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中國能源建設股份有限公司

CHINA ENERGY ENGINEERING CORPORATION LIMITED*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3996)

**ANNOUNCEMENT
INSIDE INFORMATION**

The announcement is made by China Energy Engineering Corporation Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Pursuant to the Listing Rules of the Shanghai Stock Exchange, China Gezhouba Group Stock Company Limited (中國葛洲壩集團股份有限公司) (the “**CGGC**”), a subsidiary of the Company, published a summary of its 2017 annual report for the year ended December 31, 2017 (the “**CGGC Summary Annual Report**”) on the website of the Shanghai Stock Exchange, a reproduction of which is enclosed to this announcement. For the avoidance of doubt, the “**Company**” contained in the CGGC Summary Annual Report refers to CGGC.

The CGGC Summary Annual Report set out below has been prepared in accordance with the People's Republic of China Generally Accepted Accounting Principles and has been audited by, BDO China Shu Lun Pan Certified Public Accountants LLP, the auditors of CGGC.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By Order of the Board

CHINA ENERGY ENGINEERING CORPORATION LIMITED*

Wang Jianping

Chairman

Beijing, the PRC
29 March, 2018

As at the date of this announcement, the executive directors of the Company are Mr. Wang Jianping, Mr. Ding Yanzhang and Mr. Zhang Xianchong; the non-executive director are Mr. Ma Chuanjing, Mr. Liu Xueshi and Mr. Si Xinbo; the independent non-executive directors are Mr. Ding Yuanchen, Mr. Wang Bin, Mr. Zheng Qiyu and Mr. Cheung Yuk Ming.

* *for identification purpose only*

I. IMPORTANT NOTICE

1. The summary of annual report is a simplification of the annual report. To comprehensively understand the Company's operating results, financial position and future development plans, investors shall refer to the website of the Shanghai Stock Exchange and other designated media of the China Securities Regulatory Commission to carefully read the full text of the annual report.
2. The board of directors, the board of supervisors, the directors, the supervisors and members of senior management of the Company guarantee the authenticity, accuracy and completeness of the contents of the annual report, in which there are no false representations, misleading statements contained or material omissions, and assume the several and joint responsibilities as well.
3. Directors absent

Position of director absent	Name of director absent	Reasons for absence	Name of proxy
Director	He Jiansheng	Work	Fu Junxiong
Independent Director	Xu Jingbin	Work	Su Xianglin

4. BDO China Shu Lun Pan Certified Public Accountants LLP has issued a standard and unqualified audit report for the Company.
5. The proposal of distribution of profit for the reporting period or the transfer of capital reserve to equity considered by the board of directors:

Based on the total capital of 4,604,777,412 shares, the cash dividend of RMB2.68 (tax included) for every 10 shares, i.e. a total of RMB1,234,080,346.42 in cash, were distributed to all shareholders and the remaining profit was transferred to the following year. The Company did not transfer capital reserve to equity in the current year.

II. BASIC INFORMATION OF THE COMPANY

1. The Company profile

Stock profile				
Stock type	Listed on	Stock abbreviation	Stock code	Stock abbreviation before change
A Share	Shanghai Stock Exchange	CGGC	600068	/

Contact person and contact methods	Secretary of the board of directors	Securities affairs representative
Name	Peng Liquan	Ding Xianyun
Office address	Gezhouba Tower, 558 Jiefang Road, Qiaokou District, Wuhan, Hubei Province	Gezhouba Tower, 558 Jiefang Road, Qiaokou District, Wuhan, Hubei Province
Telephone	027-59270353	027-59270353
Email	gzb@cggc.cn	dxianyun@sina.cn

2. Main businesses of the Company in the reporting period

During the reporting period, based on the infrastructure filed, strategic emerging industries and the “One Belt and One Road” initiative, the Company built a business structure with reasonable structure and high goals. The Company’s business scope covers environmental protection, construction, high-end equipment manufacturing, infrastructure investment and operations, real estate, cement, civil blasting and finance, forming a good pattern in which the eight major businesses go hand in hand and develop collaboratively in China and overseas. The Company entered into the waste disposal, solid waste processing, soil and water treatment, sewage treatment, energy saving and emission reduction, steel slag utilization, high-efficiency energy storage, smart energy, smart manufacturing and environmental protection materials and other fields, committed to the formation of environmental protection and high-end equipment manufacturing whole industry chain and “one-stop” service capabilities and to create first-class industrial clusters. In the field of construction, the Company continued to improve the market development mechanism, build high-end public relations, strengthen business model innovation, rely on financing advantages, technological advantages, management advantages and brand advantages, and obtained a large number of international and domestic influential major projects in the ways of PPP, BOT, EPC, etc. The Company is known as the leading enterprise of PPP business and the “Belt and Road”.

1) *Environmental protection*

During the reporting period, the Company’s main environmental protection businesses included recycling of renewable resources, treatment of sewage sludge, water environment treatment, solid waste treatment, new paving materials, new energy and clean energy, etc.

Recycling of renewable resources: Gezhouba Huanjia (Dalian) Renewable Resources Co., Ltd. and Gezhouba Xingye Renewable Resources Co., Ltd. (“**Gezhouba Xingye Company**”), both held by the Company’s subsidiary China Gezhouba Group Lvyuan Technology Co., Ltd. (“**Lvyuan Company**”), were mainly engaged in the recycling processing and cyclic utilization of waste materials, such as waste steel, plastic, paper, glass, nonferrous metals, etc.

Treatment of sewage sludge: Gezhouba Zhonggu Technology Corporation Limited (“**Zhonggu Corporation**”), held by the Company’s subsidiary Lvyuan Company and possessing advanced technology and processing capacity in soil curing treatment, sludge pollution control and solid waste treatment, was engaged in the research and development and production of soil curing agent and sludge modifier and was capable of undertaking environmental protection construction such as soil treatment and sludge control.

Solid waste treatment: The enterprise, held by the Company’s subsidiary China Gezhouba Group Cement Co., Ltd. (“**Cement Company**”), is engaged in the treatment businesses of solid waste and municipal household refuse.

New paving materials: Gezhouba Wuhan Road Materials Co., Ltd. (“**Road Materials Company**”), held by the Company’s subsidiary Cement Company, possessing patented technology for production of asphalt concrete slag aggregate from steelmaking residue, was engaged in the processing, production and sales of steel slag aggregate.

New energy and clean energy: Mainly refers to the new energy projects such as wind power and cement kiln waste heat power generation involved in the Company’s affiliated units.

During the reporting period, the Company carried on the layout by focusing on the entire industry chain of the environmental protection industry and improved the structure of the environmental protection industry. The Company was invited to participate in the “2017 China 7th Energy High-level Dialogue” and made a keynote speech; Lvyuan Company was invited to participate in the “2017 China Environmental Technology Conference Summit Forum”, and was elected “Scraper Union Chairman Unit”, as the chief editor of 3 national standards who established of the Lvyuan Environmental Protection College and whose strength of renewable resources stably ranked the top three in the country with increasing industry influence and discourse power. Lvyuan Company’s affiliated companies won the honors of the 2016 Top 20 Chinese Recycling Paper Industry and China’s Renewable Non-ferrous Metals Industry Advanced Enterprise, etc.

2) **Construction**

Construction business is the Company’s traditional business and an important source of Company’s operating income. The project types mainly involve roads, water conservancy and hydropower, housing construction, railways, municipal administration, water affairs, urban underground comprehensive corridors, ports and navigation channels, etc. The implementation mode of the projects is mainly based on PPP and general construction contracting. Among them, the main modes of domestic projects are PPP and general construction contracting, and the main modes of international projects are general construction contracting and EPC. The Company’s domestic construction business covers 31 provinces, cities, and autonomous regions across the country. In international business, the Company has set up branches in 99 countries and covered 142 countries and regions. Among them, 33 branches were set up in countries along the “Belt and Road”, radiating 57 country markets. The Company ranked No. 69 in the “Fortune 500” in 2017 by the Fortune (Chinese) and No. 3 in the 2016 China Construction Industry Competitiveness Top 200 Enterprises. In the “Going Global” enterprises, the Company’s international contracting and operating income respectively ranked No. 6 and No. 8, and was awarded “2017 China’s ‘Belt and Road’ Outstanding Contribution Enterprise Award” and the “Belt and Road New Energy International Development Outstanding Contribution Award”.

3) *High-end equipment manufacturing*

The high-end equipment manufacturing business mainly includes integrated comprehensive services such as the design, manufacturing and sales of distributed energy equipment, environmental protection equipment and other equipment and the construction, operation and maintenance of related projects, and metal structure processing, etc.

During the reporting period, the Company seized the historical opportunity of “Made in China 2025” and positioned high-end equipment manufacturing as an important direction for transformation, upgrading and structural adjustment. It focused on the four major business directions of smart energy, high-efficiency energy storage, energy conservation and environmental protection, and intelligent manufacturing to increase investment in mergers and acquisitions and sped up the construction and landing of High-End Equipment Industrial Parks projects in Wuhan. In addition, the high-speed engine projects have been successfully put into production, and the medium-speed engine projects, compressed air energy storage projects and carbon dioxide refrigeration cooling projects have been promoted in an orderly manner; at the same time, the Company has actively introduced investment and professional talents for projects to establish and improve the working mechanism of industrial projects landing, accelerate the construction of academicians work stations, and set up an innovative system and mechanism that meets the rapid development of high-end equipment industry. The affiliated China Gezhouba Group Equipment Industry Co., Ltd. (“**Equipment Company**”) was elected as the first deputy director unit of the “Hydrogen Energy Industry Technology Innovation Alliance”.

4) *Infrastructure Investment and Operation*

Infrastructure investment and operation businesses mainly include highway investment and operation, water affairs investment and operation, parking lot construction, construction of hydropower stations and overseas investment, etc.

The Company’s highway operation business mainly includes collecting highway tolls, and the main business entity is China Gezhouba Group Roads Operation Co., Ltd. (“**Roads Company**”). At present, the Company is building and operating 1,422 km of highway mileage, and the operation and management level continues to increase. The completed road sections have gradually entered the growth and maturity stages, and the traffic volume has been increasing year by year. The commissioned operation business has been actively promoted. The management model of “professionalization, standardization, intelligence and intensification” has matured, and the Company’s industry status and influence continued to increase.

The water affairs operation business of the company is mainly wastewater treatment and water supply charges, and the main business entity is the China Gezhouba Group Water Operation Co., Ltd. (“**Water Company**”).

The Company has 5 hydropower stations put into operation in China with an installed hydropower capacity of 258.5 MW.

The hydropower station that the Company invested abroad is the SK hydropower station in Pakistan. The invested water affairs operation project is the Sanorunso water supply project in Sao Paulo, Brazil.

5) *Real estate*

As one of the first 16 state-owned central enterprises with real estate as its main business identified by the State-owned Assets Supervision and Administration Commission of the State Council in real estate, the Company has level I qualification of real estate development. The Company's real estate business has been operated by China Gezhouba Group Real Estate Development Co., Ltd. (the "**Real Estate Company**"), which mainly includes boutique residential, urban complex, tourism real estate and high-end office buildings, etc.

During the reporting period, the Company's real estate business adhered to the development direction of high-end real estate and green real estate, comprehensively promoted the "5G technology" strategy, built the core advantages of the industry, and "5G technology" residential buildings were launched in succession, establishing the image of "leaders of high-value real estate". The Real Estate Company has successively won the "Top Ten Brand Value of China Real Estate Company" and "China Top 100 Real Estate Enterprise", and has won the "China Brand Real Estate Enterprise", "China Real Estate Credit Enterprise" and "the Most Strategically Focused Strength Central Enterprise" and other honors; Development projects won the "Jingrui Science and Technology Award • Green Habitat Award", "National Quality Project Award", "National Habitat Classic Comprehensive Award", "The Most Anticipated Chinese Cultural Tourism Business Landmark Award" and other honors.

6) *Cement*

The cement business of the Company mainly involves the production and sales of cement, clinker, commercial concrete and related products.

During the reporting period, the Company possessed a total capacity of 24.60 million tons of cement and 17.07 million tons of clinker. The affiliated Cement Company ranked No.13 in the Top 100 List of China Cement Clinker Production Capacity of 2017, and was honored the title of Top 50 Enterprises of China Construction Material Industry.

7) *Civil blasting*

The civil blasting business of the Company mainly includes the production and sales of civil blasting products, construction of blasting projects, general contracting services for mining projects construction and raw materials production and equipment manufacturing of civil blasting raw materials, etc.

During the reporting period, the Company's civil blasting business enjoyed a steady increase in its industrial status. Its comprehensive production capacity ranked in the top three in the country,

its industrial explosives production ranked third in the industry, and it possessed a number of core technologies. Its affiliated company, China Gezhouba Group Explosive Stock Co., Ltd. (“**Explosive Stock Company**”), was honored with “2017 National Safety Culture Construction Model Enterprise.”

8) *Finance*

The finance business of the Company mainly includes finance leasing and industry fund, etc. During the reporting period, the Company innovatively raised financing methods, built a project-centered communication mechanism with the financial institutions from the region to the headquarters, and formed a bank-enterprise cooperation community; increased the integration of industry and finance, and jointly established a highway investment fund with Ping An Group, assisted the development of the highway business of the Company; and prepared to set up an industrial investment fund to boost the development of new businesses such as the company’s environmental protection and high-end equipment manufacturing. China Gezhouba Group Financial Leasing Co., Ltd. (the “**Financial Leasing Company**”) innovated the business model and fully exerted the function of financial services.

3. Significant accounting data and financial indicators of the Company

3.1 Significant accounting data and financial indicators in the last 3 years

Unit: Yuan Currency: RMB

	2017	2016	Increase/Decrease (%) compared to last year	2015
Total assets	186,923,673,743.72	151,228,830,823.89	23.60	127,629,770,969.22
Operating revenue	106,807,099,535.40	100,254,150,416.16	6.54	82,274,932,384.27
Net profit attributable to shareholders of the listed Company	4,683,602,072.05	3,395,312,602.05	37.94	2,683,050,048.93
Net profit attributable to shareholders of the Listed Company deducting the non-recurring gains and losses	3,916,359,065.53	2,970,733,902.91	31.83	2,432,998,247.10
Net assets attributable to shareholders of the listed Company	41,031,722,199.64	38,522,416,103.38	6.51	20,240,565,026.16
Net cash flow from operating activities	-823,888,219.55	-3,428,476,233.72	N/A	-4,749,521,515.68
Basic earnings per share (Yuan/share)	0.892	0.686	30.03	0.583
Diluted earnings per share (Yuan/share)	0.892	0.686	30.03	0.583
Weighted average ROE (%)	17.279	14.782	Increased by 2.50 percentage points	13.816

Explanation: According to relevant accounting regulations, while calculating earnings per share, the interest of other equity instruments perpetual bonds shall be deducted by the net profit attributable to the shareholders of the listed company, of which the interest for perpetual bonds in 2017 amounted to RMB 575,100,000.00 and the interest for perpetual bonds in 2016 amounted to RMB 234,725,833.33.

3.2 Significant quarterly accounting data during the reporting period

Unit: Yuan Currency: RMB

	The 1st Quarter (January to March)	The 2nd Quarter (April to June)	The 3rd Quarter (July to September)	The 4th Quarter (October to December)
Operating revenue	23,184,690,131.49	26,999,932,115.05	24,123,607,940.00	32,498,869,348.86
Net profit attributable to shareholders of the listed Company	746,413,644.38	987,361,997.50	855,541,286.75	2,094,285,143.42
Net profit attributable to shareholders of the Listed Company deducting non-recurring gains and losses	736,678,588.83	948,240,078.83	808,817,087.96	1,422,623,309.91
Net cash flow from operating activities	-5,937,936,278.39	3,592,927,653.41	-5,043,047,153.48	6,564,167,558.91

Notes to the differences between the quarterly data and disclosed data in the regular reports

Applicable Not Applicable

4. Information of Share capital and shareholders

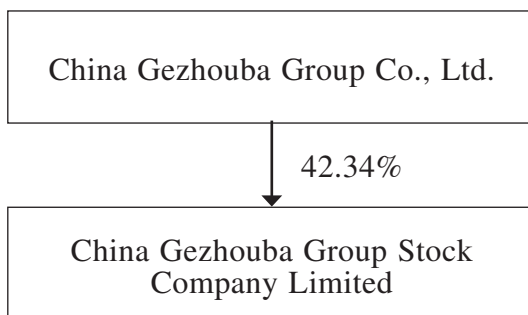
4.1 Number of ordinary shareholders and preferred shareholders with recovered voting rights and the list of shareholding of top 10 shareholders

Unit: Share

Total number of ordinary shareholders as at the end of reporting period (individual)					288,843		
Total number of ordinary shareholders at the end of the month before annual report disclosure date (individual)					277,407		
Total number of preferred shareholders with recovered voting rights as at the end of reporting period (individual)					0		
Total number of preferred shareholders with recovered voting rights at the end of the month before annual report disclosure date (individual)					0		
Shareholdings of top 10 shareholders							
Name of the shareholder (full name)	Increase/ decrease in the reporting period	Number of shares held at the end of reporting period	Ratio (%)	Number of restricted shares held	Pledge or freeze		Nature of the shareholder
					Share Status	Number	
China Gezhouba Group Co., Ltd.	0	1,949,448,239	42.34	0	None	0	State-owned legal person
China Securities Finance Co., Ltd.	180,031,604	225,621,785	4.90	0	None	0	State-owned legal person
Portfolio 106 of National Social Security Fund	25,293,500	84,263,195	1.83	0	None	0	Others
Central Huijin Asset Management Co., Ltd.	0	70,785,800	1.54	0	None	0	State-owned legal person
BOCI Securities – Bank of China – BOC Securities China Red – Huizhong No. 1 Collective Asset Management Plan	Unknown	22,499,831	0.49	0	None	0	Others
Yan Xiaohu	Unknown	18,909,370	0.41	0	None	0	Domestic natural person
Jia Guangqing	Unknown	16,800,000	0.36	0	None	0	Domestic natural person
Hong Kong Securities Clearing Company Limited	-16,807,571	15,586,235	0.34	0	None	0	Others
Anbang Asset Management – Minsheng Bank – Anbang Assets – Robust Pick 1 (Phase 1) Collective Asset Management Products	Unknown	15,361,532	0.33	0	None	0	Others
China Construction Bank Corporation – Wanjia Select Hybrid Securities Investment Fund	5,262,894	15,084,276	0.33	0	None	0	Others
Note to the association or concerted action of the shareholders above	In the top 10 shareholders, the first shareholder has no association with the others; the Company has no information about the association or concerted action of the others.						
Note to the number of preferred shareholders with recovered voting rights and shares held by such shareholders	None						

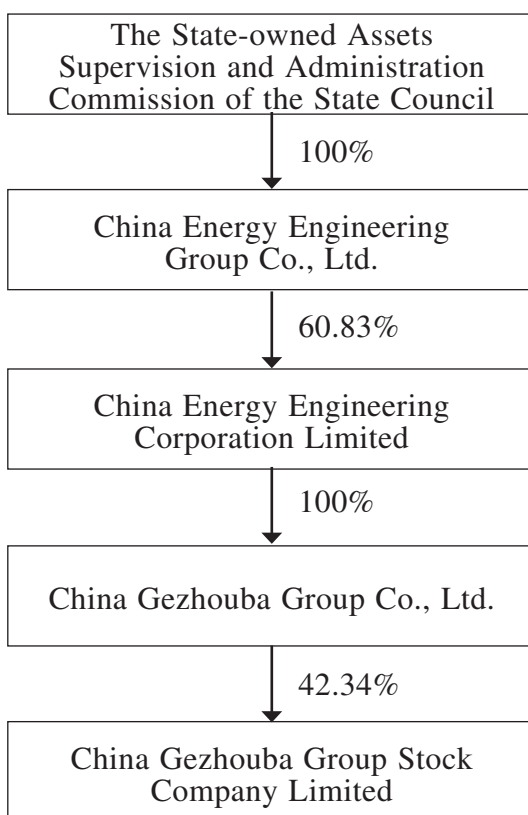
4.2 Chart of equity and control relationship between the Company and the controlling shareholder

Applicable Not Applicable



4.3 Chart of equity and control relationship between the Company and the actual controller

Applicable Not Applicable



4.4 The total number of shareholders of the Company's preferred shares and the top 10 shareholders at the end of the reporting period

Applicable Not Applicable

5 Corporate Bonds

Applicable Not Applicable

5.1 Basic information of corporate bonds

Unit: 100 million Yuan Currency: RMB

Name of the bonds	Abbr.	Code	Issue date	Maturity date	Outstanding Balance	Interest (%)	Repayment method	Marketplace
Corporate Bonds of China Gezhouba Group Stock Company Limited in 2016 (First Tranche)	16GZ01	136130	January 19 2016	January 19 2021	30	3.14	The interests of the corporate bonds are paid in installments annually and the final phase will be paid with the principal, which is due at maturity.	Shanghai Stock Exchange
Corporate Bonds of China Gezhouba Group Stock Company Limited in 2016 (Second Tranche)	16GZ02	136427	May 4 2016	May 4 2021	30	3.27	The interests of the corporate bonds are paid in installments annually and the final phase will be paid with the principal, which is due at maturity.	Shanghai Stock Exchange
Corporate Bonds of China Gezhouba Group Stock Company Limited in 2016 (Third Tranche)	16GZ03	136434	May 13 2016	May 13 2021	40	3.45	The interests of the corporate bonds are paid in installments annually and the final phase will be paid with the principal, which is due at maturity.	Shanghai Stock Exchange
Public Issuance of Renewable Corporate Bonds of China Gezhouba Group Stock Company Limited in 2016 (First Tranche)	16GZY1	136994	July 21 2016		25	3.24	The interests of the corporate bonds are paid in installments annually if the issuer does not exercise the right of deferred payment of interest. If the issuer chooses to repay the bonds in full in a year of exercising the renewal option, the interest payment date shall be the repayment date of the bonds.	Shanghai Stock Exchange
Public Issuance of Renewable Corporate Bonds of China Gezhouba Group Stock Company Limited in 2016 (First Tranche)	16GZY2	136995	July 21 2016		25	3.48	The interests of the corporate bonds are paid in installments annually if the issuer does not exercise the right of deferred payment of interest. If the issuer chooses to repay the bonds in full in a year of exercising the renewal option, the interest payment date shall be the repayment date of the bonds.	Shanghai Stock Exchange

Name of the bonds	Abbr.	Code	Issue date	Maturity date	Outstanding Balance	Interest (%)	Repayment method	Marketplace
Public Issuance of Renewable Corporate Bonds of China Gezhouba Group Stock Company Limited in 2016 (Second Tranche)	16GZY3	136992	August 3 2016		20	3.15	The interests of the corporate bonds are paid in installments annually if the issuer does not exercise the right of deferred payment of interest. If the issuer chooses to repay the bonds in full in a year of exercising the renewal option, the interest payment date shall be the repayment date of the bonds.	Shanghai Stock Exchange
Public Issuance of Renewable Corporate Bonds of China Gezhouba Group Stock Company Limited in 2016 (Second Tranche)	16GZY4	136993	August 3 2016		30	3.43	The interests of the corporate bonds are paid in installments annually if the issuer does not exercise the right of deferred payment of interest. If the issuer chooses to repay the bonds in full in a year of exercising the renewal option, the interest payment date shall be the repayment date of the bonds.	Shanghai Stock Exchange

5.2 *Interests payment and bonds repayment of the Company*

Applicable Not Applicable

1. On January 19, 2017, the Company paid the interest of China Gezhouba Group Stock Company Limited's 2016 public issuance of corporate bonds (first tranche) for the period from January 19, 2016 to January 18, 2017.
2. On May 4, 2017, the Company paid the interest of China Gezhouba Group Stock Company Limited's 2016 public issuance of corporate bonds (second tranche) for the period from May 4, 2016 to May 3, 2017.
3. On May 15, 2017, the Company paid the interest of China Gezhouba Group Stock Company Limited's 2016 public issuance of corporate bonds (third tranche) for the period from May 13, 2016 to May 13, 2017 (For May 13, 2017 was a non-trading day, it was postponed to the first working day thereafter.)
4. On July 21, 2017, the Company paid the interest of China Gezhouba Group Stock Company Limited's 2016 public issuance of renewable corporate bonds (first tranche) for the period from July 21, 2016 to July 20, 2017.

5. On August 3, 2017, the Company paid the interest of China Gezhouba Group Stock Company Limited's 2016 public issuance of renewable corporate bonds (second tranche) for the period from August 3, 2016 to August 2, 2017.
6. On January 19, 2018, the Company paid the interest of China Gezhouba Group Stock Company Limited's 2016 public issuance of corporate bonds (first tranche) for the period from January 19, 2017 to January 18, 2018.

5.3 *Bond rating of the Company*

Applicable Not Applicable

(I) *2016 corporate bonds of China Gezhouba Group Stock Company Limited*

Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. will conduct continuous follow-up ratings on the issuer during the duration of the bonds. Continuous follow-up ratings include regular follow-up ratings and unscheduled follow-up ratings. The regular follow-up rating is conducted once a year, and a formal regular follow-up rating report is issued within 2 months from the Company's audited annual financial report disclosure date.

According to the issuance and disclosure of China Gezhouba Group Stock Company Limited 2016 Corporate Bonds Follow-up Rating Report by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. on May 26, 2017 on the websites of the Shanghai Stock Exchange and Shanghai Brilliance Credit Rating & Investors Service Co., Ltd., the Company's credit rating remains AAA, the rating outlook is stable. At the same time, the bonds' credit rating remains AAA.

(II) *Public issuance of 2016 renewable corporate bonds of China Gezhouba Group Stock Company Limited*

The Company has commissioned United Credit Ratings Co., Ltd. to serve as the follow-up rating agency of China Gezhouba Group Stock Company Limited for the public issuance of renewable corporate bonds in 2016. The latest follow-up rating report will be disclosed to the websites of the Shanghai Stock Exchange and the United Credit Ratings Co., Ltd. within two months after the announcement of the annual report of the Company. During the duration of the corporate bonds, United Credit Ratings Co., Ltd. will issue at least one official regular follow-up rating report each year.

According to the issuance and disclosure of 2017 Follow-up Rating Report of China Gezhouba Group Stock Company Limited on Renewable Corporate Bonds issued by the United Credit Ratings Co., Ltd. on May 26, 2017 on the websites of the Shanghai Stock Exchange and United Credit Ratings Co., Ltd., the Company's main credit rating remains AAA, and its rating outlook is stable. At the same time, the bonds' credit rating remains AAA.

5.4 Key Accounting data and financial indicators in the last 2 years of the Company

✓ Applicable Not Applicable

Key indicator	2017	2016	Increase/decrease (%) compared with the same period of last year
Liabilities to assets ratio (%)	72.67	67.64	5.03
EBITDA to total liabilities ratio	0.08	0.09	-11.11
Interest coverage ratio	3.00	2.26	32.70

III. OPERATION DISCUSSION AND ANALYSIS

(I) Major operations during the reporting period

During the reporting period, in the face of intricate domestic and international economic situations, the Company calmly responded, accelerated the pace of structural adjustment, transformation and upgrading, boldly carried out reforms and innovations. The Company's market signing reached a record high, its operating income stood firm on the platform of RMB100 billion, and the asset quality was continuously optimized. The profitability has been further enhanced, and the status of the industry has been continuously upgraded. It has entered a new stage of development.

1. Environmental protection

During the reporting period, the Company intensified its resource allocation for environmental protection businesses, and through its mergers and acquisitions, reorganizations, extensions, incubations, expansions, etc., it carried out extensive investment distribution around subdivided areas such as watershed management, sewage treatment, solid waste treatment, and renewable resource utilization. The comprehensive capacity for environment governance has been further enhanced and the environmental protection business chain has been further improved.

1) Renewable resources

The comprehensive strength of the Company's renewable resources business ranks in the forefront of the industry, and its subsidiary Lvyuan Company has owned three large-scale renewable resource utilization companies, such as Gezhouba Huanjia (Dalian) Renewable Resources Co., Ltd., Gezhouba Xingye Company, and Gezhouba Huai'an Recycling Material Co., Ltd. It has built a nationwide recycling network for renewable resources. With an annual comprehensive treatment capacity of more than 9.2 million tons, it has the most abundant types of domestic renewable resource businesses, including scrap, waste paper, waste plastics, waste non-ferrous metals, waste glass, dismantling of used cars, etc. The varieties after the processing and sorting reach more than 1,000 species.

During the reporting period, Lvyuan Company accelerated the construction of processing bases and renewable resource parks (fine machining centers), increased the proportion of self-owned processing business, and improved profitability. The construction of regional sub-branches was promoted step by step, and a total of 21 sub-branches have been deployed in the country, and the recycling network for renewable resources is now improving. The 2017-2018 Renewable Resources Park (Fine-processing Center) Investment Plan was prepared, the site selection and investment plans for the 16 renewable resource parks were completed, and a renewable resource recovery, processing, and sales system was gradually established. The Huai'an project, the first demonstration project of renewable resources recycling economy, has entered the production stage. The annual output of high-quality plastic bottles is 17,000 tons, and it is expected to be fully put into operation in the middle of 2018. The construction of renewable resource parks in Laohekou, Qixian, Guangping and Huaiyuan is also advanced steadily.

During the reporting period, Lvyuan Company insisted on taking the initiative to win speed and actively carried out investment mergers and acquisitions. The establishment of Gezhouba Zhanci (Ningbo) Metal Industry Co., Ltd. ("**Zhanci Company**") held by Lvyuan Company laid out the non-ferrous metal finishing business and enriched the renewable resources business segment. Zhanci Company is mainly engaged in the research, development and manufacture of high-precision precision copper alloy materials and high-toughness aluminum alloy materials, green and harmless recycling of recycled metals, and their comprehensive recycling utilization. It handles 15,000 tons of aluminum alloy ingots, 50,000 tons of copper alloys, and 1 million tons of scrap steel. The comprehensive production capacity ranked the top five in the country.

Under the background of the country's vigorous implementation of the urban sanitation system network and renewable resources system network integration policy, at the beginning of 2018, the Company established Gezhouba Jinghuan Technology Co., Ltd. as a controlling shareholder and cooperated with Beijing Environmental Sanitation Engineering Group Corporation to create a solid waste full-aperture disposal and utilization platform, which effectively integrated front-end industrial chain and formed industrial linkage.

2) *Water environment governance*

During the reporting period, the Company was responsible for the implementation of the reconstruction and expansion and pipeline network engineering of the Muyu Wastewater Treatment Plant in Wenling City, the comprehensive management of the water environment network in the Zhupi River Basin in Jingmen City (urban section), the water environment management in the Tongzhou • Beijing Urban Sub-Centre, and the comprehensive governance of water system in Fuyang City (black and odorous water body), the comprehensive management of water environment of Yawei Stream in Haikou city, and other water PPP projects, which progressed smoothly. During the reporting period, the Company merged and acquired Baoding Yaorun Technology Environmental Protection Company ("**Yaorun Environmental Protection**"). Yaorun Environmental Protection is adjacent to Xiong'an New District. It has investment and construction and long-term operation projects in seven counties and cities in Baoding City including Xiong County and Rongcheng County in Xiong'an New District. It has the location advantage of Baoding

City's whole water market and it is the largest private high-tech enterprise specializing in sewage treatment in the city's water operation field with the national environmental pollution treatment facility operation qualification certificates. It has 7 branches, 8 sewage treatment plants and 2 landfills, with the scale of sewage treatment of 101,000 tons/day. Through the acquisition of Yaorun Environmental Protection, the Company successfully seized the environmental protection market in Xiong'an New District and strived to be the vanguard and pioneer in Xiong'an New District construction; through the establishment of academicians and expert workstations, water research institutes, technical research centers and other institutions, enhanced technological research and development capabilities; through strengthening the construction of ecological circle, continued to open up the market in the areas of comprehensive water environment management, seawater desalination, sponge city, smart water, tap water supply, reuse of recycled water, sewage treatment, sludge treatment and disposal, membrane products and applications, pharmaceuticals, etc., and extended the industrial chain. The Company strived to build a comprehensive service provider for water environment and establish Gezhouba's high-end operating brand.

3) *Sewage sludge treatment*

During the reporting period, the Company's water and soil management section has successfully undertaken several large-scale soil and water conservation projects such as ecological desilting in Dianchi Lake, soil remediation in Qingshan District in Wuhan, tailings filling in Huoqiu Mine in Anhui, solidification of Fengnan Sea in Tangshan, comprehensive treatment of environment in Zhupi River Basin in Jingmen, etc. The treatment effect has been fully affirmed by the owners and local governments. Among them, the Dianchi ecological dredging project undertaken by the Company is the world's largest dehydration project for mechanised lake management. The scale of dewatering and solidification treatment of sediments reaches 4 million square meters. The large-scale production practice of the solid-state HAS curing agent, which is owned by Zhonggu Corporation, provided a solution sample for the utilisation of coastal silt resources. In 2017, Zhonggu Corporation's total contracted reserves exceeded RMB1.1 billion.

4) *Road materials*

During the reporting period, the Company persisted in technology advancement, focused on the research, development and application of new materials and technologies, and on building an integrated road material service provider integrating products, technology, testing and construction. The road material business steadily improved. In 2017, the Company's road material business contracted RMB350 million. The steel slag comprehensive utilisation business sold 124,700 tons of steel slag mixture, and steel slag aggregates totaled 9,800 tons. This achieved large-scale application of steel slag asphalt concrete in multiple highways. Road Materials Company successfully applied for 2 science and technology projects and 2 subsidies. Among them, the project of Study on Key Technologies for the Large-scale Application of Steel Slag Asphalt Concrete in Highway Projects, certified by experts from the China Highway Institute, reached the international advanced level; 3 patents were authorised for invention; and JT/T 1086-2016 Steel Slag for Bituminous Mixture, the Ministry of Transport's industry standard, was prepared by the company as a participant and was released and implemented on January 1, 2017.

5) *Solid waste treatment*

During the reporting period, the Company's solid waste treatment business accelerated. The Gezhouba Sinoma Jiexin (Wuhan) Technology Co., Ltd., a subsidiary of the Company, is committed to becoming a leading comprehensive service provider of urban and rural solid waste disposal, and was awarded the fourth director member of the Hubei Environmental Protection Industry Association. During the reporting period, the Demonstration Line in Laohekou handled a total of 87,100 tons of waste, and was awarded the National Cement Kiln Cooperative Disposal Demonstration Project Award by the China Building Materials Federation in 2017; the projects of cement kiln co-disposal of domestic garbage and hazardous waste demonstration lines were newly built in Songzi and Yicheng, with newly added waste disposal capacity of 250,000 tons per year.

6) *New energy and clean energy*

During the reporting period, the first phase of the new energy clean heating project in Guazhou in Gansu Province, invested and established by China Gezhouba Group Electric Power Co., Ltd., a subsidiary of the Company, was completed. The heating area is 1 million square meters, and it is expected to consume 150 million kWh of new energy in one heating season. The Guazhou project is a major livelihood project, which was based on the country's continuously promoted policy of reducing atmospheric emissions and replacing coal heating with electricity heating, and on the enhancement of new energy local consumption to crack the wind power curtailment. The project uses technology of off-peak electricity heating and heat-storage in high-voltage electrode boilers, with central heating, overall planning, and phased construction. The total planned investment of the project is RMB300 million, and the total planned heating area is 3 million square meters. After the project is completed, the electricity consumption for a heating season can reach 450 million kWh, saving about 160,000 tons of standard coal, and reducing carbon dioxide emissions by 410,000 tons and sulfur dioxide emissions by 1,300 tons.

During the reporting period, cement kiln waste heat generation of 13 installed plant units of the Company's Cement Company was 105,000 kilowatts, with a power generation of 464,671,600 kWh.

During the reporting period, the Company's environmental protection business recorded a realised operating revenue of RMB26.682 billion, representing a year-on-year increase of 60.13%, and the total operating profit was RMB791 million, representing a year-on-year increase of 56.94%.

2. *Construction*

During the reporting period, in the face of complex and ever-changing environments at home and abroad, the Company's subsidiaries in construction industry were able to overcome difficulties and continuously promoted business upgrades with remarkable results. In 2017, the Company's newly signed contracts amounted to RMB226.048 billion, representing an increase of 5.83% year-on-year.

- 1) The PPP business continued to develop. The Company actively responded to new policies and new situations in PPP business, through the innovative business models strengthened sector linkage and system coordination, and consolidated its leading position. It also improved market development mechanisms, built high-end public relations, integrated industrial chain resources and the PPP operations were more standardized and more efficient. During the reporting period, it successfully signed or won the bid for the PPP project of Tianlin to Xilin (boundary between Yunnan and Guangxi) Highway Engineering, Shaanxi Yanchang to Huanglong and Ningshan to Shiquan Expressway, Nanjing Zhongyi Agricultural Science and Technology City, Jingzhou City North Expressway and other major domestic highways and municipal infrastructure PPP project. Among them, Sichuan Bazhong to Wanyuan Expressway Project, Shaanxi Yanchang to Huanglong, and Ningshan to Shiquan Expressway PPP projects were selected as the fourth batch of PPP demonstration projects by the Ministry of Finance. During the period, since the issuance of the Ministry of Finance No. 92 Notice on Regulating the Management of Government and Social Capital Cooperation (PPP) Integrated Information Platform Project Library, and SASAC No. 192 Notice on Strengthening the Control and Management of PPP Business Risk of Central Enterprises, the Company has actively carried out compliance clearance and risk investigation on PPP projects. As of the end of February 2018, the Company has won the bidding and signed 20 PPP projects with a total contract amount of RMB122.0 billion. No projects put into file have been cleared out due to No. 92 document and all of those have been performed in an orderly manner according to the contract agreement.
- 2) The business model was flexible and efficient. The Company participated in the government-guiding fund and successfully obtained the Liaocheng Shelter Renovation II project. The use of its own advanced environmental protection technologies and products in PPP projects has captured the market, reduced costs, and improved ergonomics. It has guided sub-enterprises to participate in PPP and investment projects, mobilized the enthusiasm of sub-enterprises, and improved project benefits. The business model of Haikou Nanduijiang project has become a model for the industry, and was selected to be the classic case of the water industry, which was chiefly edited by the Ministry of Finance.
- 3) The advantages of international business was consolidated. By optimizing the market layout, building high-end platforms, launching overseas investments, building professional think tanks, and joint international capital, the Company has accelerated its efforts to seize the commanding heights of overseas development. The two-wheel drive of overseas investment and project contracting has become prominent. The Company's major production and business indicators such as international business contracting and operating income hit a record high, and the amount of new internationally signed contracts was equivalent to RMB80.582 billion, including the Nigerian Monbera Hydropower Project, of which the Company won the bidding as a consortium with Sinohydro Corporation Limited and CGCOC Group with a total contract amount of RMB38.3 billion; the total contract volume of contracted Russia Amur Gas Processing Plant Project amounted nearly RMB10 billion, which had a significant influence in the industry.

- 4) Management effectiveness of projects under construction was obvious. The Company strengthened the inspection of general contracting projects and PPP projects, effectively promoting the performance management of the entire project department, and ensuring the good performance of projects under construction. The Yunnan Xiaowan Hydropower Plant participated in by the six subsidiaries was awarded the National Gold Award for Quality Projects; the Wuhan Rail Transit Line 27 Project was named the Top Ten “Peace Safe Metro Construction Site” in Wuhan; the Shenzhen Pumped Storage Power Station completed its water filling test and the goal of the node was achieved; the diversion tunnel of the 3A hydropower station project in Nepal was completed and the owner sent a letter of congratulation; the Liaocheng shantytown renovation project successfully passed four rounds of environmental inspections at the national level, and built two dust control model sites. The Company received a total of 328 commendations throughout the year, with an increase of 15.09% over the entire year of 2016.

During the reporting period, the Company’s construction business recorded the operating income of RMB56.987 billion, which was the same as that of the previous year, and achieved a total profit of RMB3.496 billion, representing a year-on-year increase of 16%. The profit margin of operating income reached 6.13%.

3. *High-end equipment manufacturing*

During the reporting period, the Company resolutely implemented the spirit of “accelerating the building of manufacturing powers and accelerating the development of advanced manufacturing industries” in the 19th Party Congress, reshaped the industrial layout, and made high-end equipment manufacturing an important direction for transformation and upgrading and structural adjustment. The affiliated Equipment Company accelerated the research and formulation of strategic implementation plans, and vigorously developed high-end equipment businesses in the fields of smart energy, high-efficiency energy storage, energy conservation and environmental protection, and intelligent manufacturing, aiming to build a domestic leading and world-class high-end equipment manufacturing and industrial application solution provider.

- 1) The construction of the industrial park progressed smoothly. The high-end equipment industry park invested and built by the Company in Wuhan has progressed smoothly. The progress of the project has met the requirements of the plan, and the entry of the equipment industry project has also progressed as planned. At the same time, in order to improve the research and development capabilities of high-end equipment, the Company has established high-end equipment research institutes and academician expert workstations, and has signed employment agreements with renowned academicians to conduct high-end equipment technology research and jointly promote industrial development.

- 2) Significant achievements have been realised in market development. The Company responded to the national “One Belt and One Road” initiative, continuously developed and innovated the international marketing business model, vigorously developed the distributed energy power station project, and constantly tried to explore the new energy power station project market while expanding its main business international market share. As of the end of the period, the Company successfully signed contracts amounted to US\$905 million for the construction, operation and maintenance of 400MW heavy oil power station in Ghana, US\$475 million of Papua New Guinea 300MW gas-fired power station project, RMB797 million of Indonesian RIAU 200MW gas-fired power station project, and RMB598 million Indonesian Package The V 100MW dual-fuel power station project, achieving a total of RMB1.515 billion in remittances for international projects, and a total of RMB8.218 billion in non-cash remittance contracts. It has initially achieved a shift from traditional competitive projects to high-end projects such as financing projects and EPC projects. During the reporting period, all projects were steadily and orderly promoted.

During the reporting period, the Company’s high-end equipment manufacturing business realised operating revenue of RMB2.189 billion; realised the total profits of RMB177 million, representing a year-on-year increase of 12.10%.

4. *Infrastructure investment and operations*

1) *Highway Investment and Operation*

During the reporting period, the Company’s operating and ongoing highway mileage reached 1,422 km, including G55 Xiangyang to Jingzhou, G45 Macheng of Hubei to Qinshui, Neijiang of Sichuan to Suining Expressway, Jinan of Shandong to Tai’an, and National Express Deshang Line from Juye to Shanxian, Rizhao (Lanshan) to Heze Highway, Zaozhuang to Heze Section, Bazhong of Sichuan to Wanyuan Section and so on. During the period, its affiliated Roads Company vigorously promoted the upgrade of transportation facilities and service quality, and the traffic volume of the traffic increased steadily compared with the same period of last year; the construction of the highway project progressed smoothly and the project progress was in line with expectations. The status of the industry and the influence of the “Gezhoubu Expressway” brand have been steadily improved. In 2017, the Company’s Yicheng, Jingmen, Xishui, Xinzhou, and Anyue service areas were all assessed by the Ministry of Transport as the “National Excellent Service Area”.

2) *Water Investment and Operation*

At present, the Company operates and manages 49 water plants, more than 1,000 kilometers of pipe network and 6 pumping stations, with a water treatment capacity of 2.72 million tons/day. They are distributed in Beijing, Tianjin, Shandong, Henan, Hebei, Hunan, Hubei, Sichuan and Zhejiang and other places and the national layout has basically been achieved. During the period, the Water Company actively advanced to benchmarking advanced enterprises, and improved the management level through standardization and information construction. Through the establishment of academicians expert workstations, water research institutes, technology research centers and other institutions to enhance the technological research and development capabilities, it strived to create a comprehensive water environment service provider, built Gezhouba high-end operating brand. During the reporting period, the water plants operated smoothly and the treatment effect was good.

3) *Hydropower Station Construction*

During the reporting period, the Company's domestic operation of hydropower stations generated a total of 846.51 million kWh of electricity and achieved an operating income of RMB314 million. The total installed capacity of Pakistan's SK hydropower station project is 870,300 kilowatts, with a total of 4 units and an average annual power generation of 3.081 billion kWh. It is currently in the normal construction phase, and is expected to be completed and formally put into operation for electricity generation by the end of 2023.

4) *Overseas Investment*

During the reporting period, the Company reviewed and approved the proposal for the acquisition of the equity of San Noronso Water System Co., Ltd. in Sao Paulo, Brazil. At present, the equity transfer matters are proceeding in an orderly manner. The project is expected to be put into commercial operation in August 2018. The concession right is 25 years (including the construction period), and the project's water supply capacity is 410,000 tons/day.

During the reporting period, the Company's infrastructure investment and operation realised operating income of RMB2.349 billion, representing a year-on-year increase of 29.91%, and realised a total profit of RMB673 million, representing a year-on-year increase of 125.61%.

5. *Real estate*

During the reporting period, the Real Estate Company adhered to an active and steady development strategy, with 7 new land reserves, 177,600 square meters of new land bank rights and interests, newly-added land rights and capital of RMB9.003 billion. The corresponding equity of the reserve land has a building area of 331,300 square meters.

During the reporting period, the Real Estate Company plunged into first-tier cities, focused on second-tier core cities, positioned high-end markets, continuously innovated development models and development concepts, and combed and established the four major product lines of the Department of State, Houses, Residence and Orchid Garden. It has laid a good foundation for the implementation and development of intensiveness and standardization. At the same time, the Real Estate Company took the lead in developing the domestic industry-leading “5G Technology” system, perfected the industry’s green technology housing theory system, established the China Gezhouba Real Estate 5G Technology Expert Committee. The expert committee led by the CAS academician became the strongest and the most influential international team in the domestic real estate industry, and the corporate brand status has risen dramatically. The high-value leadership of the Company formed a deep fit with the society’s high-value identity.

During the reporting period, the Company’s new construction area was 1,641,300 square meters, and the completed construction area was 690,600 square meters. The equity of the project under construction was 3,254,100 square meters, and the sales area achieved was 688,900 square meters. The contracted sales amount was RMB15,926 million. As at the end of the reporting period, the Company had a saleable area of 189,900 square meters.

During the reporting period, the Company’s real estate business realised operating revenue of RMB6.246 billion and realised a total profits of RMB1.12 billion.

6. *Cement*

In 2017, the Cement Company adhered to the business concept of “enhancing operational quality and efficiency”, took the road of innovation-driven and green development, strictly implemented “staggered production”, achieved new results in improving quality and efficiency, and reached a record high in operating performance. The development base of the enterprise is more solid and the development momentum is stronger. During the reporting period, the total cement production capacity reached 24.60 million tons and the clinker production capacity reached 17.07 million tons.

- 1) Market development has achieved another great result. The Cement Company has effectively strengthened its market share by strengthening its network layout construction and intensively cultivating its core market. The development of key projects has achieved remarkable results. Strategic cooperation with multiple parties has been steadily progressing, and has maintained the position of the core supplier of key projects in Hubei Province. In 2017, it sold 23,370,400 tons of commodities (including 20,475,300 tons of cement and 2,895,100 tons of clinker); the annual sales of goods increased by 26% year-on-year; and the annual sales of aggregates totaled 5.08 million tons.

- 2) The effectiveness of cost control is significant. With the use of benchmarking and quota management, the Company relied on production and command centers, energy management systems and other measures to strengthen process control and analysis, and effectively improve the production of refined management. The Company's physical coal consumption of clinker decreased by 1.61 kg/ton, the clinker power consumption decreased by 1.97 kWh/ton, the cement power consumption decreased by 0.68 kWh/ton, and the energy consumption cost directly saved RMB40 million in the whole year.
- 3) Investment projects are effectively promoted. Shimen's white cement project with an annual output of 600,000 tons was put into operation. Zhongxiang aggregates and blended production lines, which are extensions of the industrial chain, went into operation smoothly. The cement kiln co-processing business investment made significant progress.
- 4) Breakthrough has been achieved in international business. The daily production of 2,500 tons of clinker cement production line for Kazili in Kazakhstan is in accordance with the construction of various project nodes and is expected to be completed by the end of 2018. At the same time, the Cement Company conducted in-depth research on key country markets around key regions in Central Asia and Southeast Asia.

During the reporting period, the Company's cement business realised operating revenue of RMB6.68 billion, representing a year-on-year increase of 20.36%, and realised a total profit of RMB1.031 billion.

7. *Civil blasting*

During the reporting period, the Explosive Stock Company took advantages of its own technology and management to actively respond to the adverse impacts in the civil blasting industry, such as the excess capacity, rising raw material prices, and intensified competition with homogenization. It took measures to improve quality and efficiency, and the profitability, market layout, technological progress, and safety management of the civil blasting business continue to maintain industry leadership. During the reporting period, the industrial explosives production capacity reached 283,500 tons, industrial explosives production reached 224,800 tons, and industrial detonators production reached 22,313,900 pieces.

- 1) Fully promote transformation and upgrading. During the reporting period, the Explosive Stock Company fully investigated and judged the objective situation and established the development orientation of doing special-purpose civil blasting business, strengthening the mine business, and grasping the early emerging business. The proportion of mine construction general contracting business continued to increase, sand aggregate production business was realised from scratch, and related auxiliary support functions appeared; the direction of emerging business development was clearer, and cooperation intentions were reached with a number of scientific research institutes and military industrial enterprises. It reserved a batch of potential projects, and accelerated the incubation of new economic growth points.

- 2) Optimize and expand market space. During the reporting period, the Explosive Stock Company adjusted market development efforts, coordinated the maintenance of the traditional market and the development of emerging markets according to market changes. According to market demand, it timely adjusted the capacity allocation, and optimized supply structure. The annual production of mixed explosives increased by 50% as compared with the previous year, integrated service scale continued to lead the industry; for non-ferrous metals and sand aggregate market, the annual contracted amount accounted for 78% of the total contract, further optimizing the market structure; it firmly grasped the opportunity of environmental protection and rectification in the gravel aggregate industry, flexibly used a variety of business models to quickly cut in, and successfully signed and implemented a number of gravel aggregate projects; it was elected the vice president unit of China Sandstone Association and has been widely recognized by the industry.
- 3) Actively deepen overseas business. During the reporting period, the Company focused on expanding markets in West Africa and South Asia and achieved breakthroughs in the new countries' market. Liberian strategic partners were successfully introduced to control the country's market. New contracts were signed and the single hydropower project extended to the mine area. The year-over-year operating income and total profits of overseas businesses have all increased significantly as compared with the previous year.
- 4) Continuously strengthen innovation drive. During the reporting period, the Explosive Stock Company revolved around the transformation and upgrading of the civil blasting business and increased its technological research efforts. Six scientific and technological achievements passed the industry appraisal. Among them, three scientific and technological achievements-related technologies such as "Stepping Blast Soft Plugging Key Technology Research and Application" reached the internationally advanced level, and 4 achievements, including "Research and Application of Blasting Operation Site Wireless Video Surveillance System", reached the domestic leading level; 30 granted patents with authorization and 3 provincial and ministerial-level scientific and technological progress awards were successfully obtained and ten standards development rights were successfully obtained in the civil blasting industry and sand aggregate industry.
- 5) Cohesively enhance management efficiency. During the reporting period, the Explosive Stock Company focused its attention on management shortcomings, paid great attention on efficiency and risk prevention. It innovated the development of the production and operation report system, improved the convenience, timeliness and accuracy of data statistics, promoted the transition from functional management to intensiveness and high efficiency, formulated an overall plan for reducing weights to keep fit and increasing efficiency and quality, promoted cost reduction and efficiency improvement, and drove cost refinement management; strengthened the centralized management of funds and optimized the proportion of funds deposited and loaned.

During the reporting period, the Company's civil blasting business realised operating revenue of RMB3.032 billion, representing a year-on-year increase of 9.11% and realised a total profit of RMB285 million, representing a year-on-year increase of 10.5%.

8. *Finance*

During the reporting period, the Company continued to carry out financial innovation and initiated the establishment of a highway investment fund in cooperation with Ping An Group. The total size of the fund does not exceed RMB40 billion and the duration is 28 years. It is planned to invest in the Company's Shandong highway project; The Company planned to set up industry investment fund to provide support for the Company to implement industrial mergers and acquisitions, and deepen the transformation and upgrading; China Gezhouba Group Overseas Investment Co., Ltd. plans to invest US\$150 million to participate in the ASEAN Fund (Phase II) to strengthen overseas investment guidance and increase the driving force for "going global".

During the reporting period, the affiliated Financial Leasing Company immediately followed the change in the policy of "replace business tax with value-added tax (VAT)" and actively promoted the transformation of the business model, expanded the proportion of direct financing leasing business, increased the financial leasing factoring business; and stepped up efforts in market development of direct financing leasing business, promoted internal business within the Company; strengthened the cooperation with various financial institutions, broadened financing channels, and provided financing support for the development of the Company's other main businesses.

During the reporting period, the Company achieved the operating revenue of RMB106.807 billion, representing a year-on-year increase of 6.54%; the profit of the operation was RMB7.287 billion, representing a year-on-year increase of 58.65%; net profit attributable to the shareholders of the parent company was RMB4.684 billion, representing a year-on-year increase of 37.94%. As of the end of the reporting period, the total assets of the Company amounted to RMB186.924 billion, representing an increase of 23.6% over the beginning of the year.

(II) The reason for the suspension of listing

Applicable Not Applicable

(III) The reason for the termination of listing

Applicable Not Applicable

(IV) Analysis and explanation of reasons and the relating impacts for the change of accounting policies and accounting estimations

Applicable Not Applicable

In 2017, the Ministry of Finance issued the Accounting Standards for Business Enterprises No. 42 – Non-current Assets for Sale, Disposal Group, and Termination of Operations, which took effect on May 28, 2017. The Company applies the future applicable law to the non-current assets held for sale, the disposal group and the termination of operations on the day of execution.

In 2017, the Ministry of Finance revised the Accounting Standards for Business Enterprises No. 16 – Government Grants, which came into effect on June 12, 2017. For the government grants that existed on January 1, 2017, the Company adopted the future applicable law; for the newly added government grants from January 1, 2017 to the implementation date, the Company adjusted them according to the revised criteria.

In 2017, the Ministry of Finance issued the Notice of the Ministry of Finance on Revising the Format of Financial Statements for General Enterprises. The format of the general corporate financial statements was revised. The Company revised the format of the financial statements for the 2017 and subsequent periods.

The main impact of the Company’s implementation of the above three regulations is as follows:

Currency: RMB

Contents changes in Accounting Policies and Reasons	Names of Items Affected and Amount
(1) In the income statement, the “net profit of continuing operations” and the “net profit of discontinued operations” are listed separately. The comparison data is adjusted accordingly.	The net profit for continuing operations was RMB5,847,482,897.08 in this year; the net profit for continuing operations was RMB4,478,937,069.63 in the previous year.
(2) Government subsidies related to the Company’s daily activities are included in other income and are no longer included in non-operating income. Comparison data is not adjusted.	Other income increased by RMB1,811,402,642.10 and non-operating income decreased by RMB1,811,402,642.10.
(3) Added “assets disposal income” item in the income statement, and reclassified some of the profit and loss of assets disposal previously listed as “non-operating income” and “non-operating expenses” to the “assets disposal income” item. The comparison data is adjusted accordingly.	The amount of assets disposal income increased by RMB6,495,089.69 for this year, non-operating income decreased by RMB24,196,205.92 for this year, non-operating expenses decreased by RMB17,701,116.23 for this year; The income from disposal of assets increased by RMB31,813,614.79 in the previous year, non-operating income decreased by RMB79,406,133.61 in the previous year, and non-operating expenses decreased by RMB47,592,518.82 in the previous year.

(V) Analysis and explanation of the reasons for the correction of significant accounting errors

Applicable Not Applicable

(VI) Compared with the previous annual financial report, the company should make a specific description for the changes in the scope of consolidated financial statements.

✓ Applicable □ Not Applicable

1) Mergers between companies under non-common control in current period

Unit: Yuan Currency: RMB

Name of Acquiree	Date of Equity Acquisition	Acquisition Cost	Acquisition Ratio (%)	Acquisition Method	Acquisition Date	Basis for Determining the Acquisition Date	Revenue of the Acquiree from Acquisition Date to the end of the Reporting Period	Net Profit of the Acquiree from Acquisition Date to the end of the Reporting Period
China Gezhouba Group Xinjiang Oil & Gas Co., Ltd.	April 1, 2017	12,220,000.00	55.00	Capital increase acquisition	April 1, 2017	Refer to Note 1	251,573.85	-2,717,033.83
Dubai Global Power Investment Co., Ltd.	April 1, 2017	33,069,602.15	100.00	Equity transfer	April 1, 2017	Refer to Note 2		-360,222.43
Weifang Lixin Energy Co., Ltd.	October 31, 2017	33,150,000.00	51.00	Equity transfer	October 31, 2017	Refer to Note 3		-3,340,030.45
Suki Hydro (Private) Limited	October 1, 2017	151,128,832.87	98.00	Equity transfer	October 1, 2017	Refer to Note 4		-1,164,180.39

Note: 1. The Company's wholly-owned subsidiary, China Gezhouba Group Mechanical and Electrical Construction Co., Ltd., paid RMB12.22 million of acquisition money to increase capital for China Gezhouba Group Xinjiang Oil and Gas Co., Ltd. on April 1, 2017 as the purchase date and received its 55% equity interests obtained. The purchase date is determined on the basis of: (1) the share purchase agreement has been approved and signed; (2) the majority of equity transfer price has been paid; (3) the change of industrial and commercial registration formalities is completed.

2. China Gezhouba Group Overseas Investment Co., Ltd., a wholly-owned subsidiary of the Company, purchased 100% equity interests of Dubai Global Power Investment Co., Ltd. on April 1, 2017 as the purchase date, and paid acquisition money of RMB33,069,600. The purchase date is determined on the basis of: (1) the share purchase agreement has been approved and signed; (2) the majority of equity transfer proceeds have been paid; (3) the equity transfer formalities are completed.

3. China Gezhouba Group Electric Power Co., Ltd., a wholly-owned subsidiary of the Company, paid RMB33.15 million for acquisition of 51% equity interests of Weifang Lixin Energy Co., Ltd. on October 31, 2017 as the purchase date. The purchase date is determined on the basis of: (1) the share purchase agreement has been approved and signed; (2) the majority of equity transfer price has been paid; (3) the change of industrial and commercial registration formalities is completed.

4. China Gezhouba Group International Engineering Co., Ltd., a wholly-owned subsidiary of the Company, originally held a 20% equity interests in Suki Hydro (Private) Limited and used it as an associate to be accounted for using the equity method. In 2016, White Crystals Limited from Saudi Arabia, the major shareholder of Suki Hydro (Private) Limited, for its own reasons, proposed to transfer to the Company 78% of the shares held by the SK Project Company. In 2017, the Chinese company Gezhouba Group Overseas Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired the above-mentioned 78% of the shares for a consideration of RMB151,128,800, and completed the completion of equity delivery in September 2017. China Gezhouba Group Overseas Investment Co., Ltd. will invest in this project. After the equity transfer was completed, the Company held 98% equity interests in Suki Hydro (Private) Limited. The purchase date is determined on the basis of: (1) the share purchase agreement has been approved and signed; (2) the majority of equity transfer price have been paid; (3) the equity transfer formalities have been completed.

2. Disposal of subsidiaries

Unit: Yuan Currency: RMB

Name of Subsidiary	Equity disposal price	Proportion of equity disposal (%)	Equity disposal method	Time point of losing control right	Basis for determining losing the time point of control right	The difference between the disposal price and the share of the subsidiary's net assets at the level of the consolidated financial statement corresponding to the disposal of the investment	Proportion of remaining stocks at the date of loss of control	The book value of the remaining equity at the date of loss of control
Wuhan Gezhouba Taxi Company Co., Ltd.	28,109,800.00	100.00	Listing transfer	December 27, 2017	Complete asset transfer procedures	6,633,837.13		

3. Changes in scope of consolidation due to other reasons

The Company had no major change in scope of consolidation due to other reasons in the year.