

Stock code: 000018 , 200018 Stock ID : Sino Great Wall , Sino-B Announcement No. 2019-047



Sino Great Wall Co., Ltd.

The First Quarterly Report 2019

1 Important Notice

The Board of Directors ,Supervisory Committee, all directors, supervisors and senior executives of the Company hereby guarantees that 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.

Other directors attending the Meeting for annual report deliberation except for the followed:

Name of director absent	Title for absent director	Reasons for absent	Attorney
Jiang Chongguang	Independent director	Due to work reasons	Yu Haichun

Mr.Chen Lue, Person in charge of the Company, Ms.Yang Chunling, Chief financial officer and the Ms. Yang Chunling, 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 Quarterly Report .

II. Basic information about the company

I. Main accounting data and financial indexes

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

☐ Yes ☒ No

	This period	Same period of last year	Changes of this period over same period of last year (%)
Operating income (RMB)	152,514,127.64	923,442,740.92	-83.48%
Net profit attributable to the shareholders of the listed company (RMB)	-128,964,725.66	218,523,628.75	-159.02%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	-128,964,725.66	59,559,955.14	-316.53%
Cash flow generated by business operation, net (RMB)	24,863,912.37	809,676,459.22	-96.93%

Basic earning per share(RMB/Share)	-0.08	0.13	-161.54%
Diluted gains per share(RMB/Share)(RMB/Share)	-0.08	0.13	-161.54%
Weighted average ROE(%)	-75.37%	9.69%	-85.06%
	End of this period	End of last period	Changes of this period-end over same period-end of last year(%)
Gross assets (RMB)	9,365,266,921.60	9,603,455,934.89	-2.48%
Net assets attributable to the shareholders of the listed company (RMB)	105,937,489.04	235,202,473.51	-54.96%

Items and amount of non-current gains and losses

☒ Applicable ☐ Not applicable

In RMB

End of this period	End of last period	Changes of this period-end over same period-end of last year(%)
Total	0.00	--

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.

II.Total Shareholders and Shares Held by Top Ten Shareholders at the End of the Reporting Period

1. About Total Common Shareholders, Total Preference Shareholders with the Voting Power Recovered and the Shares Held by Top Ten Common Shareholders

In shares

Total number of common shareholders at the period-end		78,961	Total preference shareholders with the voting power recovered at the end of the reporting period(if any)		0	
Shares held by the top 10 shareholders						
Shareholder name	Properties of shareholder	Share proportion %	Quantity	Amount of tradable shares with Conditional held	Pledging or freezing	
					Status of the shares	Quantity
Chen Lue	Domestic Natural person	34.36%	583,454,556	437,590,917	Pledge	583,454,556
					Freeze	583,454,462
STYLE-SUCCESS LIMITED	Foreign legal person	5.47%	92,970,910	0		
Union Holdings Co., Ltd.	Domestic Non-State-owned legal person	5.18%	87,935,921	0		
He Feiyan	Domestic Natural person	3.23%	54,800,458	0	Freeze	54,800,458
Jiutai Fund—Bank of Communications—Jiutai Huitong No.2 specific customer asset management plan	Other	2.40%	40,696,772	0		
Rich Crown Investment Co., Ltd.	Foreign legal person	1.37%	23,235,313	0		
Qinghai Heyi Industry Development Co., Ltd.	Domestic Non-State-owned legal person	0.79%	13,357,084	0	Pledge	13,357,084
Huang Huaian	Domestic Natural person	0.67%	11,300,000	0		
Zhang Xubao	Domestic Natural	0.38%	6,503,220	0		

	person					
Chen Lihong	Domestic Natural person	0.28%	4,775,760	0		
Shareholding of top 10 shareholders of unrestricted shares						
Name of the shareholder	Quantity of unrestricted shares held at the end of the reporting period	Share type		Share type	Quantity	
Chen Lue	145,863,639	RMB Common shares			145,863,639	
STYLE-SUCCESS LIMITED	92,970,910	Foreign shares placed in domestic exchange			92,970,910	
Union Holdings Co., Ltd.	87,935,921	RMB Common shares			87,935,921	
He Feiyan	54,800,458	RMB Common shares			54,800,458	
Jiutai Fund—Bank of Communications—Jiutai Huitong No.2 specific customer asset management plan	40,696,772	RMB Common shares			40,696,772	
Rich Crown Investment Co., Ltd.	23,235,313	Foreign shares placed in domestic exchange			23,235,313	
Qinghai Heyi Industry Development Co., Ltd.	13,357,084	RMB Common shares			13,357,084	
Huang Huaian	11,300,000	RMB Common shares			11,300,000	
Zhang Xubao	6,503,220	RMB Common shares			6,503,220	
Chen Lihong	4,775,760	Foreign shares placed in domestic exchange			4,775,760	
Explanation on associated relationship or concerted action of the above shareholders	The largest shareholder of Mr. Chen Lue and the Fourth largest shareholder of Ms. He Feiyan aforesaid are persons acting in concern; 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., The other tradable shareholders neither knew whether there exists associated relationship between them.					

Note to the top 10 common stockholders involved in margin financing & securities lending (If any)	Nil
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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.Total number of preferred shareholders and shareholding of top 10 preferred shareholders by the end of the report period

☐ Applicable ☒ Not applicable

III Significant Events

I. Major changes of main accounting statement items and financial indicators in the reporting period, as well as reasons for the changes

√ Applicable □ Not applicable

Items	This period/Year-end balance	Same period of the previous year/Year-beginning balance	Changes %	Remarks on the change
Long-term Loans	-	120000000.00	-100.00%	Mainly due to use the same bank to borrow short-term loans to repay long-term loans.
Operating income	152514127.64	923442740.92	-83.48%	Mainly for the national credit tightening, the tight capital led to the company's business contraction, the project progressed slowly.
Operating cost	129968630.28	694723215.49	-81.29%	Mainly due to reduced operating income
Administration expenses	47113359.52	73133254.43	-35.58%	Mainly due to the decrease in operating shrinkage management personnel
Net profit	-128564725.66	218782564.96	-158.76%	Mainly due to reduced operating income
Net cash flow generated by operation activities	24863912.37	809676459.22	-96.93%	Mainly due to the reduction of projects and the slow progress of projects under construction
Net cash flow generated by investment activities	-	-81805042.30	-100.00%	Mainly due to reduced operating shrinkage
Net cash flow generated by financing activities	-64236401.65	-624966136.18	-89.72%	Mainly due to the tightening of national credit and the difficulty of loans

II. The progress of significant events and influence, as well as the analysis and explanation on resolving proposal.

√ Applicable □ Not applicable

1. 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.

2. 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.

3. 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.

4. 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, 2019-031) 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.

5. 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).

Overview of material matters	Date of disclosing	Description of the website for disclosing provisional announcements
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Progress in the implementation of share repurchase

☐ Applicable ☒ Not applicable

Progress in the implementation of the reduction of the repurchased shares by means of centralized bidding

☐ Applicable ☒ Not applicable

III. Commitments finished in implementation by the Company, shareholders, actual controller, acquirer, directors, supervisors, senior executives or other related parties in the reporting period and commitments unfinished in implementation at the end of the reporting period

☐ Applicable ☒ Not applicable

The company has no commitments completed in period and those without completed till end of the period from actual controller, shareholders, related parties, purchaser and companies.

IV. Prediction of Business performance for January- June 2019

Estimation of accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation of reason.

☐ Applicable ☒ Not applicable

V. Investment in securities

☐ Applicable ☒ Not applicable

No securities investment in period.

VI. Investments in derivatives

☐ Applicable ☒ Not applicable

There is no derivative investment during the report period.

VII. The registration form of acceptance of investigation, communication and interview in the report period for future reference

☐ Applicable ☒ Not applicable

The Period has no research, communication and written inquiry from the investors in the report period.

VIII. Outward Guarantee against the Regulations

☐ Applicable ☒ Not applicable

The Company has no external guarantee get out of the line in the Period

IX. Controlling shareholder and its related parties occupying non-business capital of the listed company

☐ Applicable ☒ Not applicable

There are no controlling shareholder and its related parties occupying non-business capital of the listed company in Period