispute with Tong Xianfeng, Zhou wenfa v. Fan Zeyan, Sino Great Wall International Engineering Co., Ltd. and Anhui Weike Industrial Development Co., Ltd.

In February 2016, the Company's subsidiary, Sino Great Wall International Engineering Co., Ltd. (hereinafter referred to as "International Engineering") undertook the decoration engineering project of public commercial area in Wulishan Tianjie, Yaohai District, Hefei City from Anhui Weike Industrial Development Co., Ltd. After undertaking the project, the International Engineering illegally subcontracted the entire paving of ground brick, toilet wall and floor tile to Fan Zeyan, who then subcontracted part of the project to Tong Xianfeng and Zhou Wenfa. They completed related engineering tasks at the end of 2016. However, the International Engineering and Fan Zeyan did not make the remaining project payments as agreed in relevant agreements. In such a case, Tong Xianfeng and Zhou wenfa filed a lawsuit to the People's Court of Yaohai District, ruling Fan Zeyan and the International Engineering to pay the original project payments of 45,500 yuan and interests of 2,047.50 yuan. As of the balance sheet date, the case has not been concluded.

29) Steel Parts, Bolts, Stone Pendant and Dry Hanging Adhesive Supply Contract dispute with Beijing Huaye Xingcheng Technology Co., Ltd.

On March 2, 2017, the Company's subsidiary, Sino Great Wall International Engineering Co., Ltd. (hereinafter referred to as "International Engineering") and Beijing Huaye Xingcheng Technology Co., Ltd. signed the Steel Parts, Bolts, Stone Pendant and Dry Hanging Adhesive Supply Contract. Since the International Engineering failed to make the supply payment on time and still refused to pay it at the repeated urging, Beijing Huaye Xingcheng Technology Co., Ltd. filed an arbitration application with the Beijing Arbitration Commission, ordering the International Engineering to pay the supply payable of 172,474.07 yuan and the liquidated damages for overdue payment at 0.5% of the payable per day. As of the balance sheet date, the case has not been concluded.

30) Sales contract dispute with Jieyang Fangyuan Stone Co., Ltd.

On August 14, 2016, the Company's subsidiary, Sino Great Wall International Engineering Co., Ltd.

(hereinafter referred to as “International Engineering”) and Jieyang Fangyuan Stone Co., Ltd. signed a Stone Material (Equipment) Supply and Subcontracting Contract. Due to the malicious default in payment for goods by the International Engineering, Jieyang Fangyuan Stone Co., Ltd. filed an arbitration application with the Guangzhou Arbitration Commission, ruling the International Engineering to pay 3,343,649.45 yuan for supply of stone materials and the liquidated damages for overdue payment at 1‰ of the actual payable per day. As of the balance sheet date, the case has not been concluded.

31) Contract dispute with Beijing Jingsheng Taihua Jinshu Jiegou Co., Ltd.

To construct the glass curtain wall for the expansion project of the Polly Airport Terminal in Ethiopia, Sino Great Wall International Engineering Co., Ltd. and Beijing Jingsheng Taihua Jinshu Jiegou Co., Ltd. signed the Steel Supply Contract on August 29, 2016 and January 11, 2017 respectively. Among them, the contract signed on August 29, 2016 stipulates that the total amount of the contract is 700,000 yuan. The actual amount settled by both parties is 753,574.75 yuan. Sino Great Wall International Engineering Co., Ltd. actually paid 675,000 yuan and 78,574.75 yuan is still owed. As for the contract signed on January 11, 2017, the project has been suspended due to the reason of Sino Great Wall International Engineering Co., Ltd., resulting in that 118 pieces of Y-type steel has been processed but not delivered by the applicant, with the value of 201,673.8 yuan. Since Y-type steel is made to order for special type of products and cannot be used elsewhere after processing, it has become a pile of scrap. Sino Great Wall International Engineering Co., Ltd. has not paid the above payments. Beijing Jingsheng Taihua Jinshu Jiegou Co., Ltd. filed an arbitration application with the Beijing Arbitration Commission, requesting the International Engineering to make the balance payment of 78,574.75 yuan stipulated in the contract signed on August 29, 2016, payment of 382,375.67 yuan in the contract signed on January 11, 2017, processing and materials payment of products that were not delivered of 201,673.8 yuan, and pay corresponding interests of 33,572.96 yuan (tentatively calculated at the loan interest rate of the People's Bank of China for the same period with 662,624.22 yuan as the base value as of the second day of the last delivery date, namely from July 14, 2017 to the date of actual payment by the respondent), and at the same time, requesting Sino Great Wall International Engineering Co., Ltd. to pay 20,000 yuan of legal fees due to rights protection. As of the balance sheet date, the case has not been concluded.

32) Case of Purchase Contract of Guangdong Newpearl Ceramics Group Co., Ltd.

On July 25, 2017, Sino Great Wall International Engineering Co., Ltd., Guangdong Newpearl Ceramics Group Co., Ltd. and Poly Real Estate (Group) Co., Ltd. entered into the Contract for Supplying Wall and Floor Tiles for the Project of 1-4 Floors of the Basement and 1-2 Floors of the Skirt Building of Intercontinental Hotel at No. 4 Land Parcel of Pazhou Village, Guangzhou City (Guang Zhou Pa Zhou Cun Xiang Mu He 20160037). Because Sino Great Wall International Engineering Co., Ltd. has not made payment for the goods through Poly Real Estate (Group) Co., Ltd., which has constituted a breach of contract, Guangdong Newpearl Ceramics Group Co., Ltd. filed a lawsuit with the People's Court of Haizhu District, Guangzhou City, requesting Sino Great Wall International Engineering Co., Ltd. to pay a total of RMB781,353.24 for goods and overdue interest of 13,170.68 yuan (The interest rate is calculated based on the loan interest rate of the People's Bank of China for the same period, and is subject to upward adjustment of 50% with reference to the overdue penalty interest rate. The date of overdue is tentatively scheduled for November 2, 2018, and the interest is accrued up to the date on which the payment is actually fully settled. The payment is 92 days overdue calculated from August 1, 2018 to November 2, 2018, so the overdue interest is  $781353.24 * 4.35\% * (1 + 50\%) / 360 * 93 = 13170.68$  yuan); and requesting Sino Great Wall International Engineering Co., Ltd. to bear the legal costs of the case. As of the date of balance sheet, the case has not yet been concluded.

33) Case of Stone Supply Contract of Lvmeiyi Company

On June 25, 2015, Lvmeiyi Horticulture Greening Engineering Co., Ltd. and Sino Great Wall International Engineering Co., Ltd. entered into Contract for Purchasing and Partially Installing Wood Finishes, Wood Doors, Wardrobes for Fine Decoration Project of Old Rooms and the Newly Built Catering Complex of Jing Feng Hotel of the General Logistics Department of PLA, and Stone Products Supply Contract. On June 27, 2015, they entered into Supplementary Agreement on the Contract for Supplying Stones, Wall and Floor Tiles, Wooden Doors, Wardrobes, and Wood Finishes. On January 20, 2017 and May 8, 2017, the project leader team carried out the completion acceptance. At present, the project is in actual use. The actual value of wood finishes, wooden doors and wardrobes supplied amounted to 12,082,635.91 yuan, in which, 7,963,329.64 yuan has been paid, and 4,119,306.27 yuan is still unpaid. The penalty amounted to 2,142,039.26 yuan ( $4,119,306.27 \times 0.36/12 \times (17 - 10/30)$ ). The project was successfully completed and accepted on May 8, 2017. The actual value of stones supplied amounted to 19,117,159 yuan, in which 13,910,374 yuan has been paid, and 5,206,785 yuan is still unpaid. The penalty amounted to 2,655,460.35 yuan ( $5,206,785 \times 0.36/12 \times 17$ ). The project was successfully completed and accepted on May 8, 2017. Lvmeiyi Horticulture Greening Engineering Co., Ltd. filed an arbitration application with the Beijing Arbitration Commission, requesting Sino Great Wall International Engineering Co., Ltd. to pay the principal of 9,326,091.27 yuan, and penalty of 4,797,499.61 yuan, totaling 14,123,590.88 yuan; and requesting Sino Great Wall International Engineering Co., Ltd. to entirely bear the arbitration fees. As of the balance sheet date, the case has not yet been concluded.

#### 34) Case of Contract Dispute with Gome Xinda

On April 26, 2018, Gome Xinda Commercial Factoring Co., Ltd., Sino Great Wall International Engineering Co., Ltd., and Zhanjiang City Chikan Yasheng Meile Trading Co., Ltd. entered into the Factoring Contract (No. GMBL-GBL-180420-BJ-YSML-001), pursuant to which, within the cooperation period and credit line, Zhanjiang City Chikan Yasheng Meile Trading Co., Ltd. can transfer its accounts receivable due from Sino Great Wall International Engineering Co., Ltd. to Gome Xinda Commercial Factoring Co., Ltd. and apply for factoring financing with Gome Xinda Commercial Factoring Co., Ltd. After the expiration of factoring financing, Sino Great Wall International Engineering Co., Ltd. will pay the interest of factoring financing to Gome Xinda Commercial Factoring Co., Ltd. If Sino Great Wall International Engineering Co., Ltd. fails to make full payment in time, Sino Great Wall International Engineering Co., Ltd. shall bear the corresponding liability for breach of contract. At the same time, Gome Xinda Commercial Factoring Co., Ltd. has the right to request Zhanjiang City Chikan Yasheng Meile Trading Co., Ltd. to repurchase accounts receivable. If Zhanjiang City Chikan Yasheng Meile Trading Co., Ltd. fails to repurchase accounts receivable within the specified time, it shall bear the corresponding liability for breach of contract. On April 26, 2018, pursuant to the Accounts Receivable Transfer Financing Application under the Factoring Contract (No. GMBL-GBL-180420-BJ-YSML-001-1), Zhanjiang City Chikan Yasheng Meile Trading Co., Ltd. transferred the account receivable of 39,974,980.00 yuan due from Sino Great Wall International Engineering Co., Ltd. to Gome Xinda Commercial Factoring Co., Ltd., and applied for the factoring financing amount of 30,000,000.00 yuan. The interest rate of the factoring financing is 11%, at an annualized basis. The term of the factoring financing is 180 days from the date on which Gome Xinda Commercial Factoring Co., Ltd. makes payment of factoring financing. On May 11, 2018, Gome Xinda Commercial Factoring Co., Ltd. paid the factoring financing amount of 3,000,000.00 yuan to Zhanjiang City Chikan Yasheng Meile Trading Co., Ltd. On October 23, 2018, upon which the term of the factoring financing expired, Sino Great Wall International Engineering Co., Ltd. did not pay the accounts receivable and the interest thereon, Zhanjiang City Chikan Yasheng Meile Trading Co., Ltd. did not fulfill the obligation of repurchase. Gome Xinda Commercial Factoring Co., Ltd. filed a lawsuit with the

People's Court of Chaoyang District, Beijing City, requesting Sino Great Wall International Engineering Co., Ltd., pursuant to accounts receivable under the Accounts Receivable Transfer Financing Application (No. GMBL-GBL-180420-BJ-YSML-001-1), to pay the principal of the accounts receivable of 39,974,980.00 yuan, interest of 1,512,500 yuan, overdue interest of 45,833.33 yuan (tentatively scheduled for October 28, 2018), the penalty for overdue payment for accounts receivable of 99,937.45 yuan (tentatively scheduled for October 28, 2018), and the penalty for overdue payment for interest of 3,781.25 yuan (tentatively scheduled for October 28, 2018), totaling 41,637,032.03 yuan. requesting Zhanjiang City Chikan Yasheng Meile Trading Co., Ltd. to bear part of the repurchase obligation within the scope of the principal amount of 30,000,000.00 yuan, interest of 1,512,500 yuan and default interest for overdue repurchase of 63,025 yuan (tentatively scheduled for October 28, 2018); and requesting Sino Great Wall International Engineering Co., Ltd. and Zhanjiang City Chikan Yasheng Meile Trading Co., Ltd. to bear all expenses for realization of obligation right such as litigation fees, property preservation fees, and security guarantee fees. As of the date of balance sheet, the case has not yet been concluded.

### 35) Case of Contract Dispute with Henan First Thermal Power Construction Co., Ltd.

In 2015, Henan First Thermal Power Construction Co., Ltd. (hereinafter referred to as Henan First Thermal Power) and Sino Great Wall International Engineering Co., Ltd. entered into a loan agreement, pursuant to which, Henan First Thermal Power will lend 30 million yuan to Sino Great Wall International Engineering Co., Ltd., with a monthly interest rate of 1%, and Sino Great Wall International Engineering Co., Ltd. shall return 30 million yuan before December 31, 2015. The interest rate will be changed to monthly interest rate of 1.5% after the repayment is overdue. As of September 2018, Sino Great Wall International Engineering Co., Ltd. had not repaid the amount. Therefore, Henan First Thermal Power filed a lawsuit on September 17, 2018, requesting repayment of the principal, interest, and remittance fees totaling 47,177,460.94 yuan. The case went on trial on December 12, 2018 and has not yet been concluded.

### 36) Case of Dispute on Stone Products Supply Contract of Fujian Province Nan'an City Feiwang Stone Arts & Crafts Co., Ltd.

On June 7, 2015, Fujian Province Nan'an City Feiwang Stone Arts & Crafts Co., Ltd. (hereinafter referred to as Stone Company) and Sino Great Wall International Engineering Co., Ltd. entered into the Stone Products Supply Contract, pursuant to which, Stone Company provided stones with a total value of 3,516,152.30 yuan to Sino Great Wall International Engineering Co., Ltd. From July 1, 2015 to April 26, 2016, Sino Great Wall paid a total of 2.6 million yuan to the Stone Company, and has not paid any amount to the Stone Company since then. On October 9, 2018, the Stone Company filed an arbitration application with the Beijing Arbitration Commission, requesting payment for the goods of 916,152.30 yuan and related interest (The interest is calculated based on the arrears, from January 10, 2016 to the date on which the payment for goods is actually settled). The case was accepted by the Beijing Arbitration Commission on October 29, 2018 and has not yet been concluded.

### 37) Case of Sales Contract Dispute with Shenzhen Strive Industrial Co., Ltd.

On March 25, 2017, Shenzhen Strive Industrial Co., Ltd. (hereinafter referred to as Industrial Company) and Sino Great Wall International Engineering Co., Ltd. entered into a supply contract, According to the contract, Sino Great Wall paid an advance payment of 80,000.00 yuan to the Industrial Company. The Industrial Company provided goods worth yuan 263,963.29 to Sino Great Wall in three batches on April 8, 2017, May 4, 2017, and May 10, 2017, respectively. Then, however, Sino Great Wall was reluctant to pay the remaining payment. It only paid 100,000 yuan on March 8, 2018, and the remaining payment of 83,963.29 yuan has not been paid. On October 18, 2018, the Industrial Company filed an arbitration application with the Beijing Arbitration Commission, requesting Sino Great Wall

International Engineering Co., Ltd. to pay the remaining payment of 83,963.29 yuan, transportation expenses, travel expenses, and cost of lost labor of 8,000.00 yuan due to the application for arbitration, as well as arbitration fees. The case was accepted by the arbitration commission on November 2, 2018, and has not yet been concluded.

#### 38) Case of Contract Dispute of Shenzhen Fangyuan Ronghua Metal Engineering Co., Ltd.

On April 7, 2017, Shenzhen Fangyuan Ronghua Metal Engineering Co., Ltd. (hereinafter referred to as Ronghua Company) and Sino Great Wall International Engineering Co., Ltd. entered into a supply and processing contract, pursuant to which, Ronghua Company provides metal products and processing services to Sino Great Wall, with a total value of 314,905.00 yuan. As of the date of filing the lawsuit, Sino Great Wall only paid a processing fee of 170,000 yuan. However, as of the date of filing the lawsuit, the one-year warranty period for the project had expired, and Sino Great Wall should pay 95% of the processing fee. On October 25, 2018, Ronghua Company filed a lawsuit requesting Sino Great Wall to pay the processing fee of 144,905.00 yuan, and interest of 7,684.55 yuan, as well as related litigation costs. At present, the case has not yet been concluded.

#### 39) Financial loan contract dispute with Baoshang Bank Limited

On January 14, 2018, Sino Great Wall signed a Loan Contract for Liquidity with Baoshang Bank Limited, which agreed to grant a loan of 200 million yuan to Sino Great Wall for a period of 12 months, paying interest on a monthly basis, and repaying the principal and interest of the loan in one lump sum on the maturity date of the loan. On January 17, 2018, Baoshang Bank issued loans to Sino Great Wall. Sino Great Wall International Engineering Co., Ltd. and its actual controllers Chen Lue and He Feiyan provided joint liability guarantees, and at the same time agreed that Chen Lue shall not pledge the 60 million shares of Sino Great Wall held by him. On October 24, 2018, Baoshang Bank announced that the debt had expired in advance, and the company was sued for failing to repay the above loan within the required time. Baoshang Bank has requested the following: the court shall order Sino Great Wall to repay the loan principal of 200 million yuan to Baoshang Bank; the court shall order Sino Great Wall to pay an interest of 4,458,750 yuan and a compound interest of 55,890.37 yuan to Baoshang Bank, and from November 20, 2018, the principal of the remaining loan and the remaining interest shall be used as the basis for the company's payment of the default interest and compound interest to Baoshang Bank respectively in accordance with the annual interest rate of 9.8755%, until the date when the debts are fully settled; the court shall order Sino Great Wall and Chen Lue to hold jointly liabilities for the above debts; the court shall order He Feiyan to hold jointly liabilities for the above-mentioned debts within the scope of the joint property with Chen Lue; the court shall order the defendants to bear all the expenses paid by the plaintiff for the recovery of the claims, such as the litigation fee, costs of preservation, the counsel fee, etc. As of the date of balance sheet, the case has not yet been heard.

#### 40) Leasing contract dispute with Zhejiang Huatie Construction Equipment

Sino Great Wall Southwest Construction Engineering Co., Ltd., a subsidiary of the company, signed the Steel Pipe Leasing Contract with Zhejiang Huatie Construction Support Technology Co., Ltd., which stipulated the rental price of the steel pipe leased goods. The quantity of the leased goods was based on the invoice. From the date of the lessee's shipment to the date of the return of the lessor's warehouse, the lessee shall pay 70% of the rent every 3 months and settle the entire rent within 3 months after the leased property is removed. After the conclusion of the contract, the lessor provided the leased items such as steel pipes and fasteners. The miscellaneous expenses incurred in the performance of the contract were 1593635.57 yuan, and no payment was made by Sino Great Wall Southwest Construction Engineering Co., Ltd. Zhejiang Huatie Construction Support Technology Co., Ltd. filed a lawsuit, requesting: termination of the Steel Pipe Leasing Contract; immediate payment of rental and miscellaneous fees from

Southwest Construction of 1593635.57 yuan (tentatively until March 6, 2018); immediate return of leased goods such as steel mesh, steel pipe, crossbar, etc., or a compensation of 8084676.16 yuan for the price; the liquidated damages for overdue payment of 112213.10 yuan (tentatively until March 6, 2018 from the date of signing the contract; after that, the rent shall be collected on the basis of 1593635.57 yuan by one thousandth of the amount per day until the date of payment of the rent); joint and several liabilities to be held by Guo Xiaoyi for liquidation; and bearing of the litigation costs. As of the date of balance sheet, the case has not yet been concluded.

#### 41) Contract Dispute with the People's Government of Chapan Township, Yingshan County

On January 30, 2016, the company's subsidiary Sino Great Wall Southwest Construction Engineering Co., Ltd. (formerly known as: Sichuan Dinghui Construction Co., Ltd.) signed the Construction Contract of Small and Micro Water Conservancy Projects in Tanping Village, Chapan Township, Yingshan County with the People's Government of Chapan Township, Yingshan County, and was contracted to undertake the construction of small and micro water conservancy projects in Tanping Village, Chapan Township, Yingshan County. The construction period was from February 15th, 2016 to May 31st, 2016, and the contract price was 1862300 yuan. After the signing of the contract, the Southwest Construction Company carried out part of the construction work, and the construction was completely shut down in May 2017. After many unsuccessful negotiations, the People's Government of Chapan Township of Yingshan County sued the Southwest Construction Company and requested the termination of the previously signed contract of the construction project, payment of liquidated damages from the Southwest Construction Company, compensation for economic losses, and bearing of legal costs.

#### 42) Labor Dispute

In 2018, the Company's subsidiary Shenzhen Great Wall International Engineering Co., Ltd. was submitted to arbitration for labor and personnel disputes by 51 people, including Qi Deyun, requesting the company to pay a total of 5,068,538.15 yuan in arrears of wages, overtime, bonuses, compensation for termination of labor relations, reimbursed expenses, etc. As of the date of balance sheet, the arbitration is pending.

#### 43) Dispute with Xu Zhigui over the Decoration Contract

Xu Zhigui, as the actual construction worker of the interior decoration project of Four Stars A and B Hotels (Building B) in Wanda City, Nanchang, completed and delivered the interior mechanical and electrical installation project to Sino Great Wall International Engineering Co., Ltd. According to the contract agreement and additional contract price, Sino Great Wall International Engineering Co., Ltd. owed Xu Zhigui 1040716.25 yuan for the decoration work. Xu Zhigui filed a lawsuit and requested that Nanchang Wanda City Investment Co., Ltd., Sino Great Wall International Engineering Co., Ltd. and Hangzhou Yingtianxia Construction Co., Ltd. shall be ordered to jointly pay the arrears of 10,407,616.25 yuan for the decoration work and the interest on the arrears of decoration payments (calculated at the same period loan interest rate of the People's Bank of China from March 11, 2016 to the time of payment of the arrears), and to jointly bear the litigation fees.

(2) Contingent liabilities formed by providing debt guarantees to other enterprises/institutions and their financial implications.

### **(2) Important contingencies not required to be disclosed by the company shall also be explained**

The company does not have important contingencies that need to be disclosed.

**3. Others****XV. Matters after the balance sheet date****1. Important non-adjusting events**

Unit: Yuan

| Item | Contents | effects on financial conditions and operating results | Reasons for inestimable effects |
|------|----------|---|---------------------------------|
|      |          |   |                                 |

**2. Profit distribution**

Unit: Yuan

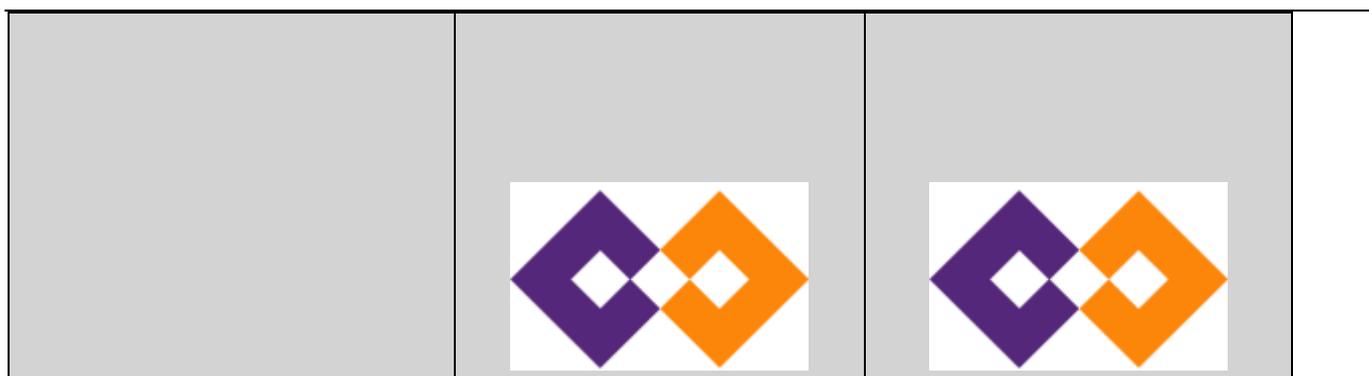
**3. Sales return****4. Description of other events after the balance sheet date****XVI. Other important events****1. Correction of accounting errors in the prior period****(1) Retrospective restatement method**

Unit: Yuan

| Correction contents of the accounting errors | Treatment procedure | Report items of various affected comparative periods | Cumulative effects |
|--|---------------------|--|--------------------|
|  |                     |  |                    |

**(2) Prospective application method**

| Correction contents of the accounting errors  | Approval procedure                   | Reasons for adopting prospective application method |
|---|--------------------------------------|---|
| Company expenses disbursed by means except for the personal card accounts of the actual controllers and senior executives | Resolution of the board of directors | The amount is of no significant importance          |



## 2. Debt restructuring

## 3. Asset replacement

### (1) Non-monetary asset exchange

### (2) Other asset replacement

## 4. Annuity plan

## 5. Discontinued operation

Unit: Yuan

| Item | Revenue | Expense | Total profit | Income tax expense | Net profit | Discontinued operation profits attributable to the owner of the parent company |
|------|---------|---------|--------------|--------------------|------------|--|
|      |         |         |              |                    |            |  |

Other notes

## 6. Segment information

### (1) Determination basis and accounting policy of the reporting segments

Accounting policy of the reporting segments:

As businesses in domestic architectural decoration, outbound architectural decoration and medical sectors are not associated with each other, there is no price transfer among the segments; medical businesses are operated by the Company and independent subsidiaries. Outbound architectural decoration business shall be accounted by overseas companies according to regions in which the projects under construction is located by establishing independent account sets for 8 main projects in Qatar, Kuwait, Cambodia, Sri Lanka, Malaysia, Myanmar, Maldives and Saipan. There are no expenses indirectly attributable to various segments to be apportioned. And outbound architectural decoration business data also consist of financial figures from the account sets of the above 8 main projects.

| Item | Domestic architectural decoration sector |      | Outbound architectural decoration sector |      | Medical sector |  | Offset  |      | Total   |      |
|------|--|------|--|------|----------------|--|---------|------|---------|------|
|      | Current                                  | Last | Curr                                     | Last | Curre          |  | Current | Last | Current | Last |
|      |  |      |  |      |                |  |         |      |         |      |

|   | period            | period            | ent              | perio            | nt             |   | period            | period            | period            | perio             |
|---|-------------------|-------------------|------------------|------------------|----------------|---|-------------------|-------------------|-------------------|-------------------|
|   |                   |                   | perio            | d                | perio          |   |                   |                   |                   | d                 |
|   |                   |                   | d                | d                | d              |   |                   |                   |                   | d                 |
| I. Operating income                     | 1,713,614,392.65  | 4,055,226,176.75  | 617,181,344.18   | 2,747,112,360.43 | 135,685,751.60 | I. Operating income                     | 1,713,614,392.65  | 4,055,226,176.75  | 2,496,411,771.38  | 6,497,124,980.52  |
| Of which: foreign trade income          | 1,713,614,392.65  | 4,055,226,176.75  | 617,181,344.18   | 2,747,112,360.43 | 135,685,751.60 | Of which: foreign trade income          | 1,713,614,392.65  | 4,055,226,176.75  |                   |                   |
| Income from inter-segment trade         |                   |                   |                  |                  |                | Income from inter-segment trade         |                   |                   |                   | 6,497,124,980.52  |
| II. Operating cost                      | 1,823,342,781.16  | 3,376,128,111.31  | 561,946,596.40   | 1,850,501,055.12 | 99,316,403.49  | II. Operating cost                      | 1,823,342,781.16  | 3,376,128,111.31  | 2,518,924,719.23  | 4,886,354,499.66  |
| Of which: foreign trade cost            | 1,823,342,781.16  | 3,376,128,111.31  | 561,946,596.40   | 1,850,501,055.12 | 99,316,403.49  | Of which: foreign trade cost            | 1,823,342,781.16  | 3,376,128,111.31  |                   |                   |
| Cost of inter-segment trade             |                   |                   |                  |                  |                | Cost of inter-segment trade             |                   |                   |                   | 4,886,354,499.66  |
| III. Asset impairment loss              | 90,665,168.24     | 233,324,136.18    | 445,662,546.73   | 92,834,249.44    | 10,313,351.51  | III. Asset impairment loss              | 90,665,168.24     | 233,324,136.18    | 562,914,387.90    | 323,067,604.86    |
| IV. Depreciation and amortization costs | 25,439,978.29     | 8,485,049.12      | 3,297,464.80     | 2,669,193.11     | 13,617,861.75  | IV. Depreciation and amortization costs | 25,439,978.29     | 8,485,049.12      | 37,225,793.86     | 18,664,799.34     |
| V. Total profit                         | -1,454,805,513.15 | -3,420,438.20     | -353,395,190.80  | 616,507,925.74   | -15,055,006.40 | V. Total profit                         | -1,454,805,513.15 | -3,420,438.20     | -1,819,685,027.26 | 663,236,724.48    |
| VI. Income tax expense                  | 27,790,032.39     | 92,409.54         | -31,794,530.69   | 10,327,779.55    | 2,561,747.82   | VI. Income tax expense                  | 27,790,032.39     | 92,409.54         | -3,162,256.01     | 11,921,876.40     |
| VII. Net profit                         | -1,482,595,545.54 | -3,512,847.74     | -321,600,660.11  | 606,950,602.75   | -17,616,754.22 | VII. Net profit                         | -1,482,595,545.54 | -3,512,847.74     | -1,816,522,771.25 | 651,314,841.45    |
| VIII. Total assets                      | 14,713,980,506.82 | 16,528,958,963.06 | 4,092,433,748.17 | 4,411,681,112.49 | 348,963,251.61 | VIII. Total assets                      | 14,713,980,506.82 | 16,528,958,963.06 | 9,763,085,782.40  | 21,254,377,131.56 |
| IX. Total                               | 12,593,571,839    | 16,505,938,299    | 2,511,243,436    | 4,414,287,247    | 301,650,637    | IX. Total                               | 12,593,571,839    | 16,505,938,299    | 9,596,028,675     | 15,743,967,165    |

|             |     |     |     |    |    |             |     |     |    |     |
|-------------|-----|-----|-----|----|----|-------------|-----|-----|----|-----|
| liabiliteis | .66 | .90 | .32 | 85 | 75 | liabiliteis | .66 | .90 | 32 | .45 |
|-------------|-----|-----|-----|----|----|-------------|-----|-----|----|-----|

## (2) Financial information of reporting segments

|                   |  |  |  |  |  |
|-------------------|--|--|--|--|--|
| Unit:<br>YuanItem |  |  |  |  |  |
|                   |  |  |  |  |  |
|                   |  |  |  |  |  |

(3) If the Company lacks reporting segments or is not allowed to disclose total assets and total liabilities of the reporting segments, please provide reasons

(4) Other notes

7. Other important transactions and events affecting investors' decisions

8. Others

## XVII. Notes to main items on the Financial Statements of the parent company

### 1. Notes receivable and accounts receivable

Unit: Yuan

| Item | Closing balance | Beginning balance |
|------|-----------------|-------------------|
|------|-----------------|-------------------|

#### (1) Notes receivable

1) Notes receivables are listed by class

Unit: Yuan

| Item             | Closing balance | Beginning balance |
|------------------|-----------------|-------------------|
| Bank acceptance  | 0.00            | 0.00              |
| Trade acceptance | 0.00            | 0.00              |

2) Notes receivable of the Company pledged at the end of the period

Unit: Yuan

| Item             | Amount pledged at the end of the period |
|------------------|---|
| Bank acceptance  | 0.00                                    |
| Trade acceptance | 0.00                                    |

3) Notes receivable endorsed or discounted by the Company at the end of the period and undue on the balance sheet date

Unit: Yuan

| Item             | Amount for which the recognition terminated at the end of the period | Amount for which the recognition did not terminate at the end of the period |
|------------------|--|---|
| Bank acceptance  | 0.00   | 0.00  |
| Trade acceptance | 0.00   | 0.00  |

**4) Notes converted to accounts receivable by the Company at the end of the period due to the non-performance of the drawer**

Unit: Yuan

| Item             | Amount converted to accounts receivables at the end of the period |
|------------------|---|
| Trade acceptance | 0.00  |

Other notes

**(2) Accounts receivable**

1) Disclosure of accounts receivable by class

Unit: Yuan

| Class | Closing balance |            |                    |                     |            | Beginning balance |            |                    |                     |            |
|-------|-----------------|------------|--------------------|---------------------|------------|-------------------|------------|--------------------|---------------------|------------|
|       | Book balance    |            | Bad-debt provision |                     | Book value | Book balance      |            | Bad-debt provision |                     | Book value |
|       | Amount          | Proportion | Amount             | Accruing proportion |            | Amount            | Proportion | Amount             | Accruing proportion |            |

Receivables with a significant individual amount and individual provision for bad debts at the end of the period:

 Applicable  Not applicable

Receivables for which bad-debt provision is made by aging analysis method in the set:

 Applicable  Not applicable

Receivables for which bad-debt provision is made by balance percentage method in the set:

 Applicable  Not applicable

Receivables for which bad-debt provision is made by other methods in the set:

2) Bad-debt provisions set aside, recovered or carried back during the reporting period

During the reporting period, there were altogether RMB bad-debt provision set aside and RMB bad-debt provision recovered or carried back.

Bad-debt provisions recovered or carried back in the current period with significant amount are as follows:

Unit: Yuan

| Unit name | Amount recovered or carried back | Recovery method |
|-----------|----------------------------------|-----------------|
|-----------|----------------------------------|-----------------|

3) Receivables actually written off in the current period are as follows:

Unit: Yuan

| Item | Amount written off |
|------|--------------------|
|------|--------------------|

Significant receivables written off are as follows:

Unit: Yuan

| Unit name | Receivable nature | Amount written off | Reasons for writing off | Writing-off procedure | Is the amount incurred by the connected transaction |
|-----------|-------------------|--------------------|-------------------------|-----------------------|---|
|-----------|-------------------|--------------------|-------------------------|-----------------------|---|

Notes to receivable write-off:

4) Receivables ranking top five on the ending balance list based on the concentration degree of the borrower

5) Receivables for which the recognition is terminated due to the transfer of financial assets

6) Asset and liability amounts incurred by the transfer of accounts receivables and continuing involvement

Other notes:

## 2. Other receivables

Unit: Yuan

| Item                 | Closing balance  | Beginning balance |
|----------------------|------------------|-------------------|
| Dividends receivable | 100,000,000.00   | 100,000,000.00    |
| Other receivables    | 2,886,852,664.14 | 3,590,967,483.22  |
| Total                | 2,986,852,664.14 | 3,690,967,483.22  |

### (1) Interests receivable

1) Classification of interests receivable

Unit: Yuan

| Item | Closing balance | Beginning balance |
|------|-----------------|-------------------|
|------|-----------------|-------------------|

2) Significant overdue interests

Unit: Yuan

| Borrower | Closing balance | Overdue time | Overdue reasons | Whether impairment occurs and the judgment basis |
|----------|-----------------|--------------|-----------------|--|
|----------|-----------------|--------------|-----------------|--|

Other notes:

### (2) Dividends receivable

1) Dividends receivable

Unit: Yuan

| Item (or the invested party) | Closing balance | Beginning balance |
|------------------------------|-----------------|-------------------|
|------------------------------|-----------------|-------------------|

|   |                |                |
|---|----------------|----------------|
| Sino Great Wall International Engineering Co., Ltd. | 100,000,000.00 | 100,000,000.00 |
| Total   | 100,000,000.00 | 100,000,000.00 |

## 2) Significant dividends receivable with an aging of more than 1 year

Unit: Yuan

| Item (or the invested party)                        | Closing balance | Aging | Reasons for recovery failure        | Whether impairment occurs and the judgment basis |
|---|-----------------|-------|-------------------------------------|--|
| Sino Great Wall International Engineering Co., Ltd. | 100,000,000.00  | 1-2   | The dividends are not actually paid |  |
| Total   | 100,000,000.00  | --    | --                                  | --   |

Other notes:

**(3) Other receivables**

## 1) Disclosure of other receivables by class

Unit: Yuan

| Class   | Closing balance  |            |                    |                     |                  | Beginning balance |            |                    |                     |                  |
|---|------------------|------------|--------------------|---------------------|------------------|-------------------|------------|--------------------|---------------------|------------------|
|   | Book balance     |            | Bad-debt provision |                     |                  | Book balance      |            | Bad-debt provision |                     |                  |
|   | Amount           | Proportion | Amount             | Accruing proportion |                  | Amount            | Proportion | Amount             | Accruing proportion |                  |
| Other receivables for which bad-debt provision is made according to characteristic portfolio of credit risk | 2,909,969,569.77 | 100.00%    | 23,116,905.63      | 0.79%               | 2,886,852,664.14 | 3,599,182,692.34  | 100.00%    | 8,215,209.12       | 0.23%               | 3,590,967,483.22 |

Other receivables with a significant individual amount and individual provision for bad debts at the end of the period:

 Applicable  Not applicable

Other receivables for which bad-debt provision is made by aging analysis method in the set:

 Applicable  Not applicable

Unit: Yuan

| Aging | Closing balance   |                    |                     |
|-------|-------------------|--------------------|---------------------|
|       | Other receivables | Bad-debt provision | Accruing proportion |

| Sub-items within 1 year   |                |               |        |
|---------------------------|----------------|---------------|--------|
| Within 1 year             | 204,032,509.97 | 10,201,625.50 | 5.00%  |
| Sub-total (within 1 year) | 204,032,509.97 | 10,201,625.50 | 5.00%  |
| 1 - 2 years               | 116,005,431.09 | 11,600,543.11 | 10.00% |
| 2 - 3 years               | 4,382,456.75   | 1,314,737.03  | 30.00% |
| Total                     | 324,420,397.81 | 23,116,905.63 |        |

Notes to the determination basis for the set:

Other receivables for which bad-debt provision is made by balance percentage method in the set:

Applicable  Not applicable

Other receivables for which bad-debt provision is made by other methods in the set:

Applicable  Not applicable

2) Bad-debt provisions set aside, recovered or carried back during the reporting period

During the reporting period, there were altogether 14,839,141.69 yuan bad-debt provision set aside and 0.00 yuan bad-debt provision recovered or carried back.

Bad-debt provisions carried back or recovered in the current period with significant amount are as follows:

Unit: Yuan

| Unit name | Amount carried back or recovered | Recovery method |
|-----------|----------------------------------|-----------------|
|-----------|----------------------------------|-----------------|

3) Other receivables actually written off in the current period are as follows:

Unit: Yuan

| Item | Amount written off |
|------|--------------------|
|------|--------------------|

Significant other receivables written off are as follows:

Unit: Yuan

| Unit name | Nature of other receivables | Amount written off | Reasons for writing off | Writing-off procedure | Is the amount incurred by the connected transaction |
|-----------|-----------------------------|--------------------|-------------------------|-----------------------|---|
|-----------|-----------------------------|--------------------|-------------------------|-----------------------|---|

Notes to the write-off of other receivables:

4) Classification of other receivables by nature

Unit: Yuan

| Nature of payment             | Closing book balance | Beginning book balance |
|-------------------------------|----------------------|------------------------|
| Current payment between units | 2,757,783,997.09     | 3,506,887,491.95       |
| Reserve fund                  | 666,710.88           | 142,590.46             |
| Cash deposit and pledge       | 151,379,709.93       | 92,152,609.93          |
| Others                        | 139,151.87           |                        |
| Total                         | 2,909,969,569.77     | 3,599,182,692.34       |

5) Other receivables ranking top five on the ending balance list based on the concentration degree of the borrower

Unit: Yuan

| Unit name   | Nature of payment                             | Closing balance  | Aging         | Proportion in the total closing balance of other receivables | Closing balance of bad-debt provision |
|---|---|------------------|---------------|--|---------------------------------------|
| Sino Great Wall International Engineering Co., Ltd.           | Current payment                               | 2,394,022,760.68 | Within 1 year | 83.30%   |                                       |
| Wuhan Commercial Worker Hospital Co., Ltd.                    | Current payment                               | 89,886,449.10    | Within 1 year | 3.13%  |                                       |
| Sino Great Wall Southwest Construction Engineering Co., Ltd.  | Current payment                               | 59,000,000.00    | Within 1 year | 2.05%  |                                       |
| Administration Committee of Fuping High-tech Development Zone | Deposit                                       | 50,000,000.00    | 1 - 2 years   | 1.74%  | 5,000,000.00                          |
| DBS Beijing Branch  | Payment transferred to the account as deposit | 50,000,000.00    | Within 1 year | 1.74%  | 2,500,000.00                          |
| Total   | --  | 2,642,909,209.78 | --            | 91.87%   | 7,500,000.00                          |

## 6) Receivables covered by governmental subsidy

Unit: Yuan

| Unit name | Name of government subsidy project | Closing balance | Closing aging | Estimated time, amount and basis of the receipt |
|-----------|------------------------------------|-----------------|---------------|---|
| Nil       |                                    |                 |               |   |

Nil

**7) Other receivables for which the recognition is terminated due to the transfer of financial assets**

Nil

## 8) Asset and liability amounts incurred by the transfer of other receivables and continuing involvement

Nil

Other notes:

**3. Long-term equity investment**

Unit: Yuan

| Item                       | Closing balance  |                          |                  | Beginning balance |                          |                  |
|----------------------------|------------------|--------------------------|------------------|-------------------|--------------------------|------------------|
|                            | Book balance     | Provision for impairment | Book value       | Book balance      | Provision for impairment | Book value       |
| Investment in subsidiaries | 3,323,211,536.66 |                          | 3,323,211,536.66 | 3,311,211,536.66  |                          | 3,311,211,536.66 |
| Total                      | 3,323,211,536.66 |                          | 3,323,211,536.66 | 3,311,211,536.66  |                          | 3,311,211,536.66 |

**(1) Investment in subsidiaries**

Unit: Yuan

| Invested party   | Beginning balance | Increase in the current period | Decrease in the current period | Closing balance  | Provision for impairment in the current period | Closing balance of provision for impairment |
|--|-------------------|--------------------------------|--------------------------------|------------------|--|---|
| Sino Great Wall International Engineering Co., Ltd.                              | 3,079,451,536.66  |                                |                                | 3,079,451,536.66 |  |   |
| Wuhan Commercial Worker Hospital Co., Ltd.                                       | 97,000,000.00     |                                |                                | 97,000,000.00    |  |   |
| Sino Great Wall Medical Investment Management Co., Ltd.                          | 5,000,000.00      |                                |                                | 5,000,000.00     |  |   |
| Changye City Shenzhou Laodingshan Industrial Co., Ltd.                           | 10,000,000.00     |                                |                                | 10,000,000.00    |  |   |
| Xiangfen County Taoshan Construction Co., Ltd.                                   | 10,000,000.00     |                                |                                | 10,000,000.00    |  |   |
| Shenzhou Zhigu Industrial (Yueyang) Co., Ltd.                                    | 109,760,000.00    |                                |                                | 109,760,000.00   |  |   |
| Ningling County Inner Lake Wetland Shanty-town Renovation Construction Co., Ltd. |                   | 5,000,000.00                   |                                | 5,000,000.00     |  |   |
| Chengwu County Shenguang Engineering Project Management                          |                   | 7,000,000.00                   |                                | 7,000,000.00     |  |   |

|           |                  |               |  |                  |  |
|-----------|------------------|---------------|--|------------------|--|
| Co., Ltd. |                  |               |  |                  |  |
| Total     | 3,311,211,536.66 | 12,000,000.00 |  | 3,323,211,536.66 |  |

**(2) Investment in associated companies and joint ventures**

Unit: Yuan

| Investing party          | Beginning balance | Increase or decrease in the current period |                    |  |  |                      |  |                          |        | Closing balance | Closing balance of provision for impairment |
|--------------------------|-------------------|--|--------------------|--|--|----------------------|--|--------------------------|--------|-----------------|---|
|                          |                   | Additional investment                      | Reduced investment | Gains and losses on investment recognized by equity method | Adjustment of other comprehensive income | Other equity changes | Declared distribution of cash dividends or profits | Provision for impairment | Others |                 |   |
| I. Joint venture         |                   |  |                    |  |  |                      |  |                          |        |                 |   |
| II. Associated companies |                   |  |                    |  |  |                      |  |                          |        |                 |   |

**(3) Other notes****4. Operating revenue and operating cost**

Unit: Yuan

| Item             | Amount incurred in the current period |      | Amount incurred in last period |          |
|------------------|---------------------------------------|------|--------------------------------|----------|
|                  | Revenue                               | Cost | Revenue                        | Cost     |
| Other businesses | 197,962.06                            |      | 240,558.55                     | 1,482.50 |
| Total            | 197,962.06                            |      | 240,558.55                     | 1,482.50 |

Other notes:

**5. Investment income**

Unit: Yuan

| Item  | Amount incurred in the current period | Amount incurred in last period |
|---|---------------------------------------|--------------------------------|
| Income from long-term equity investment calculated by cost method |                                       | 100,000,000.00                 |
| Total   |                                       | 100,000,000.00                 |

**6. Others****XVIII. Supplementary information****1. Breakdown of non-recurring gains and losses in the current period**

√ Applicable □ Not applicable

Unit: Yuan

| Item   | Amount          | Notes |
|--|-----------------|-------|
| Gains and loss from the disposal of non-current assets   | -1,181,511.77   |       |
| Government subsidy recognized in current gains and losses (excluding those closely related to the Company's business and granted according to the unified national standard quota or quantity) | 105,536,702.00  |       |
| Other non-operating income and expenditure except for the aforementioned items   | -397,654,450.87 |       |
| Influences on minority equity  | -19.58          |       |
| Total  | -293,299,241.06 | --    |

For the Company's non-recurring gain/loss items as defined in the *Explanatory Announcement No.1 on Information Disclosure for Companies Publicly Issuing Securities-Non-recurring Gains and Losses* and its non-recurring gain/loss items that are listed in the *Explanatory Announcement No.1 on Information Disclosure for Companies Publicly Issuing Securities-Non-recurring Gains and Losses* and have been defined as recurring gain/loss items, it is necessary to explain the reasons.

□ Applicable √ Not Applicable

**2. Return on equity and earnings per share**

| Profits in the reporting period   | Weighted average return on equity | Earnings per share                    |   |
|---|-----------------------------------|---------------------------------------|---|
|   |                                   | Basic earnings per share (yuan/share) | Diluted earnings per share (yuan/share) |
| Net profits attributable to common stockholders of the parent company                                       | -124.70%                          | -1.004                                | -1.004                                  |
| Net profits attributable to common stockholders of the Company after deducting non-recurring gains and loss | -103.49%                          | -0.84                                 | -0.84                                   |

**3. Accounting data differences under domestic and international accounting standards****(1) Differences in net profits and assets in the financial reports disclosed in accordance with International and Chinese accounting standards**

□ Applicable √ Not Applicable

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**(2) Differences in net profits and assets in the financial reports disclosed in accordance with overseas and Chinese accounting standards**

Applicable  Not Applicable

**(3) Descriptions of reasons for accounting data differences occurring under domestic and foreign accounting standards; if adjustment is made for data audited by an overseas audit institution, the name of the institution shall be provided**

**4. Others**

## **XII. Documents Available for Inspection**

I . 2018 Financial Statements with signatures and seals of the legal representative, person in charge of the accounting work and person in charge of the accounting institution.

II . Original of Auditor Report with the seal of the accounting firm and signatures and seals of the CPAs.

III. All originals of the Company documents and announcements publically disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn), *Security Times* and *Hong Kong Commercial Daily*.

Note: The report is prepared in Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.