

Stock code: 002310

Stock abbreviation: Orient Landscape

Statement No.2018-053

Summary of Annual Report 2017 Beijing Orient Landscape Co., Ltd

I. Important prompts

Based on the full text of Annual Report 2017, this Summary intends to give an overview of the Company's operating results, financial situation and future development plans, while investors are advised to read the full text published on CSRC's designated media.

Statement of objections from directors, supervisors and senior management members

Name	Position	Detail and reason of objection
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It is hereby stated that all directors attended the Board Meeting to review the annual report in person except the following director(s):

Name of director	Position	Reason of absence	Name of agent
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Non-standard audit opinion prompt

Applicable Not applicable

Plans for ordinary shares profit distribution or transferring surplus reserve to share capital during the reporting period considered by the Board of Directors

Applicable Not applicable

Whether to transfer surplus reserve to share capital

Yes No

The profit distribution plan for ordinary shares adopted by the Board of Directors is: Based on the total number of 2,682,778,474 shares, a cash dividend of RMB 0.65 per 10 ordinary shares (before tax) will be distributed; 0 bonus share (before tax) will be given; no surplus reserve will be converted to share capital.

The profit distribution plan for priority shares adopted by the Board of Directors:

Applicable Not applicable

II. Company profile

1. Basic information

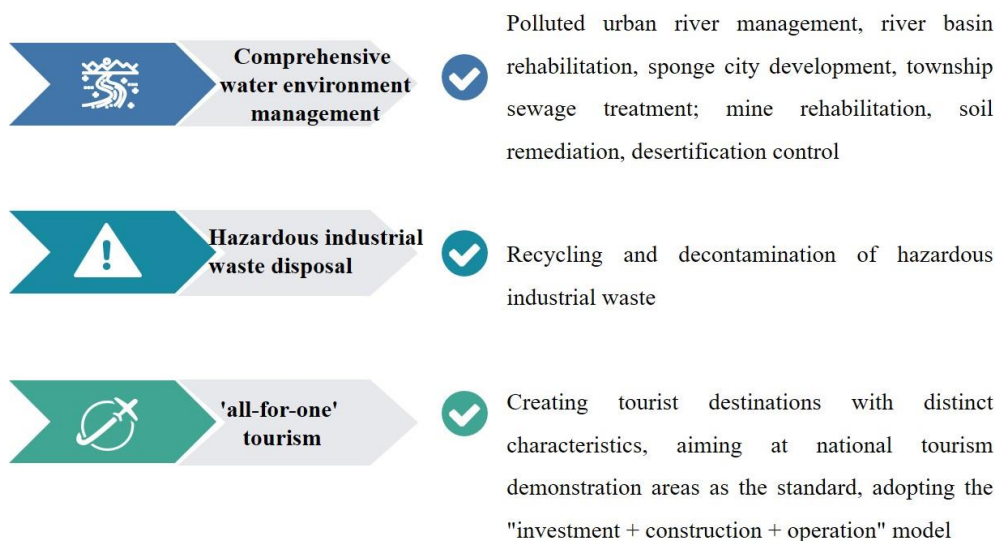
Stock abbreviation	Orient Landscape	Stock code	002310
Stock exchange	Shenzhen Stock Exchange		
Contact person & method of contact	Secretary of the Board	Representative for security affairs	
Name	Yang Lijing	Xia Keqin	
Office address	Fl. 7, Bldg. 104, # 10 Jiuxianqiao	Fl. 7, Bldg. 104, # 10 Jiuxianqiao	

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2. Business or product portfolio during the reporting period

1). Main operations during the reporting period

The Company's operations mainly cover three key areas: comprehensive water environment management; hazardous industrial waste disposal; and 'all-for-one' tourism. At the same time, the Company is actively engaged in soil rehabilitation and mine rehabilitation.



Comprehensive water environment management and 'all-for-one' tourism have been carried out by the Public-Private-Partnership (PPP) model, in which: The Company as the private investor and the Government or its representatives jointly set up project companies (SPV), and PPP project investment is implemented through the project companies which perform financing, construction, operation and other functions. Utilizing our first runner advantage in the PPP market, our strong professional investment, construction and operation teams, a wealth of all-process PPP management experience, standardized project operation management model and benchmarking projects, the Company has been able to exert brand influence and continued to participate actively in PPP projects. In 2017, the Company won bids to run 50 PPP projects in areas of comprehensive water environment, 'all-for-one' tourism, municipal landscaping and soil & mine remediation, with the total investment amounting to 71.571 billion RMB yuan.

2) Industry trends during the reporting period

a. Policy changes: Since 2017, while promoting as well as facilitating the implementation of PPP projects, the Government has promulgated a series of PPP rules, with the aim of strengthening the standardized management of PPP projects, optimizing the competition environment, encouraging the participation of private capital, and optimizing the risk sharing structure between government and private capital to improve the efficiency of public goods supply. The overall aim of PPP policies is to maintain the healthy, stable and orderly development of the PPP sector. They demand higher operation and management capabilities of market participants, which will create a better investment environment and facilitate the extensive and deep participation of powerful private players.

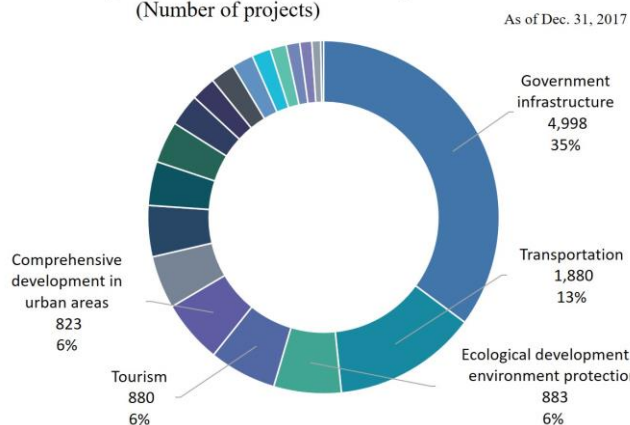
Time	Policies	Department
2018-3	Circular on Regulating Financial Enterprises' Financing for Local	MoF

	Governments and State-owned Enterprises (2018)	
2017-11	Opinion on Encouraging Private Capital Participation in Public-private Partnership (PPP) Projects (2017)	SDPC
2017-11	Notice on Strengthening Financial Risk Control of PPP Projects Run by SOEs under the Central Government(2017)	SASAC
2017-11	Notice on Standardizing the Management of Project Information Platform of Public-private Partnership (PPP) Projects (2017)	MoF
2017-7	Notice on Organizing the Selection of the Fourth Batch of Demonstration Public-private Partnership Projects (2017)	MoF
2017-6	Notice on Standardizing the Securitization of Public-private Partnership Projects (2017)	MoF
2017-5	Notice on Resolutely Stopping Illegal Financing in the Name of Government Procurement of Services (2017)	MoF
2017-5	Notice Concerning Matters Related to Insurance Fund Investment in Public-private Partnership Projects (2017)	CIRC
2017-4	Guidelines on Issuing Special Bonds for Public-private Partnership (PPP) Projects (2017)	SDPC
2017-4	Notice on Further Standardizing the Debt Financing Conduct of Local Governments (2017)	MoF

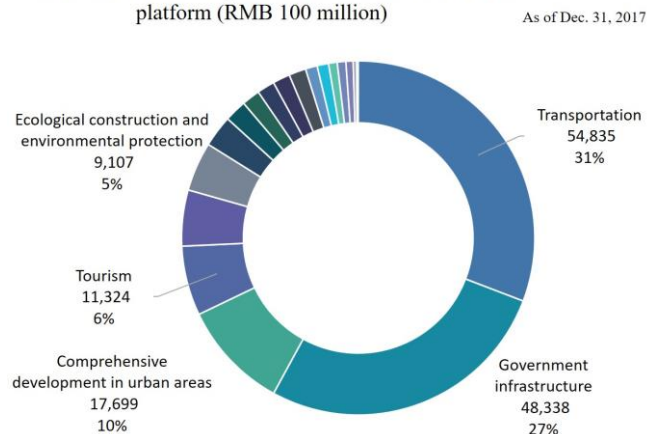
b. PPP dynamics: According to MoF's PPP Center, as of the end of December 2017, the project list on the national PPP information platform had 14,424 PPP projects (including reserve projects), with a total investment of 18.2 trillion RMB yuan, covering 31 provinces (including autonomous regions, municipalities and Xinjiang Corps) and 19 industry sectors. Compared with the end of 2016, there was a net increase of 3,164 projects, and the total investment went up 4.7 trillion RMB yuan.

The Company has many undertaken PPP projects in the following areas: ecological development and environmental protection, municipal engineering, tourism, urban development and other industries. The above industries combined are 53% and 48% of all PPP projects on the project list in terms of project number and total investment respectively. They represent the main field of PPP at present. In July 2017, MOF issued the notice for selecting the fourth batch of PPP project, giving priority to environmental protection and tourism. With policy support, the Company has a bright future in our target segments.

List of PPP Projects on the national information platform
(Number of projects)



Total amount of PPP Projects on the national information platform (RMB 100 million)



c. Water environment management industry: Ecological civilization is a key link in building a well-off society. In 2015, the Central Committee of the CPC and the State Council issued the master plan for the development of ecological civilization, in which water resources management and water environmental protection are listed as an important part of resources management and environmental management. The ensuing Water Pollution Control Action Plan and the Opinions on Speeding up the Establishment of Compensation Mechanisms for Upstream and Downstream Ecological Protection have further clarified the country's urgent need for water environment treatment. At the end of 2016, the General Office of the Central Committee of the CPC and the State

Council issued the Opinions on the Full Implementation of River Accountability System, which held the heads of government at all levels mainly responsible for protecting water resources, preventing and managing water pollution, improving the water environment and rehabilitating the water ecology. As a pioneer in water environment management, in 2013, the Company has creatively put forward the "3-in-1" concept embracing water resources management, water pollution treatment & ecological rehabilitation and water landscaping. Considering that the country will continue to strengthen the water pollution control in the long run, and will continue to encourage and attract private capital into this field, which will drive the stable growth of related industries, the Company's water environment management business has a positive outlook.

d. Hazardous industrial waste disposal: With the rapid development of China's economy, hazardous wastes from industrial production are threatening the ecological environment. The national 13th Five-year Plan for Ecology Development and Environmental Protection issued at the end of 2016 proposes to "strengthen the overall risk control of heavy metals, hazardous wastes and toxic and hazardous chemicals", and the Ministry of Environmental Protection has also adjusted the list of hazardous wastes, extending the list of hazardous wastes from 400 to 479 kinds and therefore expanding the market scope of hazardous industrial waste treatment. Data show that the annual production of hazardous wastes in China has risen from 39.76 million tons in 2015 to 53.47 million tons in 2016. Industry research institutions predict that hazardous waste production in 2017 will exceed 65 million tons, so the hazardous industrial waste disposal market will enjoy a bright prospect. In 2017, the second national census of pollutants will be implemented, and the quantity, structure and distribution of hazardous wastes will be fully and accurately revealed and analyzed. At the same time, emissions quota for fixed pollutants in key industrial fields will be fully implemented in 2017, and strict supervision will drive industrial enterprises to give more value to hazardous waste treatment. According to the Environmental Protection Tax Law of the People's Republic of China passed at the end of 2016, China will start levying environmental protection tax in 2018, which will give economic incentives to push industrial enterprises to deal with hazardous waste in a timely manner. The above policies will bring great market opportunities for hazardous waste treatment enterprises. At present, the Company is speeding up technology development and launch for industrial hazardous waste recycling and decontaminating treatment to cash in on the rapid growth of the market.

e. 'All-for-one' tourism: With the great theoretical innovation and comprehensive strategic deployment to drive the development of tourism, to serve the needs of regional economic specialization, the development of China's tourism has shifted from scenic spot tourism to 'all-for-one' tourism, or from the growth of isolated points to whole-society, multi-field and comprehensive development. The concept of tourism is fitting into the overall economic and social development. In June 2017, the National Tourism Administration issued Guidelines on Building Demonstration Zones for 'all-for-one' tourism, giving a clear direction for the creation of 'all-for-one' tourisms. In March 2018, the State Council issued the Opinions on Promoting the Development of 'all-for-one' tourisms, offering clues to accelerate the transformation of tourism, improve the quality and efficiency, and finally achieve the overall optimization of the tourism environment, while emphasizing the promotion of integrated development, the innovation of goods supply in the tourism+ model and also emphasizing the need to strengthen infrastructure and enhance public services. The Opinions in particular propose to strengthen environmental protection and promote sharing, in order to drive the development of 'all-for-one' tourism, improve the quality tourist goods supply, standardize tourist service management, and maximize profits from tourism. The Company will follow the national guidelines on the development of 'all-for-one' tourisms and try to reach the standards of demonstration areas and further implement 3-in-1 "investment + construction + operation" model, aiming to build 'all-for-one' tourism projects with distinctive characteristics.

III. Key accounting data and financial results

1. Key accounting data and financial results in the past three years

Does the company need to retroactively adjust or restate previous annual accounting data?

Yes No

Reasons for retroactive adjustment or restatement

Merger of enterprises under the same control

In RMB yuan

	2017	2016		Up from the previous year	2015	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Operating income	15,226,101.7 11.79	8,563,996.96 8.87	8,563,996.96 8.87	77.79%	5,380,677.75 9.99	5,380,677.75 9.99
Net profits belonging to shareholders	2,177,921.68 2.27	1,295,608.54 4.40	1,295,350.56 7.58	68.13%	601,967,096. 38	601,823,988. 33
Net profit belonging to shareholders after extraordinary profit and loss	2,286,480.17 3.14	1,245,272.43 4.90	1,245,014.45 8.08	83.65%	595,828,574. 36	595,685,466. 31
Net cash flow from operating activities	2,923,561.88 8.02	1,567,968.33 7.59	1,567,989.06 7.75	86.45%	367,756,570. 91	375,736,527. 36
Basic EPS (RMB yuan per share)	0.81	0.51	0.51	58.82%	0.24	0.24
Diluted EPS (RMB yuan per share)	0.81	0.51	0.51	58.82%	0.24	0.24
Weighted average return on net assets	21.29%	18.13%	18.13%	3.16%	10.10%	10.08%
	End of 2017	End of 2016		End-of-year comparison	End of 2015	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Total assets	35,114,336.7 98.86	24,005,870.9 55.47	24,010,502.4 33.20	46.25%	17,695,635.5 69.68	17,708,516.5 09.30
Net assets belonging to shareholders	11,314,528.0 75.16	9,185,470.77 4.63	9,190,103.93 2.36	23.12%	6,250,473.63 8.05	6,255,364.77 2.60

2. Key accounting data and financial results by quarter

In RMB yuan

	Q1	Q2	Q3	Q4
Operating income	1,229,266,787.44	3,755,030,086.62	3,651,132,207.25	6,590,672,630.48
Net profits belonging to shareholders	-35,160,722.42	502,822,696.23	398,824,075.86	1,311,435,632.60
Net profit belonging to shareholders after extraordinary profit and loss	-37,377,888.04	623,411,891.53	398,142,684.50	1,302,303,485.15
Net cash flow from operating activities	26,521,172.86	196,469,994.81	500,454,725.46	2,200,115,994.89

Are the above financial figures or their totals materially different from the financial figures of the Company's quarterly and interim reports?

Yes No

IV. Share capital and shareholders

1. Number of ordinary shareholders and priority shareholders with recovered voting rights & shareholding status of top 10 shareholders

Unit: Share

Number of ordinary shareholders at the end of reporting period	69,920	Number of ordinary shareholders at the end of the month before reporting annual results	63,133	Number of priority shareholders with recovered voting rights at the end of reporting period	0	Number of priority shareholders with recovered voting rights at the end of the month before reporting annual results	0
Shareholding status of top 10 shareholders							
Shareholder name	Shareholder nature	Shareholding percentage	Number of shares	Number of shares subject to trading moratorium	Pledged or frozen shares		
					Status	Number	
He Qiaonv	Domestic natural person	41.54%	1,113,789,413	835,342,060	Pledged	740,076,560	
Tang kai	Domestic natural person	7.66%	205,349,530	154,012,147			
Zhongtai Specialty Financing (Zhuhai Hengqin) Asset Management Co., Ltd.	Domestic non-state-owned legal person	4.50%	120,600,541	0	Pledged	120,600,500	
Zhonghai Trust Co., Ltd. - An Ying No. 19 Orient Landscape employee sharing holding scheme collective trust	Domestic non-state-owned legal person	3.45%	92,474,622	0			
China Construction Bank Co., Ltd - Bosera theme industry fund (LOF)	Domestic non-state-owned legal person	1.72%	46,000,000	0			
Shandong International	Domestic non-state-	1.57%	42,181,368	0			

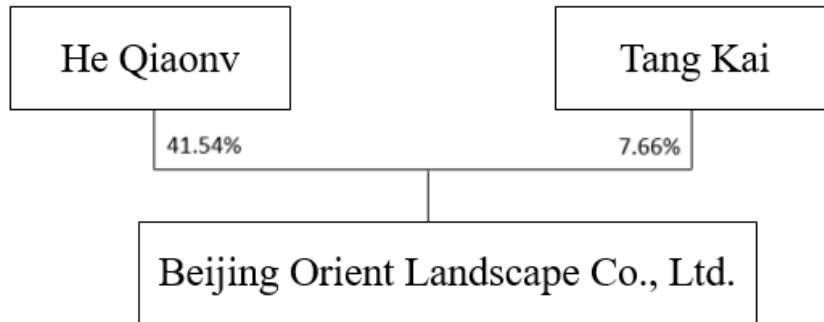
Trust Co., Ltd. - Heng Ying No. 2 collective trust plan	owned legal person					
National Social Security Fund Combination No. 104	Domestic non-state-owned legal person	1.41%	37,674,597		0	
National Social Security Fund Combination No. 110	Domestic non-state-owned legal person	1.18%	31,701,692		0	
Lionfund Assets - ICBC - Jin Xiu No. 1 Special Asset Management Plan	Domestic non-state-owned legal person	1.02%	27,388,602		0	
ICBC - Guotai Value Advantage Mixed Security Fund (LOF)	Domestic non-state-owned legal person	0.72%	19,416,058		0	
Relationship among the above shareholders and parties acting in concert	He Qiaonv and Tang Kai are wife and husband, and they are the de facto controllers of the Company. It is not known whether the other top 10 shareholders of the Company are related to one another.					
Shareholders involved in margin financing (if any)	None					

2. Number of priority shareholders and shareholding status of top 10 priority shareholders

Applicable Not applicable

The Company had no shareholders holding priority shares at the end of the reporting period.

3. Share ownership and control relationship between the Company and the de facto controllers



V. Corporate bonds

If the Company has issued corporate bonds which are publicly traded, are listed on the Stock Exchange, have not yet matured, or have matured but are not fully redeemed on the balance sheet date?

Yes

1. Basic information

Bond name	Bond abbreviation	Bond code	Maturing date	Balance (in ten thousand RMB yuan)	Interest rate
Beijing Orient Landscape Corporate Bond Issued to Qualified Investors in 2016 (Phase 1)	16 OL 01	112380	April 19, 2021	100,000	5.78%
Beijing Orient Landscape Corporate Bond Issued to Qualified Investors in 2016 (Phase 2)	16 OL 02	112426	August 10, 2021	60,000	4.70%
Beijing Orient Landscape Corporate Bond Issued to Qualified Investors in 2016 (Phase 3)	16 OL 03	112464	October 24, 2021	60,000	4.00%
Redemption of corporate bonds during the reporting period	During the reporting period, interest for 16 OL 01, 16 OL 02 and 16 OL 03 have been paid in time.				

2. Latest credit rating and change of rating

According to the provisions of China's regulatory authorities and Shanghai New Century Credit Evaluation & Investment Services Co., Ltd. ("Shanghai New Century Rating"), Shanghai New Century Rating has tracked and evaluated the Company's bonds over their duration, and issued the credit rating within 2 months after the annual audit report. Shanghai New Century Rating has also conducted irregular tracking and rating over the bonds over the duration, and the credit rating report are posted the Stock Exchange's website within 5 working days after they are issued.

According to its 2016 rating report on the corporate bonds of Beijing Orient Landscape Co., Ltd. for 2016 ([2017]100204), Shanghai New Century Rating gave AA+ rating to the bond issuer, the outlook is stable, and adjusted the ratings of 16 OL 01, 16 OL 02 and 16 OL 03 up to AA+. "Debt credit rating of aa+. The reason is that during the tracking period, Orient Landscape completed the strategic transformation, built a portfolio of ecological rehabilitation businesses focusing on comprehensive water environment treatment, and the Company's engineering business improved. Meanwhile, the Company has sufficient new contracts which are mainly PPP projects, so follow-up business growth is guaranteed. The Company has sufficient cash to provide a reasonable guarantee for the redemption of maturing debts. The rise in corporate and debt ratings has no effect on investor suitability.

During the reporting period, the ratings of the Company's other bonds and debt-financing instruments issued in China are adjusted up to AA+ and there is no rating difference.

3. Key accounting data and financial results for two years by the end of the reporting period

In ten thousand RMB yuan

Item	2017	2016	Change
Debt/Asset	67.62%	60.67%	6.95%
EBITDA/Total liabilities	28.11%	28.12%	-0.01%
Interest coverage ratio	7.82	6.2	26.13%

III. Discussion and Analysis on Business Operation

1. Business performance during the reporting period

Is the Company required to comply with the disclosure requirements applicable to a particular industry?

No

I. Overview

China's macro economy continued to do well in 2017. The economic strength has reached a new high, with growth and quality, structure, and performance bringing out the best in each other. As China makes a big push for progress in the environmental protection, the environment has seen gradual improvement. To address air, water, and soil pollution, the government has designed and enforced a ten-point list of measures for each and achieved solid progress. With the concept that green mountains and clear water are as good as mountains of gold and silver, China has strengthened environmental protection with firm determination and efforts to support the development of ecosystem restoration and environmental protection.

The First Session of the 13th National People's Congress of the People's Republic of China deliberated and approved the institutional reform plan of the State Council on March 17, 2018. The plan stated that together with related duties of the other six departments, all the previous functions of the Ministry of Environmental Protection will be integrated and the Ministry of Ecology and Environment will be established. The newly formed Ministry of Ecology and Environment will strengthen its decision-making capacity and enforcement of environmental protection laws and regulations to provide more effective institutional guarantees for the ecology and environment protection. The establishment of the Ministry of Ecology and Environment will also help integrate technologies, experience and lessons learned in all environmental protection sectors, making full use of the opportunity to promote the healthy and orderly development of the eco-environmental protection industry.

The year 2017 marks the 25th anniversary of the establishment of Orient Landscape. Under the leadership of

Chairman He Qiaonv, the Company has taken on the corporate social responsibility of promoting ecological environmental protection and green development with the mission of taking care of the earth and respecting our nature, to promote its strategy and business development. In the reporting period, the Company's overall business progressed in an orderly manner. Steady progress was achieved in the PPP projects. In the reporting period, the company achieved great results in financial performance and business development. Details are as follows:

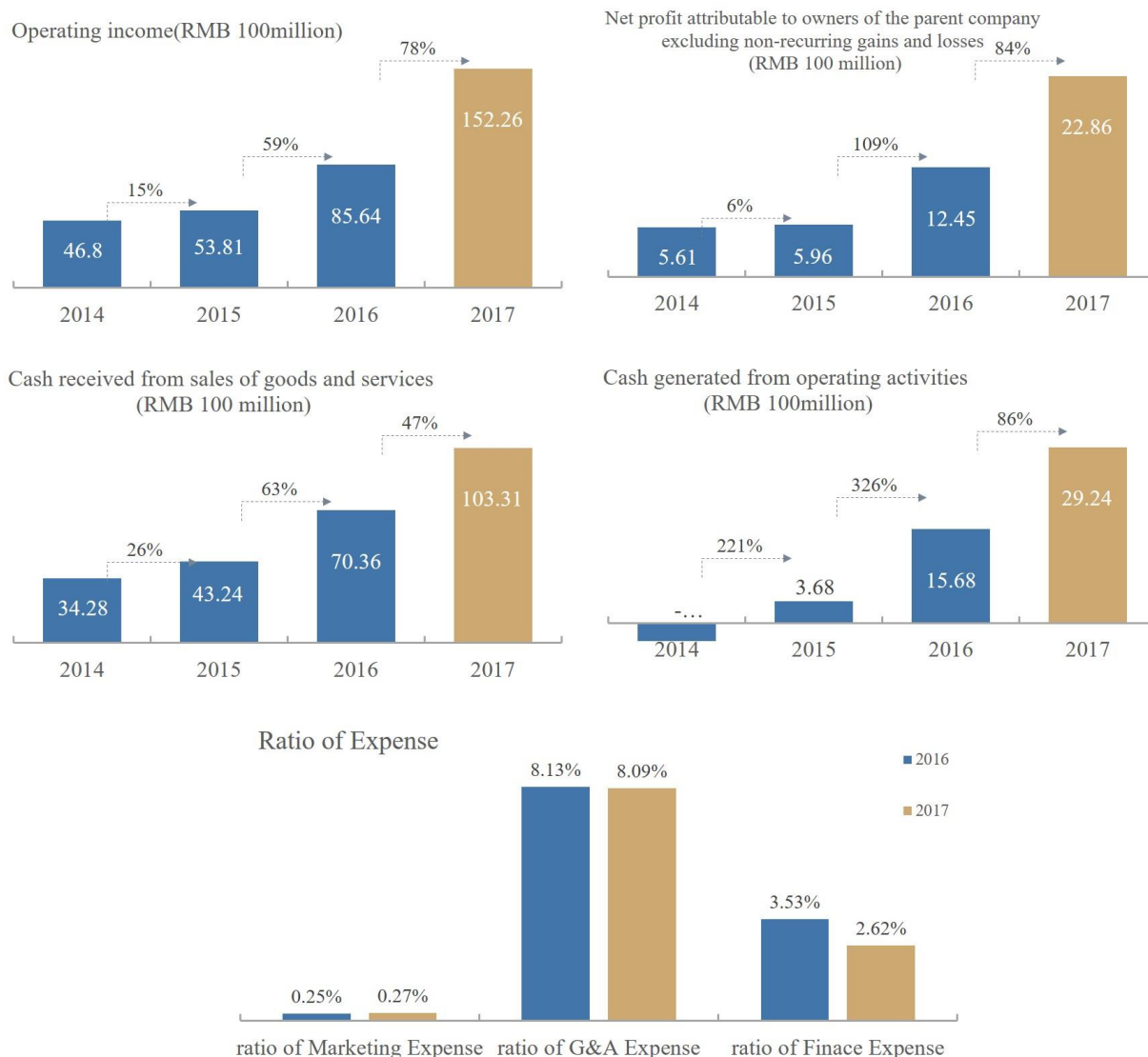
(I) Financial Performance

In the reporting period, the Company's revenue was RMB 15.226 billion, with an increase of 77.79% over the previous year. The business income from comprehensive water management was RMB 7.005 billion, an increase of 76.18% over the previous year, accounting for 46% of revenue. In the reporting period, the Company entered the all-for-one tourism industry and achieved operating income of RMB 1.102 billion, accounting for 7.24% of revenue.

During the reporting period, the Company's achieved a net profit attributable to shareholders of the Company of RMB 2.178 billion, an increase of 68.13% over the previous year. Net profit attributable to shareholders of the Company excluding non-recurring gains and losses was RMB 2.286 billion, an increase of 83.65% over the previous year.

The key financial indicators are shown in the table below:

Section	Account	2017	2016	Change (%)
Revenue, cost and profits	Operating income (RMB 100 million)	152.26	85.64	77.79%
	Net profit attributable to owners of the parent company (RMB 100 million)	21.78	12.95	68.13%
	Net profit attributable to owners of the parent company excluding non-recurring gains and losses (RMB 100 million)	22.86	12.45	83.65%
	Ratio of marketing expense	0.27%	0.25%	0.02%
	Ratio of G&A expense	8.09%	8.14%	-0.05%
	Ratio of finance expense	2.62%	3.53%	-0.91%
	Weighted average return on net assets	21.29%	18.13%	3.16%
	Earnings per share (RMB)	0.81	0.51	58.82%
Cash flows	Cash received from sales of goods and services (RMB 100 million)	103.31	70.36	46.83%
	Cash generated from operating activities (RMB 100 million)	29.24	15.68	86.45%
Section	Item	2017	2016	Change (%)
Assets	Total assets (RMB 100 million)	351.14	240.11	46.25%
	Equity attributable to owners of the parent company (RMB 100 million)	113.15	91.90	23.12%



(II) Business performance

During the reporting period, the Company is principally engaged in three main businesses, including comprehensive water management, hazardous waste disposal, and all-for-one tourism. The comprehensive water management and all-for-one tourism were mainly conducted through PPP model and the hazardous waste disposal was conducted by new establishment or acquisition.

During the reporting period, the Company has successfully bid 50 PPP projects, with a total amount of RMB 71.571 billion, an increase of 88.30% over the previous year. The bid amount for traditional projects was RMB 475,000, an increase of 30.83% over the previous year. The total bid amount for the projects was RMB 76.32 billion, an increase of 83.29% over the previous year. The above projects include comprehensive water management (management of seriously contaminated water bodies, river basin management and sponge city), all-for-one tourism, municipal gardens and soil restoration, with comprehensive water management as the main project.

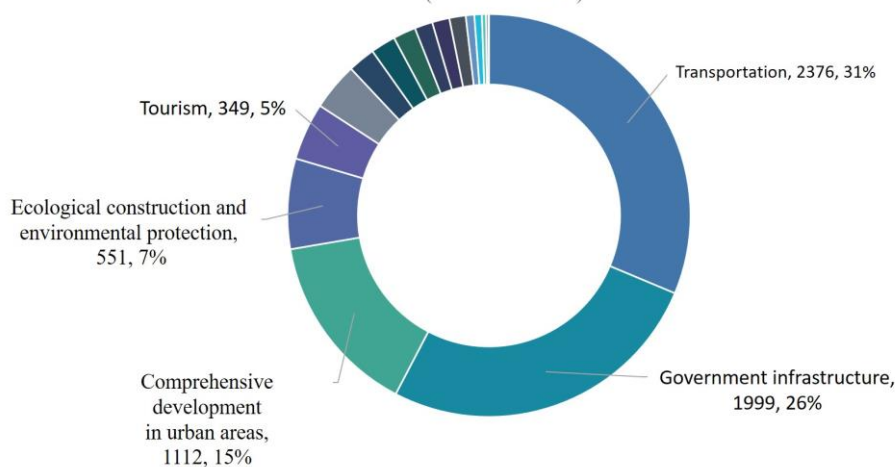
The Company invested in and established 43 Special Purpose Vehicle (SPV) during the reporting period. As of the end of the reporting period, the Company had invested in and established 75 SPV in total. The establishment of SPV has laid a solid foundation for the construction and financing of PPP projects. The Company not only focused on improving marketing but also put emphasis on the implementation of PPP projects. Currently, the Company has established strategic cooperation with several banks and assisted the SPV in signing loan agreements with these banks.

In February 2018, China Public Private Partnerships Center ("CPPPC") published details of the new public-private partnership (PPP) demonstration projects, with a total of 396 newly-added projects and a total investment of RMB 758.8 billion. This is the fourth batch of such investment. Demonstration projects include 37 projects in ecological construction and environmental protection, with a total investment of RMB 55.1 billion, and

27 projects in tourism, with a total investment of RMB 35 billion. The Company has 7 projects that were on the list of the fourth batch, with a total investment of over RMB 10 billion, details are as follows: Compared with the third batch, the selection criteria for the fourth batch of demonstration projects was stricter with its scale more reasonable. It not only requires that all the preliminary work including the planning of the projects and land use approval should be completed, but also the assessment of values and financial viability for the projects should be conducted, and be in line with the policies and guidelines for the industries.

No.	Category	Projects
1	Ecological construction and environmental protection	The Comprehensive Utilization of Water Resources and Integrated Constructed Wetlands Projects in Horqin Industrial Park, Tongliao city, Inner Mongolia autonomous region
2		The comprehensive management and ecology of the Wetland in Wende river, Jilin city, Jilin province
3		River Environmental Improvement PPP project in Piyuan river in Huoshan county, Lu'an city, Anhui province
4		Establishment of national forest city and comprehensive management of ecology and environment in Dong'e county, Liaocheng city, Shandong province
5		Qing Huahai National Wetland Park and Dongshan eco-system restoration PPP Project in Baoshan city, Yunnan province
6	Tourism	All-for-one tourism infrastructure construction PPP project in Fenghuang county, Hunan province
7		All-for-one tourism improvement and eco-system restoration project in Tengchong, Baoshan city, Yunnan province

Distribution of the investment amounts in PPP projects in different sectors (RMB 100million)



To respond to the national policy to develop all-for-one tourism to integrate tourism resources and expand the tourism industry, the Company has been engaged in all-for-one tourism since May 2017. With rich experience in investment and financing of PPP projects, excellent cultural tourism planning team, and marketing throughout the country, the Company has achieved great results in all-for-one tourism business.

The Company has established a series of infrastructure including tourist center, greenway system and square parks with local characteristics based on the original tourist attractions, by making good use of the local tourism, cultural and natural resources and resource reconstruction, planning and operation under the premise that the local uniqueness was preserved.

During the reporting period, the Company has successfully bid 9 PPP projects of all-for-one tourism covering 6 provinces, with a total investment of RMB 13.3 billion, The Company has made investments in some tourist destinations in Tengchong, Fenghuang, Lin'an, Chongqing, and Lu'an to diversify the product categories in the all-for-one tourism industry chain, which established the business model of PPP plus investment.

In recent years, the Company continued to expand the development of hazardous waste disposal business, and improve hazardous waste disposal capacity by newly establishment or acquisition to increase market share. As of the reporting date, the Company has obtained approval for the environmental assessments for 1,264,500

tons of hazardous industrial wastes and a business license for 621,400 tons of hazardous industrial wastes, of which 591,400 tons are for recycling and 30,000 tons for innocuity.

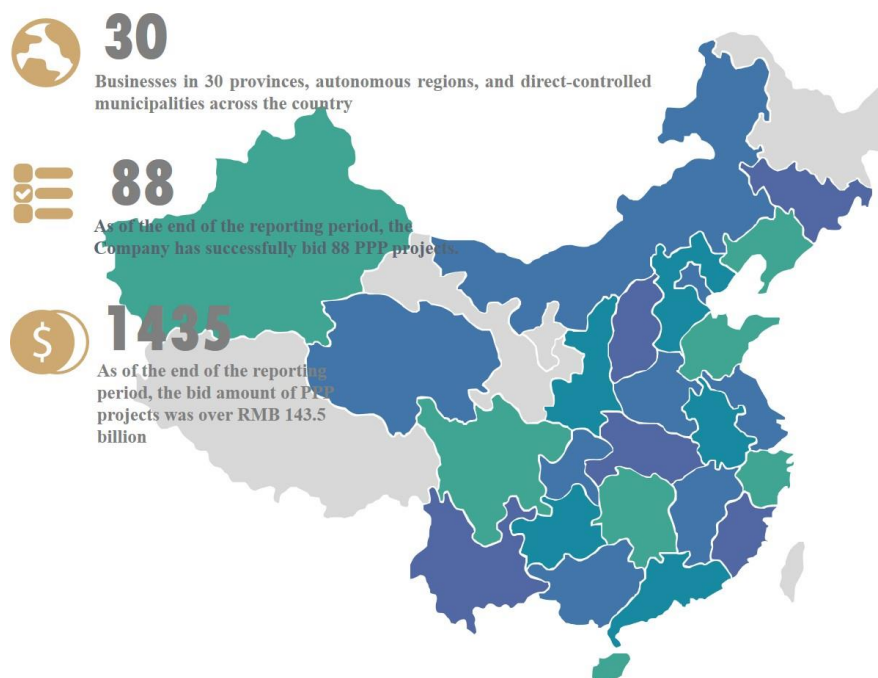
The Company achieved revenue of RMB 1.504 billion from the hazardous waste disposal, an increase of 23.66% over the previous year with a gradual increase in profit. To address the challenges in the rapid development of the hazardous waste disposal and the fierce competition for quality projects, the Company expands quickly and actively seeks quality projects. The Company has established or acquired with low costs Nantong Jiuzhou Environmental Protection Technology Co., Ltd., Hangzhou Lv Jia Water Treatment Technology Co., Ltd., Gansu Dongfang Ruilong Environmental Management Co., Ltd., Sichuan Ruiheng Lubricant Co., Ltd., Beijing Huafei Xingda Environmental Protection Technology Co., Ltd. and Ningxia Laide Environmental Protection Energy Co., Ltd., which has greatly improved the Company's hazardous waste disposal capacity and will promote the Company's healthy and sustainable development.

II. Core competencies analysis

(I). Advantage of experience

As one of the earliest private enterprises to study PPP models and participate in PPP projects in China, the Company has a good understanding of the policies and guidelines for PPP development. As China promoted and improved PPP models, the Company made full use of its experience in PPP and has successfully bid 88 PPP projects, with a total investment of RMB 143.446 billion as of 31 December 2017. The Company has rich experience in PPP projects in practice and has developed advanced management for PPP model. According to the estimates based on statistics, as of 31 December 2017, the Company has market share of 13.4% and 10.7% in ecological construction and environmental protection and tourism respectively. The Company plays an important role as a private partner in these PPP projects. The all-for-one tourism PPP project in Tengchong is the first PPP projects of all-for-one tourism that was launched in China, which has set an example for other all-for-one tourism projects. As of the end of the reporting period, the Company has successfully bid 9 PPP projects of all-for-one tourism, with a total investment of RMB13.3 billion. The Company has become a leading company in all-for-one tourism industry.

As of the end of the reporting period, the Company has conducted businesses in 30 provinces, autonomous regions, and direct-controlled municipalities and stayed ahead of other private enterprises in terms of business scale and business scope.



(II). Technical advantage

The Company currently has several professional research and development design agencies, such as Environmental Planning and Design Institute, Ecological Planning and Design Institute, Cultural Tourism Planning and Design Institute and Health Planning and Design Institute, as well as professional subsidiaries such as Dongfang Lihe, TT-ORIENT, and Dongfang Fudi. Based on the independently developed patented technology

of river management and water ecological rehabilitation, and taking river management and river wetland construction as the implementation goal, the Company carries out system research on and demonstration popularization of the urban river ecological rehabilitation technology with extensive suitability which integrates function and landscape altogether, and explores to construct suitable hydrological and water ecological environmental monitoring system and information platform. These explorations and practices lay a solid foundation for the Company's transformation from traditional landscape engineering to ecological rehabilitation business focusing on comprehensive management of water environment, which makes the Company quickly become the pioneer and leading enterprise in the ecological rehabilitation industry.

The Company's acquisition of Shanghai Liyuan and Zhongshan Environmental Protection in 2016 has further optimized the Company's technical advantages in water treatment. Shanghai Liyuan focuses on the R&D, manufacturing and application of water treatment processes, technologies and equipment. Zhongshan Environmental Protection is mainly engaged in the construction of sewage treatment projects and the operation of sewage treatment facilities. Both of the two subsidiaries have been operating in their respective fields for many years, have accumulated strong competitive advantages in technology, marketing and management, etc., and have strong synergistic effect with the Company in such areas as customer resource sharing, technology integration, product diversification, project implementation and raw material procurement, which will help the Company accelerate the development of water treatment business, further increase the Company's market share in the field of ecological management, and lay a foundation for the rapid development of the Company's ecological management business.

(III). Talent advantage

The Company currently has an ecological design team consisting of the world's top technicians and designers, as well as an ecological industry operation team consisting of front-line personnel with extensive experience. The Company has implemented a comprehensive employee incentive plan. Since its listing, it has successively launched the first to the third phases of Stock Incentive Plan, Senior Executives Shareholding Increasing Plan and Employee Stock Ownership Plan. It has established a multi-level and all-round incentive system, which stimulates the working enthusiasm and creativity of core employees, and improves the cohesion of employees and the competitiveness of the Company.

(IV). Brand advantage

The Company has been focusing on brand building over a long period of time and constantly building its own brand in aspects of quality, integrity and service. After years of accumulation, it has formed an influential brand advantage in the industry, and has possessed the ability to contract, design and build large-scale and high-end projects. From the Olympic Games project, World Expo project, Shenyang National Games project, Guangxi Garden Expo project to Beijing Fangshan District Liulihe Wetland Park project and Fuyang City Chengnan New District water system comprehensive treatment project, from landscape design to treatment of seriously contaminated water bodies and sponge city, projects of Orient Landscape enjoy great popularity throughout the country and continuously enhance the Company's brand influence. In the fourth batch of PPP demonstration projects announced in 2017, a total of seven projects of Orient Landscape were selected, which further established its position as the industry leader in the PPP field.

(V). Competitive advantage of hazardous waste disposal

During the reporting period, the Company introduced a number of hazardous waste treatment and disposal technologies of international advanced level, such as the Italian incineration technology. It comprehensively arranged the hazardous waste disposal market to build a series of four major product service lines for city hazardous waste disposal, metal hazardous waste disposal, petroleum and petrochemical hazardous waste disposal and special hazardous waste disposal, and form the comprehensive competitiveness with a full coverage of the hazardous waste treatment and disposal industry. During the reporting period, the Company also set up a hazardous waste research institute and implemented a "thousand-member expert" plan, through which a large number of industry experts and high-grade, high-precision and advanced talents are gathered, which can provide strong support for the sustainable and sound development of the Company's hazardous waste and solid waste operation projects. Up to now, the Company has obtained the environmental impact assessment approval of 1,264,500 tons of industrial hazardous waste.

III. Prospects for the Company's Future Development

(I) Future development trend of the industry

1. PPP standardized management becomes a focus, and private PPP seizes new opportunities

PPP plays an irreplaceable role in promoting China's economic and social transformation. In 2017, the PPP industry showed a steady growth trend. In the second half of 2017, China introduced a series of policies including Cai Jin [2017] No. 92 document, with strengthening the standardized management of PPP projects as the main

direction of policy guidance. The PPP industry will shift from rapid expansion to steady development. Strictly adhering to the red line of the government's financial affordability has become a prerequisite for the landing of PPP. It is in line with the directions of national support such as ecological construction, environmental protection and region-based tourism, and projects with stronger operational attributes will be more supported. In the selection of participants, the National Development and Reform Commission has issued the Circular on Encouraging Private Capital to Participate in Government and Social Capital Cooperation (PPP) Projects. On the one hand, it requires central enterprises to clarify the upper limit of their financial affordability of PPP business and to exercise total amount control over PPP business. On the other hand, it calls for reducing unreasonable restrictions and increasing support for private capital, clarifies the policy orientation of never restricting private capital to participate in PPP projects in any name or in any form, which provides good policy environment for private enterprises to extensively participate in PPP projects.

2. The industry of comprehensive management of water environment maintains rapid development

The report of the Nineteenth CPC National Congress placed "Beautiful China" as an important part of the goal of building a well-off society in an all-round way. In recent years, China's "ecological civilization construction" has been included into the "millennium plan" for sustainable development of the Chinese nation, which demonstrates the central government's emphasis on ecological governance. In the institutional reform of the State Council in early 2018, the new Ministry of Ecology and Environment gathered the responsibilities for environmental protection and ecological construction originally dispersed in ministries and commissions such as the National Development and Reform Commission, Ministry of Land and Resources, Ministry of Water Resources and Ministry of Agriculture, which provide institutional guarantees for the further promotion of ecological environment management. At the same time, in 2017, various ministries and commissions of the country successively issued a series of policies such as Circular on Strengthening the Urban Ecological Rehabilitation Work and Water Pollution Prevention and Control Plan for Key River Basins (2016-2020), various provinces introduced the implementation plan of the river chief system, and "10 Water Measures" entered the mid-term assessment year. With the continuous strengthening of relevant policies, the local governments will still maintain a strong demand for comprehensive water environment management. Combined with the rural revitalization strategy proposed in the report of the 19th National Congress, the demand will expand from urban to rural areas. The industry of comprehensive management of water environment will still maintain rapid development.

3. With improved policies and tightened supervision of hazardous waste disposal, the industry will open the "golden age"

In 2017, the second national survey of pollution sources was launched in an all-round way, in order to further fully and accurately grasp the number, structure and distribution of hazardous waste. At the same time, the approval and issuance of sewage discharge permission for fixed pollution sources in key industrial fields will be fully launched in 2017, and policies such as "Thirteenth Five-Year Plan" for Standardized Management, Supervision and Assessment Work of National Hazardous Waste and Guidance for Environmental Impact Assessment of Hazardous Waste in Construction Projects were issued. Local governments pay more attention to the supervision of hazardous wastes. The tightening of regulatory policies will encourage industrial enterprises to pay more attention to the management of hazardous waste. According to the Environmental Protection Tax Law of the People's Republic of China promulgated at the end of 2016, the collection of environmental protection tax on April 1, 2018 will also promote industrial enterprises to handle hazardous waste in a timely manner from the economic point of view. The above policies will bring huge market opportunities for hazardous waste treatment enterprises. Due to the strong regional characteristics of hazardous waste, both the production volume and the effective treatment volume are relatively concentrated. Therefore, the existing companies in hazardous waste disposal industry will continue to expand their processing capacity and scale through investment and acquisition and self-construction, and the concentration ratio of the industry will gradually increase.

4. Combining consumption upgrade with policy dividend, investment in region-based tourism increases rapidly

In 2017, various ministries and commissions of the country successively issued policies such as Notice on Implementing Major Tourism and Leisure Projects, Circular on the Vigorous Development of Sports Tourism and Some Opinions on Promoting the Integrated Development of Transportation and Tourism, which express the policy and financial support of region-based tourism by relevant authorities. The transformation and upgrading of modern tourism industry is promoted through the "tourism +" model. The tourism demand of domestic tourists gradually changes from sightseeing tourism to leisure tourism. As tourism demand rises to a higher level, future investment in tourism will grow rapidly.

5. With the strategy of rural revitalisation proposed, rural development is in great demand

The rural revitalization strategy proposed in the report of the Nineteenth CPC National Congress is one of

the seven major development strategies for building a well-off society in an all-round way by 2020, which is the first time that the Party Central Committee has upgraded agricultural and rural work into a national strategy. The 2018 Central No. 1 Document, Opinions on the Implementation of Rural Revitalization Strategy, makes top-level design of rural revitalization strategy, which clearly defines the overall goal and schedule for strong agriculture, beauty village and wealthy peasant. It is expected that a series of detailed policies will be introduced in the future to promote the implementation of improvement of rural resource utilization efficiency, industrial transformation and upgrading, environmental improvement, and the integration of infrastructure in urban and rural areas. This will provide a vast market space for the development of the Company's businesses such as ecological environmental protection and tourism.

(II) Directions of the Company's future development

The Company's future work will focus on the following aspects:

1. Carry out the PPP business focusing on comprehensive management of water environment in the fields of seriously contaminated river management, river basin management, sponge city and township sewage treatment.

The Company is the first domestic company to launch the Three-in-One concept of comprehensive management of water environment, that is, to integrate water resources management and water pollution control closely with water ecological rehabilitation and water landscape construction. The Three-in-One integrated management concept has achieved coordinated planning and unified management among various departments such as architecture, municipal administration, water resources, transportation and forestry, making it a closely related entity and achieving all-round and harmonious development.

With its strong technical advantages and rich experience, the Company has become one of the leading enterprises in the domestic water environment governance. In the past three years, the Company has won a number of PPP projects of the comprehensive management of water environment nationwide, mainly covering such fields as seriously contaminated river management, river basin management, sponge city and township sewage treatment.

With the introduction and gradual implementation of a series of policies such as the Action Plan of Water Pollution Prevention (10 Water Measures), River Chief System and Circular on Promoting the Construction of Sponge City, the policy support for China's comprehensive management of water environment has been further improved. With the expansion of market space and increase of business opportunities, the Company will use its own advantages to further develop PPP business which focuses on the comprehensive management of water environment.

2. Use the three-wheel drive of "Investment + Construction + Operation" as a model to actively deploy the region-based tourism industry

In March 2018, the General Office of the State Council issued the Circular on Promoting the Development of Region-Based Tourism to make arrangements for accelerating the transformation of tourism industry, improving quality and efficiency, and comprehensively optimizing the tourism development environment. At the same time, it emphasizes the need to promote integrated development, innovate product supply, and do a good job in "Tourism +"; it also stresses to strengthen infrastructure construction and improve public services; it is necessary to strengthen environmental protection and promote co-construction and sharing so as to achieve the goals of a comprehensive tourism development, qualified tourism supply, standardized tourism management and maximized tourism benefits. The Company will earnestly implement the policy requirements based on its top-level planning and design capability in the field of region-based tourism, the investment and operation capability in tourism supporting industry, the environmental construction capability in the field of tourism cities and the capability of city brand marketing, in order to develop the region-based tourism in a more comprehensive, standardized and effective way.

3. Deepen the business and technology layout of the hazardous waste disposal market

The Company will continue to deepen the industrial layout of hazardous waste disposal, and gradually increase its processing capacity and market share through new construction and mergers and acquisitions; Through the introduction of technologies both at home and abroad, the Company will gradually build a hazardous waste treatment technology system with the widest coverage and the most complete treatment qualification in the industry; Conduct standardized and normalized management of existing projects to ensure the normal operation of existing projects; Maintain the talent introduction strength, establish an external expert cooperation system and the Company's self-owned environmental protection research institute, in order to promote the rapid layout of the Company's hazardous waste business.

4. Closely follow national policies and actively develop new businesses such as rural revitalization

Under the close attention of the Party Central Committee with Comrade Xi Jinping as the core, the status of

ecological civilization construction has been continuously enhanced. Following the report at the 18th CPC National Congress which included ecological civilization construction into the overall layout of the “Five-in-One”, the 19th CPC National Congress further proposed to strengthen the overall design and organization of ecological civilization construction. The third plenary session of the First Session of the 13th National People's Congress passed the Amendment to the Constitution of the People's Republic of China, which means that “ecological civilization” has been officially written into the Constitution. “Caring deeply about the Earth and paying tribute to nature” is also the mission of Orient Landscape. The Company will seize this opportunity of the times, closely follow the latest national policies, actively arrange new businesses such as rural revitalization, forest revitalization, mine rehabilitation, soil rehabilitation and management of desertification land and rocky desertification land, and continue to perform social responsibilities of adhering to environmental protection and practicing green development.

(III) Planning and challenges of business development

In 2018, the Company will continue to use its first-mover advantage accumulated in the fields of design, technology, construction and finance to increase its market development efforts and obtain orders for PPP projects in comprehensive management of water environment and region-based tourism, and strive to make sustained growth in order quantity and order amount compared with 2017, so as to lay a solid foundation for rapid growth in the subsequent three years. At the same time, the Company will also carry out PPP business in fields such as rural revitalization and land ecological rehabilitation. The Company will focus on promoting the financial landing and on-site construction speed of existing projects, optimize internal management, and improve project quality and gross profit margin from the aspects of cost control, technology level and construction period management. For the landscape ecology business under the traditional model, the Company will ensure the safety of payment collection by screening quality customers and increasing financial guarantee models. At the same time, the Company will rely on the existing environmental protection business platform to steadily promote the environmental protection business focused on hazardous waste disposal.

(IV) Fund guarantee measures

In 2018, in order to achieve the Company's business objectives and meet the business development needs of funds, the Company will make full use of its own funds, bank credit funds, corporate bonds, medium-term notes, short-term financing bills and ultra-short-term financing bills to expand financing channels, optimize financial structure, further strengthen project settlement management and accounts receivable management, and effectively improve the management level of supply chain, so as to reduce financial risks and ensure the overall safety and control of funds.

IV. Prompt of Material Risks

(I). Risks in Policy, Industry and Business Model

1. Policy Risk

As the Party Central Committee attaches great importance to ecological civilization construction and environment protection, ecological civilization construction and environment protection are all listed in the “five-in-one” overall planning and the four-pronged comprehensive strategy and “Beautiful China” is included in the 13th Five-year Plan. It is emphasized in the 19th National Congress of the Communist Party of China that the construction of ecological civilization is the millennium development plan for the sustainable development of the Chinese nation. The regulations and plans issued in recent two years are promoting the actual implementation of the concept of ecological civilization construction, with remarkable results achieved. Since 2015, the PPP mode is vigorously promoted in the field of infrastructure and public services. As the advanced financial management mechanism used by the government for stabilizing growth and deleveraging, PPP has become the main form adopted in the current ecological construction projects. In November 2017, the Ministry of Finance issued *the Notice on Standardizing the Management of Project Information Platform of Public-private Partnership (PPP) Projects (No.92)*, which further standardizes the PPP project operation, emphasizes the importance to rectify the PPP abuse and propels the PPP to return to the origin of innovative public service supply mechanism. Meanwhile, strict entry standards and management requirements for the new project management library must be developed, and disqualified projects or projects with improper operation or incomplete information need to be deleted from the library in time, so as to constantly improve the information quality and management level of the project library.

Up until now, the PPP project cleaning work has come to the end with a total of 2,407 PPP projects deleted from the library, involving a total investment of about 2.39 trillion yuan. The PPP projects in the Company are pushed forward steadily, with those bidding-win PPP projects remaining in standard operation together with no

case of being deleted from the library. In the future, the Company will continue to focus on policy changes and adjust market layout in time correspondingly to cope with changes in industrial polices, while resolutely safeguarding the quality and level of orders in hand.

2. Industry Risk

As an important source of income of local government, the downturn in real estate has a relatively large effect on the local government revenues and expenditures. Also, the central government strengthens the examination and rectification of local government debts. Therefore, quite a number of local governments reduce the investment in the construction of the municipal gardens, which affects the Company's payment collection. Since the Company's main business model is PPP, the local government is the major business partner. On September 23rd 2014, the General Office of the State Council issued the Opinions on Strengthening the Local Government Debt Management ([2014] No. 43), which clearly remove government financing function from the financing platform company and specify that the financing platform company shall not increase new government debt. In April 2017, six ministries jointly issued a further notice on regulating the behavior of local government debt financing, specifically prohibiting the State Council from approving any local government debt borrowing beyond its scope of authority. In the notice, particular emphasis is given on the prohibitions of commitment to repurchase the social capital investment in any way, undertaking of the principal loss of social capital in any form, promise of any minimum income to social capital, and any additional clause on equity investment like limited partnership funds for debt borrowing in disguised form. The above-mentioned factors impose various limiting factors on the adoption of PPP for public service purchase by the local government, giving birth to a certain industry policy risk. What's more, risks like slower settlement progress cause a certain negative effect on inventory, accounts receivable, income and other indicators and nodes respectively. Looking into the future, due to the impact of the government's financial conditions, and uncertain factors like design scheme adjustment, construction site preparation status, and extreme weather, there may exist risks such as slower order scale growth, slower order implementation, extended construction period, delay in accounts receivable recovery and etc.

3. Business Model Risk

Traditional model risk: The traditional municipal landscape project adopts the model of mat endowment before payment collection, which will create a large number of inventory and accounts receivable. Even though the Company's municipal landscape project business is invested by local government with relatively high credit rating, the inventory settlement and accounts receivable collection efficiency is inevitably affected by factors such as the local government budget, financial conditions and local government debt levels. The speed of capital turnover is related to local government office efficiency, which may cause the risk that inventory can't be settled on time and some accounts receivable cannot be collected. The normal operation period of the Company's projects is 1-3 years, with some projects even lasting 3-5 years. The length of the project cycle also imposes certain uncertainty on the Company's business model and payment collection. For the above inventory impairment and account recovery risks, the Company has drawn inventory falling price reserves to reduce the risk of inventory impairment according to the Company's policies and related accounting policies. Meanwhile, the Company will strictly carry out the policies of the impairment of receivables and control related risks.

PPP model risk: PPP mode puts more emphasis on partnership coordination mechanism, with the purpose to maximize the common interests, so as to realize "benefit-sharing, risk-sharing and full cooperation" with the government and effectively reduce the project risk, which is conducive to the subsequent collection. However, there is a certain risk with this model. On the one hand, the PPP model is in the initial stage in our country, and the policy environment and credit environment for the development of the PPP model need to be perfected. At the same time, the PPP project implementation is directly affected by the policy issue progress and policy support, creating some uncertainty; on the other hand, the PPP project cycle is relatively long, across through different transitions of government administrations, the influence of which on the project performance needs to be examined. In all, the Company will pay close attention to policy changes and firmly seize the development opportunity of the PPP mode with prudent consideration of project risk, to choose high quality and low risk projects.

(II) Revenue Recognition Risk

1. Overview of Revenue Recognition Risk

The Company recognizes revenues according to *Accounting Standards for Business Enterprises No. 15 - Construction Contract*. According to the Standards, on the balance sheet date, if the result of construction contract can be assessed reliably, the contract revenue and cost shall be recognized according to the percentage of completion method. The percentage of completion method is the way to confirm income and expense based on the percentage of completion. The Company recognizes revenue with the percentage of completion method in accordance with the Standards. The Company's production and operation management process mainly includes: project information collection, project bidding, project undertaking, project implementation, project settlement,

project completion inspection and acceptance, project final accounts, project delivery, and etc. To sum up, the revenue recognition under the percentage of completion method isn't in strict correspondence with project settlement. There is a revenue recognition risk.

For the above-mentioned revenue recognition risks, the Company takes measures in time to cope with it in the prudent principle. For completed projects, the Company conducts accounting treatment according to the principle of adopting the lower of future settlement value and accumulated book revenue. That is, the Company compares the newest data in the settlement at the end of each term with accumulated book revenue. If the accumulated book revenue exceeds the newly obtained data, the difference shall offset the current revenue, otherwise no accounting treatment is needed.

2. Difference between Customer Settlement and Revenue Recognition

From the point of project settlement, the traditional projects undertaken by the Company often feature financial capital investment from the government with relatively complicated settlement system and relatively long settlement process and duration. Usually, the process settlement costs 3 to 6 months, while the overall settlement period needs 6 months to a whole year because the final settlement needs to go through the procedure of supervision unit audit, third party audit, and financial department audit and confirmation. Therefore, there is a difference between the customer settlement and the Company's revenue recognition.

The difference between major project settlement and revenue recognition of the Company in 2017 was as follows: As at December 31, 2017, the total revenue of the Company's major projects reached 7 billion yuan and the accumulated settlement was 3.912 billion yuan. The inventory (difference) was 3.088 billion yuan.

(III) Completed Outstanding Inventory Risk

1. Potential Loss Risk

Recent years witness the local government's efforts in examining and rectifying local government debts. Since the municipal landscape business of the Company is closely linked with its cooperation with local government, when pressed by local government funding, there may exist potential loss risk arising from settlement delay. To tackle with potential loss risk, the Company intensifies settlement inspection and management and takes active measures to promote project settlement including establishing settlement management department, formulating settlement management procedure guidebook, compiling settlement operation guidebook, settlement task and plan track table, and monthly settlement track table. Besides, the Company actively implements each regulation to promote in-time project settlement. Up until now, there is no big disagreement or dispute between the Company and the contract owner in terms of project quantity or project quality or any other potential loss risk.

2. Inventory Impairment Risk

As at December 31, 2017, the Company's project inventory balance was 11,761.3628 million yuan with an indication of inventory impairment risk. The Company has already formulated the inventory impairment policy in accordance with Accounting Standards for Business Enterprises No. 8 - Asset Impairment and drawn inventory falling price reserves in accordance with the policy to reduce the risk of inventory impairment. As at December 31, 2017, the Company has accumulated inventory falling price reserves of 29.2230 million yuan.

3. Account Recovery Risk

The Company's traditional business is invested by local government. Even though local government has relatively high credit rating, the accounts receivable collection efficiency is inevitably affected by factors such as the local government budget, financial conditions and local government debt levels. The speed of capital turnover is related to local government office efficiency. There is a risk of collection delay due to settlement delay. The Company has been actively working on the timely engineering cash collection. Considering the practical situation of different customers, the Company designs and implements the financing structure and capital supervision scheme in an all-round way by cooperating with various financial organizations such as commercial banks and trust companies. Up until now, there isn't any bad debt loss in large accounts receivable in the Company.

4. Measures for Promoting Project Settlement

- a. The settlement department is established for management, tracking, planning and technical support of outstanding settlement projects.
- b. The settlement management process guidebook is formulated for regional and project personnel to deal with settlement process, to complete settlement assessment indicators and to recover funds.
- c. The settlement task and plan track table is formulated. Regional operation manager and project manager schedule settlement planning, list each milestone, deadline and responsible person in the

settlement process, and timely track the completion status of the plan for finishing the settlement as planned.

- d. The monthly settlement track table is compiled. The settlement progress and estimated completion time of each project within the settlement indicators is listed by region in the table, and the settlement progress in each region will be tracked by designated person on a weekly and monthly basis.

With all the above-mentioned measures, the Company completed the settlement amount of 9,208.7427 million yuan throughout the year 2017.

2. Whether the main business suffered material change during the reporting period

Yes No

3. Products accounting for more than 10% of main operating revenue or main operating profit of the Company

Apply Not apply

Unit: yuan

Product name	Operating Revenue	Operating Profit	Gross Profit Ratio	Operating Revenue Change (against the same period last year)	Operating Profit Change (against the same period last year)	Gross Profit Ratio Change (against the same period last year)
Municipal Landscape	4,596,016,192.50	663,469,505.29	28.81%	56.70%	2.46%	-1.44%
Comprehensive Management of Water Environment	7,004,531,080.65	1,289,677,502.11	32.78%	76.18%	21.86%	-2.02%

4. Whether there are seasonal or periodical business operation characteristics that need special attention

Yes No

5. Illustrations about any major change against the last reporting period in operating revenue, operating cost, total net profit or net profit composition attributable to common shareholders of listed companies during the reporting period

Apply Not apply

As the country vigorously promotes the PPP mode, the Company makes full use of the first mover advantage in the field of the PPP to realize relatively big increase in the number and amount of winning projects. Meanwhile, the Company facilitates the process of putting those winning PPP projects into practice. The PPP project's operating revenue, operating cost, total net profit attributable to common shareholders of listed companies have increased largely against the same period last year.

6. Listing Suspension and Listing Termination

Apply Not apply

7. Relevant Items related to Financial Reports

(1) Compared with the financial report of last year, illustrations about changes in accounting policies, estimation and calculation method.

Apply Not apply

Content and reason of change in accounting policies	Approval procedure	Note
(1) List in the income statement as net profit from continuous operation and net profit from terminated operation. The comparative data needs to be adjusted correspondingly.	The 22nd meeting of the 6th board of directors.	The listed net profit from continuous operation in the current year is 2,220,625,861.87 yuan; The listed net profit from terminated operation in the current year is 0.00yuan. The listed net profit from continuous operation in the last year is 1,380,847,560.09 yuan; The listed net profit from terminated operation in the last year is 0.00 yuan.
(2) Part of the government subsidies pertinent to asset offset the asset book value. Comparative data is not adjusted	The 15th meeting of the 6th board of directors.	Fixed asset: decrease by 0.00 yuan
(3) Part of the government subsidies pertinent to income offset relevant cost. Comparative data is not adjusted	The 15th meeting of the 6th board of directors.	Management fees: decrease by 0.00 yuan
(4) The government subsidies pertinent to daily activities will be accounted into other income, rather than non-operating income. Comparative data is not adjusted.	The 15th meeting of the 6th board of directors.	Other income: 93,934,632.45 yuan.
(5) Add asset disposal income item in the income statement. The asset disposal income included in non-operating income and non-operating cost originally shall be reclassified into the newly added item. Comparative data is not adjusted.	The 22nd meeting of the 6th board of directors.	Related to the asset disposal income of current year's net decrease of -17,489,486.17 yuan in non-operating income and cost shall be reclassified into asset disposal income; the last year's related to the asset disposal income net decrease of 13,441.46 yuan of non-operating income and cost shall be reclassified into asset disposal income.

(2) Big accounting error correction in the reporting period that needs retroactive restatement

Apply Not apply

There is no retroactive restatement related to big accounting error correction in the reporting period

(3) Compared with last year's financial report, change in the scope of consolidated reports

Apply Not apply

Compared with the same period last year, there are another 12 companies merged this year and another two companies are not merged any more:

- 1 In order to speed up the layout of the industrial waste disposal business, the Company acquired Nantong Jiuzhou Environment Technology Co., Ltd., Hangzhou Lujiu Water Purifier Technology Co., Ltd., Sichuan Ruiheng Lubricant Co., Ltd., and Ningxia Laide Environment-friendly Energy Co., Ltd., which greatly enhances its capacity of dangerous and water material treatment, improves its business scope and promote the sound and sustained development of environment protection services. Besides, the Company newly established Gansu Orient Ruilong Environment Treatment Co., Ltd., Zhoukou Orient Landscape Environment Protection Technology Co., Ltd., Tianjin Orient Landscape Environment Protection Technology Co., Ltd., Beijing Huafei Xingda Environment Protection Co., Ltd., Liaoning Oriental Landscape Environment Protection Technology Co., Ltd., and Heilongjiang Orient Landscape Technology Co., Ltd.
- 2 The Company acquired Hubei Shunda Construction Group Co., Ltd. in August 2017.
- 3 The Company realized business combination with Beijing Orient Culture and Tourism Asset Management Co., Ltd. under the same control in June 2017.
- 4 The Company disposed all of its equity in Xuzhou Orient Zhongkuang Ecological Technology Co., Ltd. and no longer holds its shares in March 2017.
- 5 The Company disposed all of its equity in Hangzhou Fuyang Shengneng Solid Waste Environmental Regeneration Co., Ltd. and no longer holds its shares in June 2017.

(4) Business Performance Prediction for January to March 2018

Apply Not apply

Note: This document is a translated version of the Chinese Summary of Annual Report 2017 (“2017年年度报告摘要”), and the published announcement in the Chinese version shall prevail. The Chinese Summary of Annual Report 2017 document can be obtained at <http://www.cninfo.com.cn>.