



Shenzhen SEG Co., Ltd.

2017 Annual Report

2018-028

April 2018

Chapter 1 Important Notice, Contents, and Definitions

The Board of Directors, the Board of Supervisors, the directors, the supervisors, and the senior executives guarantee that the annual report is authentic, accurate, and complete, and that it has no false records misleading statements or major omissions and they commit to the individual and joint legal liabilities.

Chairman of the Board of Directors Chen Huijie, the Chief Financial Officer Liu Zhijun and the responsible person of the accounting institution (Accountant in charge) Ying Huadong hereby declare that the Financial Statements enclosed in this annual report are true, accurate and complete.

All directors other than the following directors have attended this board meeting and reviewed the annual report.

Name of director not present	Position of director not present	Reason for absence	Name of proxy
Yu Qian	Director	For work	Chen Huijie
Li Luoli	Independent director	For work	Fan Zhiqing
Song Pingping	Independent director	For work	Fan Zhiqing

The future plans, development strategies and other forward-looking statements mentioned in the annual report do not constitute substantial commitments to investors of the Company. Investors are advised to pay attention to investment risks.

According to the profit distribution plan deliberated and adopted by the meeting of the Board of Directors, based on 1,235,656,249 share capital, the Company will distribute cash dividend of RMB 0.55 (tax included) for every 10 shares and 0 bonus share (tax included) to all shareholders, and will not transfer reserves into share capital.

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Definitions

Definition	Refers to	Description
This Company, the Company, the listed company, Shen SEG	Refers to	Shenzhen SEG Co., Ltd.
Shenzhen SEG Group Co., Ltd.	Refers to	Shenzhen SEG Group Co., Ltd.
Longgang SEG	Refers to	Shenzhen SEG Electronics Market Management Co., Ltd.
Suzhou SEG	Refers to	Suzhou SEG Electronics Market Management Co., Ltd.
Suzhou SEG Digital	Refers to	Suzhou SEG Digital Plaza Management Co., Ltd.
Nanjing SEG	Refers to	Shenzhen SEG Nanjing Electronics Market Management Co., Ltd.
Xi'an SEG	Refers to	Xi'an SEG Electronics Market Co., Ltd.
Xi'an Hairong SEG	Refers to	Xi'an Hairong SEG Electronics Market Co., Ltd.
Changsha SEG	Refers to	Changsha SEG Development Co., Ltd.
Wujiang SEG	Refers to	Wujiang SEG Market Management Co., Ltd.
Wuxi SEG	Refers to	Wuxi SEG Electronics Market Co., Ltd.
Shunde SEG	Refers to	Shunde SEG Electronics Market Management Co., Ltd.
Nanning SEG	Refers to	Nanning SEG Digital Plaza Management Co., Ltd.
Shanghai SEG	Refers to	Shanghai SEG Electronics Market Co., Ltd.
SEG Baohua	Refers to	Shenzhen SEG Baohua Enterprise Development Co., Ltd.
SEG Industrial	Refers to	Shenzhen SEG Industrial Investment Co., Ltd.
SEG Credit	Refers to	Shenzhen SEG Credit Co., Ltd.
Nantong SEG	Refers to	Nantong SEG Times Plaza Management Co., Ltd.
Nantong SEG Operation	Refers to	Nantong SEG Commercial Operation Management Co., Ltd.
SEG Intelligent	Refers to	Suzhou SEG Intelligent Technology Co., Ltd.
SEG Investment	Refers to	Shenzhen SEG Investment Management Co., Ltd.
Longyan Application	Refers to	Shenzhen SEG Longyan New Energy Application and Development Co., Ltd.
SEG Longyan Technology	Refers to	Shenzhen SEG Longyan Energy Technology Co., Ltd.
Hangzhou SEG Longyan	Refers to	Hangzhou SEG Longyan Energy Technology Co., Ltd.
SEG Lianzhong	Refers to	Shenzhen SEG Lianzhong Internet Technology Co., Ltd.
SEG Zhongtong	Refers to	Shenzhen SEG Zhongtong Technology Co., Ltd.
SEG Real Estate Investment	Refers to	Shenzhen SEG Real Estate Investment Co., Ltd.

Definition	Refers to	Description
SEG Property Development	Refers to	Shenzhen SEG Property Development Co., Ltd.
SEG Recreation	Refers to	Shenzhen SEG Recreation Enterprise Development Co., Ltd.
SegMaker	Refers to	Shenzhen SegMaker Co., Ltd.
SEG Property Management	Refers to	Shenzhen SEG Property Management Co., Ltd.
SEG New Urban	Refers to	Shenzhen SEG New Urban Construction Development Co., Ltd.
SEG Yicheng	Refers to	Shenzhen SEG Yicheng Science and Technology Co., Ltd.
Target companies	Refers to	SEG Real Estate, SEG Property Development, SEG Recreation and SegMaker that major assets are injected into
Xi'an SEG Kanghong	Refers to	Xi'an SEG Kanghong Real Estate Co., Ltd.
Huizhou Stars	Refers to	Huizhou Stars Real Estate Development Co., Ltd.
Beijing SEG	Refers to	Beijing SEG Property Development Co., Ltd.
SEG Wisdom	Refers to	SEG Wisdom Sports and Culture Development Co., Ltd.
Mellow Orange Hotel	Refers to	Shenzhen Mellow Orange Business Hotel Management Co., Ltd
Maker Hotel	Refers to	SEG Maker Hotel Management Co., Ltd.
Huakong SEG	Refers to	Shenzhen Huakong SEG Co., Ltd.
SEG Navigations	Refers to	Shenzhen SEG GPS Scientific Navigations Co., Ltd.
CEEC	Refers to	China International Consumer Electronics Exhibition/Exchange Center
Longyan Energy Technology	Refers to	Longyan Energy Technology (Hangzhou) Co., Ltd.
Wangyu Technology	Refers to	Shanghai Wangyu Information Technology Co., Ltd.
Zhonghai SEG Intelligent Parking	Refers to	Shenzhen Zhonghai SEG Intelligent Parking Development Co., Ltd.
Tencent	Refers to	Shenzhen Tencent Computer System Co., Ltd.
Fujian Babycat	Refers to	Fujian Babycat Animation Technology Co., Ltd.
Zhuhai Zhongtong	Refers to	Zhuhai Zhongtong Lexing Network Technology Co., Ltd.
Allied eSports	Refers to	Tianjin Allied eSports Internet Technology Co., Ltd.
Shenzhen SASAC	Refers to	State-owned Assets Supervision and Administration Commission of Shenzhen Municipality
CSRC	Refers to	China Securities Regulatory Commission
Shenzhen Securities Regulatory Bureau	Refers to	Shenzhen Securities Regulatory Bureau of China Securities Regulatory Commission
<i>Articles of Association</i>	Refers to	<i>Articles of Association of Shenzhen SEG Co., Ltd.</i>
Unless otherwise specified, the amount referred to in the report	Refers to	Amount in RMB
Reporting period	Refers to	From January 1, 2017 to December 31, 2017

Chapter 2 Company Profile and Main Financial Indexes

I. Basic Information

Stock abbreviation	SHEN SEG, SHEN SEG B	Stock code	000058, 200058
Changed stock abbreviation (if any)	None		
Listed on	Shenzhen Stock Exchange		
Company name in Chinese	Shenzhen SEG Co., Ltd.		
Company name in Chinese	SHEN SEG		
Company name in English (if any)	SHENZHEN SEG CO., LTD.		
Company name abbreviations in English (if any)	None		
Legal representative	Chen Huijie		
Registered address	31/F, Tower A, Stars Plaza, Huaqiang Road (N), Futian District, Shenzhen		
Post code	518028		
Office address	31/F, Tower A, Stars Plaza, Huaqiang Road (N), Futian District, Shenzhen		
Post code	518028		
Website	http://www.segcl.com.cn		
E-mail	segcl@segcl.com.cn		

II. Contact Information

	Secretary of the Board of Directors	Securities affairs representative
Name	Peng Aiyun	
Contact address	31/F, Tower A, Stars Plaza, Huaqiang Road (N), Futian District, Shenzhen	
Phone	0755-83747939	
Fax	0755-83975237	
E-mail	segcl@segcl.com.cn	

III. Information Disclosure and Filing Site

Media selected by the Company for information disclosure	<i>China Securities Journal, Securities Times, Securities Daily and Hong Kong Commercial Daily</i>
Website selected by CSRC for publishing the annual report	http://www.cninfo.com.cn (Cninfo Website)
The place where the annual report is prepared and kept	Secretary's Office of Board of Directors, 31/F, Tower A, Stars Plaza, Huaqiang Road (N), Futian District, Shenzhen

IV. Changes in Registration Information

Organization code	91440300279253776E
Changes in main business since the Company's listing (if any)	Changes to business scope on July 6, 2005: Domestic commerce, goods supply and sale (excluding commodities under special operation, control and sale), industrial investment (licenses for specific projects shall be subject to application on a case-by-case basis), economic information consultancy, property lease, real estate agency, and operation of SEG electronics markets (the license for the professional market shall be further applied for). Alteration of registration information on September 28, 2016: The business scope of

	the Company is changed to investment in industrial projects (specific items to be declared separately); operation and management of electronics markets; online trade; Internet technology development; advertising business; housing leasing; sales of computers, software, auxiliary equipment, and electronic products; cultural and artistic exchange activity planning (excluding performances); exhibition activities; investment in and management of children's industrial chain projects; children's playground equipment leasing (excluding financial leasing activities); playground management and services (limited to branch management); catering services (limited to branch management); business management consulting; education consulting; wholesale and retail of pre-packaged food, unpacked food, and dairy products (including infant formula milk powder) (limited to branch management); sales of stationery, craft gifts, toys, children's clothing, electronic products, handicrafts, and daily necessities; photography services; technical development of new energy; EPC of photovoltaic power generation and building integrated photovoltaic (BIPV) engineering; technical development and services of CdTe film solar cell modules; investment in photovoltaic power plants, contracting of BIPV curtain wall engineering; domestic trade (excluding franchised goods, proprietary goods, and goods under special control). (Any item subject to approval pursuant to laws can be operated only after approval.) Information services (limited to Internet information services); sales of food; manufacturing and sales of CdTe solar cell modules.
Changes in dominant stockholders (if any)	None

V. Other Relevant Information of the Company

The accounting firm employed by the Company:

Name of the accounting firm	Da Hua Certified Public Accountants (Special General Partnership)
Address of the accounting firm	Room 1101, 11/F, Tower 7, No. 16 Block, Xisihuan Road (M), Haidian District, Beijing
Name of the certified public accountant	Zhang Zhaocheng and Liu Guoping

The sponsor firm employed by the Company for fulfilling the duties of continuous supervision in the reporting period:

☐ Applicable ☒ Not applicable

The financial advisor employed by the Company for fulfilling the duties of continuous supervision in the reporting period:

☒ Applicable ☐ Not applicable

Name of financial advisor	Office address of financial advisor	Name of handler	Continuous supervision period
China Merchants Securities Co., Ltd.	38-45F, Jiangsu Building, Yitian Road, Futian District, Shenzhen	Wang Xinlei, Luo Li (changed in April 2018)	From March 2017 to December 2018

VI. Main Accounting Data and Financial Indexes

Are retrospective adjustments made to previous financial statements?

☒ Yes ☐ No

Reason for retrospective adjustments or restatement

According to the *Approval on Shenzhen SEG Co., Ltd.'s Issuing Shares to Shenzhen SEG Group Co., Ltd. to Acquire Assets and Raise Supporting Funds* (Z. J. X. K. [2017] No. 21) issued by China Securities Regulatory Commission (CSRC), the Company issued 450,857,239 shares to the controlling shareholder SEG Group to acquire assets of four target companies. Such share issuance for asset acquisition is business combination under common control. According to the *Accounting Standards for Enterprises No. 20 – Business Combination*, the opening balance in the balance sheet statement and the amount incurred in the same period last year are subject to retrospective adjustment.

	2017	2016	Year-on-year increase/decrease	2015
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		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Operating income (Yuan)	1,981,307,558.23	672,384,276.47	1,371,044,982.11	44.51%	741,533,676.93	1,812,676,979.61
Net profit attributable to shareholders of the listed company (Yuan)	219,553,261.10	107,560,213.41	246,062,783.31	-10.77%	74,242,090.49	176,302,276.77
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit and loss (Yuan)	148,677,556.32	29,705,359.63	22,248,698.59	568.25%	84,931,560.68	67,551,197.92
Net cash flow arising from operating activities (Yuan)	507,386,549.21	-120,030,057.68	443,535,540.78	14.40%	-12,453,523.82	-204,641,269.58
Basic EPS (Yuan/Share)	0.1777	0.1371	0.1991	-10.76%	0.0946	0.1427
Diluted EPS (Yuan/Share)	0.1777	0.1371	0.1991	-10.76%	0.0946	0.1427
Weighted average ROE	11.96%	7.11%	11.15%	0.81%	5.19%	8.24%
	End of 2017	End of 2016		Year-on-year increase/decrease	End of 2015	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Total assets (Yuan)	6,992,590,420.75	2,548,276,265.32	6,923,273,093.64	1.00%	2,614,660,524.37	5,980,165,401.09
Net assets attributable to shareholders of the listed company (Yuan)	1,917,228,370.15	1,548,200,647.55	2,412,301,070.04	-20.52%	1,475,126,229.16	2,129,168,599.26

VII. Differences in Accounting Data under Chinese and Overseas Accounting Standards

1. Differences in net profits and net assets reported in the financial statements disclosed under international accounting standards and Chinese accounting standards

☐ Applicable ☒ Not applicable

In the reporting period, the company's net profits and net assets have no differences in the financial report disclosed based on both the international and the Chinese accounting standards.

2. Differences in net profits and net assets reported in the financial statements disclosed under international accounting standards and Chinese accounting standards

☐ Applicable ☒ Not applicable

In the reporting period, the company's net profits and net assets have no differences in the financial report disclosed based on both the international and the Chinese accounting standards.

3. Reason for differences in accounting data under international accounting standards and Chinese accounting standards

☐ Applicable ☒ Not applicable

VIII. Major quarterly financial indexes

Unit: Yuan

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Operating income	264,775,121.17	1,124,185,810.84	264,775,121.17	1,124,185,810.84
Net profit attributable to shareholders of the	31,609,057.25	18,399,728.17	19,184,279.34	150,360,196.34

listed company				
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit and loss	30,418,650.93	360,232.34	19,569,428.60	98,329,244.46
Net cash flow from operating activities	44,232,089.23	48,893,189.51	187,037,443.86	227,223,826.61

Are there any significant differences between the financial indexes or their totals in the preceding table and those described in the disclosed quarterly reports or annual reports?

☐ Yes ☒ No

IX. Items and amount of non-recurring profit and loss:

☒ Applicable ☐ Not applicable

Unit: Yuan

Item	Amount of 2017	Amount of 2016	Amount of 2015	Remarks
Profit or loss on disposal of non-current assets (including the write-off of assets depreciation reserves)	54,066,201.12	89,459,793.78	-257,269.63	Gains on reduction of holding-shares of Huakong SEG and sales of the equity of Wuxi SEG during the reporting period.
Tax return, reduction or exemption with unauthorized approval or without any official approval document				
Government subsidies recognized in current profit or loss (except those closely related to corporate business and enjoyed according to national standards or certain quota)	6,416,623.72	9,828,264.76	980,956.24	
Fund appropriation charges for non-financial entities recognized in current profit or loss	2,376,532.33	3,097,500.00	3,414,955.63	
Gains on less acquisition costs of subsidiaries, associates and joint ventures than the accrued fair value of the investee's identifiable net assets				
Profit or loss on non-monetary assets exchange				
Profit or loss on investment or asset management in proxy	15,843,427.61	9,844,238.42	15,188,228.82	
Provision for impairment of assets due to force majeure (such as natural disasters)				
Profit or loss on debt restructuring				
Corporate restructuring costs, such as staffing expenses and integration costs		-1,439,958.00	0.00	
Profit or loss on the part exceeding the fair value in unfair transactions				
Current net profit or loss of subsidiaries incurred by business combination under common control from the beginning of the reporting period to the date of merger	10,632,970.71	197,406,948.04	127,043,092.65	
Profit or loss on contingencies unrelated to business operation of the Company				
Profit or loss on changes in fair value due to holding of trading financial assets and trading financial liabilities and investment income from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets apart				

Item	Amount of 2017	Amount of 2016	Amount of 2015	Remarks
from valid hedging operations related to business operation of the Company				
Transferred-back impairment provision for accounts receivable, for which separate impairment tests are carried out		0.00	469,871.93	
Profit or loss on consignment loan				
Profit or loss on changes in fair value of investment property subsequently measured by the fair value				
Impact of one-time adjustment on the current profit or loss as required by taxation or accounting laws and regulations				
Trustee fee from entrusted operation	143,444.42	188,679.24	200,000.00	
Other non-operating income and expenses except the above-mentioned items	8,349,713.60	-3,068,241.76	-13,043,897.59	Losses from litigation compensation of Hainan nanhai mingzhu real estate and Furao eatate
Other items conforming to the definition of non-recurring profit and loss				
Subtotal	97,828,913.51	305,317,224.48	133,995,938.05	
Less: Amount of affected income tax	24,815,042.12	21,534,040.30	5,819,109.22	
Amount of influence of minority shareholders' equity (after tax)	2,138,166.61	59,969,099.47	19,425,749.98	
Total	70,875,704.78	223,814,084.72	108,751,078.85	--

An explanation shall be made with regard to the Company's considerations for defining non-recurring profit and loss according to the *Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profit and Loss* and the reason of classifying the non-recurring profit and loss listed in this announcement as recurring.

☐ Applicable ☒ Not applicable

Chapter 3 Overview of Business

I. Main Business in the Reporting Period

Should the Company abide by the disclosure requirements of special industries?

No.

(I) Main business and operation model

In 2017, the Company has completed major assets restructuring, further improved the overall market size, share and profitability, and promoted the transformation and upgrading of the original traditional business. In the major assets restructuring, the Company purchased 100% of the equity of SegMaker, 55% of the equity of SEG Recreation, 100% of the equity of SEG Property Development and 79.02% of the equity of SEG Real Estate held by SEG Group by issuing shares and paying cashes to acquire assets (see the *Report of Share Issuance and Cash Payment to Acquire Assets and Raise Funds & Connected Transactions* for details). On January 17, 2017, the Company received the approval document on the major assets restructuring issued by the CSRC. In the reporting period, the Company has completed asset transfer and issued 450,857,239 shares to SEG Group on March 6, 2017.

After restructuring, the main business of the Company has not changed substantially, including the development and operation of electronics markets and supporting projects, property leasing and management services, commercial real estate (industrial park) business, microcredit business, budget hotel business, trade and channel business. Business model: On the basis of the electronics markets, commercial real estate (industrial parks), marker business, and new energy business, the Company combines multiple business models, develops the overall resource advantages, expands from operation of a single business platform to the content production and operation, creates a business model combining multiple business types, including the maker ecosystem, culture & education, intelligent technology, sports & entertainment, virtual experience, e-sports, financial services, and construction and operation of industrial parks, and builds a new SEG industrial ecosystem. By innovation in the business model, investment, M&A, the Company transforms itself into a platform for diversified strategic emerging industries and becomes a leader in high-end manufacturing and services.

(II) Current situation of industries

1. Electronics market industry

Under the continuous impact of e-commerce, the traditional electronics market industry focuses on innovation in the original business model: a. transforms from a single electronic trading platform to a complex business type platform combining culture, science & technology, intelligence, sports, and financial services; b. transforms enterprises engaged in electronics market operation from a single leasing role to platform operators and service providers that integrate online and offline resources; c. supports innovative business based on the existing electronics market business resource platform, and deploys full industry chains.

2. Commercial(industrial park) real estate industry

In recent years, in the context of economic policy stimulus, rapid growth of total retailing of social consuming goods, and transformation of the traditional department stores, China's commercial real estate witnesses continuous rapid development. At present, China's real estate market enters new normal. The government becomes more rational and attaches more importance to market regulation and control. As the market mechanism and the investor sentiment grow mature, commercial real estate will step into a rational and stable development stage.

2. Maker industry

Relying on its advantages in the electronic component industry, Shenzhen has initially formed three maker clusters, namely Qianhai, Citizens Center, and Huaqiangbei, and has full maker industry chains including the maker space, venture capital, crowd funding platforms, incubators, and electronic supply chains. The construction of the maker ecosystem is an important trend for economic transformation and upgrading of Huaqiangbei. At present, the maker industry enters the stage of survival of the fittest, and equity investment tends to be rational.

(II) Industrial position of the Company

Having been dedicated to the electronics market industry for nearly 30 years, the Company is the founder of the electronics market operation model in China and a leader in the industry. The Company has established more than 20 electronics markets in China by means of direct operation, joint operation, and entrusted operation, has formed an electronics market chain system covering Zhujiang River Delta and Yangtze River Delta and radiating the

whole country, and has gained high brand influence both at home and abroad.

II. Significant Changes in Main Assets

1. Significant Changes in Main Assets

Main assets	Description of Significant Changes
Equity	In the reporting period, the equity increased by 4.08% year on year, mainly because (1) In the reporting period, the Company contributed RMB 17,500,000 to Shenzhen Zhonghai SEG Intelligent Parking Development Co., Ltd., accounting for 29.75% of its equity. (2) In the reporting period, the Company reduced 10,000,000 holding-shares of Huakong SEG and the long-term equity investment of RMB 9,125,600.
Fixed assets	In the reporting period, fixed assets increased by 19.94% year on year, mainly because SEG Lianzhong purchased computers, broadcasting equipment, stages and LED systems (RMB 11,914,100).
Intangible assets	In the reporting period, intangible assets increased by 1087.08% year on year, mainly because Shenzhen-Shantou Cooperation Zone SEG Longyan Energy Technology Co., Ltd. paid RMB 28,010,000 for the land use right in the reporting period.
Construction in progress	In the reporting period, construction in progress increased by 93.42% year on year, mainly due to (1) expenses incurred by renovation of Economic Building Huaqiang north Shenzhen, Recreation Building, and SEG Industrial Building (RMB 20,060,000); (2) expenses incurred by decoration of Skyland Museum of Yicheng Science and Technology (RMB 4,175,800). (3) mainly because Shenzhen-Shantou Cooperation Zone SEG Longyan Energy Technology Co., Ltd. Paid RMB 9,918,300 for construction .
Prepayment	In the reporting period, prepayment decreased by 93.42% year on year, mainly because SEG Industrial reduced the prepayment of RMB 30,359,900.
Other non-current assets	In the reporting period, other non-current assets increased by 575.77% year on year, mainly because Shenzhen-Shantou Cooperation Zone SEG Longyan Energy Technology Co., Ltd. paid RMB 91,709,300 for some equipment.

2. Main Overseas Assets

☐ Applicable ☒ Not applicable

III. Analysis of the Core Competitiveness

Should the Company abide by the disclosure requirements of special industries?

No.

Shenzhen SEG Electronic Market operated by the Company is the founder of the electronics market operation model in China, leading in the industry. It has won honorable titles successively including "Five-star Market of Electronic Products in China", "Most Influential Market in Shenzhen Special Area in 30 Years", Top 10 Shenzhen Branded Markets "Influential in China", "China's Top 10 Electronics Markets in 2016", and "China's Electronics Market Operation Innovation Prize in 2016". Dedicated to the electronics market for 30 years, the Company has acquired abundant market merchant resources and mature market operation and management experience. As of today, the Company has set up more than 20 electronics markets in China by means of direct operation, joint operation and entrusted operation, has formed an electronics market chain system covering Zhujiang River Delta and the Yangtze River Delta and radiating the whole country, has become the largest comprehensive electronics market in China and even in Asia covering electronic components, digital IT and

communication products, and has gained high brand influence both at home and abroad.

For the past several years, the Company has been exploring, innovating in, and practicing electronics market business transformation and upgrading based on the traditional main business. Faced with new consumption, new channels, and new retail, the Company expands from operation of a single business platform to the content production and operation, creates a business model combining multiple business types, including the maker ecosystem, culture & education, intelligent technology, sports & entertainment, virtual experience, e-sports, and financial services, builds a new SEG industrial ecosystem, and provides one-stop and comprehensive consumption experience to consumers.

In the reporting period, the Company has completed major assets restructuring and is raising funds. After restructuring, by asset injection into quality electronics markets, property management, and commercial real estate, the Company has reduced horizontal competition to the maximum extent, enriched the business structure, enhanced the profitability and core competitiveness of the listed company, and achieved strategic integration, transformation and upgrading of the existing business.

At present, the Company has cooperated with Longyan Energy Technology, Wangyu Technology, Alibaba, Fujian Babycat, Tencent, and Zhuhai Zhongtong in such new business fields as new energy, e-sports, e-commerce, animation, and makers. The Company has promoted the transformation and upgrading of the original business, developed new business, and achieved coordinated development of multiple business types. The Company will develop diversified strategic emerging industries, high-end manufacturing, and services.

Chapter 4 Operation Discussion and Analysis

I. Overview

In 2017, the Company has completed major assets restructuring. Benefiting from injection of core property and other business assets into the electronics market in Huaqiangbei area, the electronics market business size of the Company has expanded, laying a solid foundation for further development. Benefiting from injection of commercial real estate and property assets, the existing business of the Company will interwork. In this way, the Company has further enhanced its core competitiveness and going-concern ability.

Facing fierce market competition and the continuous impact of e-commerce, the Company is dedicated to user value, integrates resources, further expands the industrial chain, improves the service quality of electronics markets, creates a complex business model, vigorously promotes transformation and upgrading of the electronics market business, and continuously improves its operating capacity. At the same time, the Company actively explores innovation programs involving new energy, e-sports, and makers, and transforms itself into a platform for diversified strategic emerging industries. The Company develops the commercial real estate business according to the diversified development strategy featuring "real estate + culture + sports + finance + technology", integrates cultural real estate and sports real estate, enriches the content experience business types, expands its development scale, and promotes its market position.

In the reporting period, the total revenue of the Company amounted to RMB 2,030,440,000 and increased by 39.11% year on year. The total profit amounted to RMB 1,428,260,000 and increased by 2.72% year on year. The revenue and profit increased mainly because: (1) the income from property sales of SEG Real Estate increased; (2) after centralizing core property resources of Huaqiangbei, the property lease and management business made steady progress and the revenue and profit increased year on year.

II. Analysis of Main Business

1. Overview

Is it the same as the overview disclosed in operation discussion and analysis?

☐ Yes ☒ No

After restructuring, the main business of the Company includes the development and operation of electronics markets and supporting projects, property leasing services, commercial real estate (industrial park) business, microcredit business, budget hotel business, and trade and channel business.

(I) Electronics market business and property leasing & management business

With the rapid development of multiple shopping channels and changes in consumer behaviors, the electronics markets have been continuously impacted. In face of the difficulties, the Company actively transforms and upgrades its existing electronics market business, and adopts a complex business model to create a comprehensive electronics market where multiple business types co-exist. The Company also constantly improves services, enhances communication with the government, and perfects the original business types so as to ensure the Company's stable operating capacity and create new profit opportunities.

The Company has developed strategic cooperation with Allied eSports, Wangyu Technology and Fujian Babycat, and has gradually expanded from operation of a single business platform to the content production and operation. As of December 2017, the Company's e-sports and children's amusement park projects have been running steadily, and the transformation and development strategy have delivered results.

Operation of new projects in the reporting period:

Children's amusement park project: The park in Nantong branch store has been running steadily. The project team has developed a new park in Longgang branch store which is to finish decoration, prepare devices and apply for certificates.

Internet café and e-sports project: The "Nantong Area Finals of the 2nd SEG E-Sports Suzhou-Nantong Competition" and "Nantong Area Finals of the 3rd SEG E-Sports Suzhou-Nantong Competition" have been

successfully held in the Nantong branch store. The Nantong branch store has also cooperated with Nantong TV Station and local colleges to jointly host multiple e-sports events, including Nantong Tencent Hundreds of City Tournament and Daluandou. The Suzhou branch store and Soochow University jointly held the first e-sports competition of Soochow University.

SEG-OURGAME e-sports stadium: The e-sports stadium in Shenzhen branch store has completed construction and fire inspection and is put into for trial operation. In September 2017, the stadium successfully held the "Overwatch Masters Cup" China Finals which attracted thousands of scene audience and more than 1 million online audience in two days. In October, the stadium successfully held "CS:GO Urban Elite Competition" as authorized by Perfect World. In December, the stadium held "QQ Space Arena of Valor Star Tournament" jointly with Tencent.

The property leasing services of the Company cover the property leasing business of its headquarters and holding subsidiaries, including SEG Baohua, SEG Real Estate, SegMaker, SEG Recreation, and Nantong SEG Business Operation Company. In the reporting period, the Company has improved its property management capabilities and service quality, cut down costs and expenses, and attracted more investments. Thanks to these effective operation measures, the occupancy rates of SEG Baohua and SEG Recreation properties maintain at 99%, and the overall performance of the property leasing services is stable.

SEG Business Apartment of SegMaker was transformed from Building 6 of SEG Court located in the metro business district in Huaqiangbei and Huaqiangnan. Based on characteristics of the customer housing demands in Huaqiangbei, SegMaker carried out the customer-based diversified operation strategy, renovated and improved the hardware environment, introduced third-party service provider resources, and offered both short-term lease and long-term lease. In this way, the customer loyalty is built, and the occupancy rate maintains at a high level.

Beijing SEG, a holding subsidiary of SEG Real Estate, rented the offices of Beijing Air China Property Hotel Management Co., Ltd. Air China Plaza Branch located at Air China Plaza, No. 36, Xiaoyun Road, Chaoyang District, Beijing. Beijing SEG intends to develop it into an operational service business center. It is the first project that SEG Real Estate launched in North China and also an important step for business deployment across the country. This will enhance the brand influence of SEG Real Estate.

In the reporting period, the operating income of electronics markets and property leasing and management business amounted to RMB905,290,000, increasing by 9.23% year on year. The total profit amounted to RMB 195,590,100, slightly decreasing year on year, mainly because the Company has continuously promoted the diversification, transformation and upgrading of electronics markets, brought in different industries in line with the transformation goal with preferential policies while keeping the original business types, and increase investment in new project development. As a result, the profit of the Company has decreased.

(II) Commercial real estate (industrial park) business

After restructuring, the real estate business of the Company is about the development, construction and operation of urban complexes (industrial parks).

Development of the real estate business in the reporting period:

1. Nantong SEG Times Plaza project

Since its opening, Nantong SEG Times Plaza has improved the internal management quality and coordinated resources for targeted investment attraction to continuously increase the customer flow and enhance the regional influence and market value of SEG brand. In 2017, the Animation Industrial Park of Nantong SEG Times Plaza received the special fund from Nantong municipal government. At the same time, as the original animation products of the industrial park won the Best Works Award of Jiangsu, the influence of the animation industrial park is enhanced. Engineering settlement audit: In the reporting period, the completion rate of the second audit of Nantong SEG Times Plaza is 74% (based on the project cost ratio).

2. SEG New Urban Plaza (Phase II) project (SEG ECO Center)

SEG New Urban Plaza (Phase II) project is invested and developed by SEG New Urban, a holding subsidiary of SEG Real Estate. This project is located at the intersection of Bulong Road and Lianzhong Road, Buji Sub-district, Longgang District, Shenzhen. With a total development area of 108,000 m², SEG New Urban Plaza (Phase II) is an iconic complex project integrating 5A offices, regional flagship stores, entry lux business apartments and business headquarters bases. The project won the title of "Shenzhen Major Project" and listed as

a key project in Guangdong as recommended by Development and Reform Commission of Shenzhen. As of December 2017, the inspection and acceptance of the project has been completed.

3. Huizhou Stars SEG Holiday Plaza project

Huizhou Stars SEG Holiday Plaza is developed in three phases. As a commercial complex covering shopping, leisure, catering, culture and entertainment, it is designed to be a life and fashion culture center. Currently, the project is in development and construction of Phase I. The project covers 100,000 m², comprising 5A offices and experience-oriented commercial shopping center. 5A offices of SEG Holiday Plaza Phase I – SEG Building was the best-selling offices in Huicheng District in 2015 and 2016. The commercial shopping center of SEG Holiday Plaza was officially open on April 14, 2016.

By the end of December 2017, offices of SEG Holiday Plaza have almost been sold. Since opening, by continuous marketing and promotions, optimization of the merchant structure, and improvement of the shopping experience, SEG Holiday Plaza has become a community-based shopping center with the most distinctive culture, leisure and entertainment features. In the reporting period, SEG Holiday Plaza Phase II is in progress.

4. Xi'an SEG Plaza project

This project is located on Gaoxin 6th Road, Hi-tech Zone, Xi'an. The project will bring in such business types as electronic markets, leisure and entertainment, catering, finance, high-end offices and apartments, create a professional office cluster with regional spin-off effect and a experience-oriented urban complex centering on electronics markets, cinemas and leisure restaurants. In the reporting period, the Land Use Certificate, Land Planning Permit and Construction Planning Permit have been obtained for the project.

In the reporting period, the operating income of the commercial real estate (industrial park) business amounted to RMB 883,600,000, increasing by 256.24% year on year, mainly because SEG Real Estate' income from real estate sales increased.

(III) Microcredit business

As China tightened financial risk control and financial regulation became strict in 2017, the loan interest rate in the microcredit industry declined. To reduce operating risks, SEG Credit reduced its business size, standardized its business process, and strengthening interest collection. These measures ensure normal operation of SEG Credit. However, the economic indicators obviously go down. In the reporting period, the operating income of the microcredit business amounted to RMB 49,130,000, decreasing by 44.50% year on year. To avoid potential financial risks, in March 2018, the Company decided to transfer 62% of the equity of SEG Credit held by the Company and its holding subsidiaries (see the *Announcement on the Connected Transaction of Transfer of 62% of the Equity of SEG Credit Held by the Company and its Holding Subsidiaries* released by the Company in designated information disclosure media. The transaction was deliberated and adopted at the 30th interim meeting of the 7th Board of Directors and the first extraordinary general meeting of 2018. After transfer, the Company will discontinue the microcredit business.

(IV) Budget hotel business

The Company has opened five budget hotels: four Mellow Orange Hotel branches (separately located on Changsha Wuyi Road, Changsha Xingsha, Shenzhen Bao'an, and Dongmen, and one SEG Maker Hotel in Huaqiangbei. In the reporting period, the operating income of the budget hotel business amounted to RMB 42,050,000, increasing by 68.80% year on year, mainly because the Mellow Orange Hotel in Dongmen and SEG Maker Hotel were open.

(V) Trade and channel business

In the reporting period, the operating income of the trade and channel business amounted to RMB 150,360,000, decreasing by 47.12% year on year, mainly because: SEG Industrial has discontinued the trade business other than the government procurement platform business; SEG Intelligent Technology adjusted the smart home business and no longer underwrite large projects.

2. Income and Cost

(1) Formation of operating income

Unit: Yuan

	2017		2016		Year-on-year increase/decrease (%)
	Amount	Percentage of operating income	Amount	Percentage of operating income	
Total operating income	2,030,445,390.62	100%	1,459,575,791.50	100%	39.11%
By sector					
Electronics market and property leasing and management	905,285,927.82	44.59%	793,204,704.80	54.34%	14.13%
Real estate development	883,601,001.00	43.52%	248,736,375.89	17.04%	255.24%
Trade	150,361,821.40	7.41%	284,331,867.85	19.48%	-47.12%
Finance	49,137,832.39	2.42%	88,530,809.39	6.07%	-44.50%
Hotel	42,058,808.01	2.07%	24,915,964.23	1.71%	68.80%
E-commerce			19,856,069.34	1.36%	
By region					
Shenzhen	1,692,018,637.57	83.33%	908,164,964.11	62.22%	86.31%
Xi'an	57,222,951.89	2.82%	61,087,396.36	4.19%	-6.33%
Suzhou	138,598,817.14	6.83%	177,711,494.88	12.18%	-22.01%
Changsha	23,401,682.40	1.15%	24,597,175.67	1.69%	-4.86%
Nanjing	23,846,790.75	1.17%	24,795,038.43	1.70%	-3.82%
Shunde	3,132,622.73	0.15%	3,020,405.16	0.21%	3.72%
Beijing	134,077.67	0.01%			
Huizhou	87,472,427.54	4.31%	254,378,434.59	17.43%	-65.61%
Wuxi	4,617,382.93	0.23%	5,820,882.30	0.40%	-20.68%

(2) Information on industries, products or regions accounting for over 10% of operating income or operating profit

√ Applicable □ Not applicable

Should the Company abide by the disclosure requirements of special industries?

No.

Unit: Yuan

	Operating income	Operating cost	Gross profit rate	Year-on-year increase/decrease of operating income	Year-on-year increase/decrease of operating cost	Year-on-year increase/decrease of gross profit rate
By sector						

Electronics market and property leasing and management	905,285,927.82	615,786,444.11	31.98%	14.13%	12.89%	2.39%
Real estate development	883,601,001.00	594,819,985.74	32.68%	255.24%	354.32%	-31.00%
Trade	150,361,821.40	146,430,367.50	2.61%	-47.12%	-48.57%	-1919.71%
Finance	49,137,832.39	5,219,910.64	89.38%	-44.50%	-58.01%	3.98%
Hotel	42,058,808.01	36,837,858.28	12.41%	68.80%	69.72%	-3.67%
By region						
Shenzhen	1,692,018,637.57	1,112,543,601.01	34.25%	86.31%	79.58%	7.75%
Xi'an	57,222,951.89	45,835,666.33	19.90%	-6.33%	3.01%	-26.74%
Suzhou	138,598,817.14	135,546,900.46	2.20%	-22.01%	-17.01%	-72.78%
Changsha	23,401,682.40	15,723,374.20	32.81%	-4.86%	2.39%	-12.67%
Nanjing	23,846,790.75	26,326,585.42	-10.40%	-3.82%	-9.47%	-39.85%
Shunde	3,132,622.73	2,939,384.53	6.17%	3.72%	2.31%	26.48%
Beijing	134,077.67	6,204,734.56	-4527.72%			
Huizhou	87,472,427.54	50,124,623.44	42.70%	-65.61%	-63.00%	-8.65%
Wuxi	4,617,382.93	3,849,696.32	16.63%	-20.68%	-22.56%	13.91%

If the statistical caliber of main business data is adjusted in the reporting period, the Company shall use the main business data of the previous year collected at the end of the reporting period after adjustment of statistical caliber.

☐ Applicable ☒ Not applicable

(3) Is the Company's material sales revenue more than its service revenue?

☐ Yes ☒ No

(4) Performance of executed major sales contracts as of the reporting period

☐ Applicable ☒ Not applicable

(5) Formation of operating cost

Industry classification

Unit: Yuan

Industry classification	Item	2017		2016		Year-on-year increase/decrease (%)
		Amount	Percentage of operating cost	Amount	Percentage of operating cost	
Electronics market and property leasing and management	Electronics market and property leasing and management	615,786,444.11	44.01%	545,456,587.10	53.73%	12.89%

Industry classification	Item	2017		2016		Year-on-year increase/decrease (%)
		Amount	Percentage of operating cost	Amount	Percentage of operating cost	
Real estate development	Real estate development	594,819,985.74	42.51%	130,925,844.41	12.90%	354.32%
Trade	Trade	146,430,367.50	10.47%	284,740,411.64	28.05%	-48.57%
Finance	Finance	5,219,910.64	0.37%	12,430,171.06	1.22%	-58.01%
Hotel	Hotel	36,837,858.28	2.63%	21,705,084.88	2.14%	69.72%

Industry classification	Item	2017		2016		Year-on-year increase/decrease (%)
		Amount	Percentage of operating cost	Amount	Percentage of operating cost	
Electronics market and property leasing and management	Lease and property costs	398,239,211.88	64.67%	366,902,709.81	67.27%	8.54%
Electronics market and property leasing and management	Total remuneration for employees	93,931,218.48	15.25%	79,454,260.39	14.57%	18.22%
Electronics market and property leasing and management	Depreciation and amortization	44,827,864.28	7.28%	24,733,292.44	4.53%	81.25%
Electronics market and property leasing and management	Market and property service costs	78,788,149.47	12.79%	74,366,324.46	13.63%	5.95%

Product category	Item	2017		2016		Year-on-year increase/decrease (%)
		Amount	Percentage of operating cost	Amount	Percentage of operating cost	
Trade	Goods sales cost	136,585,828.21	93.28%	262,813,004.51	92.30%	-48.03%
Trade	Lease cost		0.00%	4,060,000.00	1.43%	
Trade	Manpower cost	2,043,243.43	1.40%	984,567.12	0.35%	107.53%
Trade	Others	7,801,295.86	5.33%	16,882,840.01	5.93%	-53.79%

Industry classification	Item	2017		2016		Year-on-year increase/decrease (%)
		Amount	Percentage of operating cost	Amount	Percentage of operating cost	

Industry classification	Item	2017		2016		Year-on-year increase/decrease (%)
		Amount	Percentage of operating cost	Amount	Percentage of operating cost	
Real estate development	Real estate cost	594,819,985.74	100.00%	130,925,844.41	100.00%	354.32%

Industry classification	Item	2017		2016		Year-on-year increase/decrease (%)
		Amount	Percentage of operating cost	Amount	Percentage of operating cost	
Finance	Lease cost	849,905.88	16.28%	835,447.71	6.72%	1.73%
Finance	Financial service cost	4,370,004.76	83.72%	11,594,723.35	93.28%	-62.31%

Industry classification	Item	2017		2016		Year-on-year increase/decrease (%)
		Amount	Percentage of operating cost	Amount	Percentage of operating cost	
Hotel	Total remuneration for employees	8,170,482.92	22.18%	5,110,635.15	23.55%	59.87%
Hotel	Deposition and amortization	6,133,311.79	16.65%	3,243,021.27	14.94%	89.12%
Hotel	Lease cost	12,936,830.53	35.12%	8,258,888.25	38.05%	56.64%
Hotel	Others	9,597,233.04	26.05%	5,092,540.21	23.46%	88.46%

(6) Is the consolidation scope changed in the reporting period?

√ Yes □ No

14 new entities are incorporated in and two entities are removed from the scope of the consolidated financial statements in the current period, including::

1. Subsidiaries, special purpose entities, and business entities that gain control by way of commissioning management or renting newly incorporated in the consolidation scope in the current period

Name	Reason for change
Shenzhen-Shantou Cooperation Zone SEG Longyan Energy Technology Co., Ltd.	Newly established
Shenzhen SEG Lianzhong Internet Technology Co., Ltd.	Newly established
Shenzhen SEG Zhongtong Technology Co., Ltd.	Newly established
Shenzhen SegMaker Co., Ltd.	Business combination under common control
Shenzhen SEG Recreation Enterprise Development Co., Ltd.	Business combination under common control
Shenzhen SEG Property Development Co., Ltd.	Business combination under common control
Shenzhen SEG Real Estate Investment Co., Ltd.	Business combination under common control
Huizhou Stars Real Estate Development Co., Ltd.	Business combination under common control

Shenzhen SEG Property Management Co., Ltd.	Business combination under common control
Shenzhen SEG New Urban Construction Development Co., Ltd.	Business combination under common control
Shenzhen SEG New Urban Commercial Operation Co., Ltd.	Business combination under common control
Beijing SEG Property Development Co., Ltd.	Business combination under common control
Xi'an SEG Kanghong Real Estate Co., Ltd.	Business combination under common control
Shenzhen Hongge Cultural Development Co., Ltd.	Business combination under common control

2. Subsidiaries, special purpose entities, and business entities that lose control by way of commissioning management or leasing removed from the consolidation scope in the current period

Name	Reason for change
Suzhou SEG Electronics Market Management Co., Ltd.	Transfer of the management right
Wuxi SEG Electronics Market Co., Ltd.	Transfer of all the equity

(7) Information about significant changes or adjustments of business, product or service in the reporting period

☐ Applicable ☒ Not applicable

(8) Information on main customers and main suppliers

Information about the Company's major customers

Sales amount of top 5 customers (Yuan)	146,527,447.10
Percentage of the total sales amount of top 5 customers to the annual sales	7.40%
Percentage of the sales amount of related parties among top 5 customers to the annual sales	0.00%

Information about top 5 customers

No.	Customer Name	Sales amount (Yuan)	Percentage of the annual sales amount
1	Shenzhen Nanfang Yunhe Technology Co., Ltd.	49,076,962.97	2.12%
2	Shenzhen Suning Yunshang Sales Co., Ltd.	40,672,562.23	2.11%
3	Traffic Police Office of Public Security Bureau	28,753,641.51	1.45%
4	Jiang Hua (Housing)	17,640,860.95	0.89%
5	Li Yuanmei (Housing)	16,402,241.90	0.83%
Total	--	152,546,269.56	7.40%

Other information on main customers

☐ Applicable ☒ Not applicable

Information about major suppliers

Total purchase amount of top 5 suppliers (Yuan)	209,388,422.70
Percentage of the total purchase amount of top 5 suppliers to the annual purchase	14.97%
Percentage of the purchase amount of related parties	0.00%

among top 5 customers to the annual purchase amount

Information about top 5 suppliers

No.	Name of supplier	Purchase amount (Yuan)	Percentage of the annual purchase
1	China Huashi Enterprises Company Limited	41,946,122.20	2.07%
2	China Telling Telecom Co., Ltd.	41,784,580.54	2.06%
3	Shenzhen Futian District Security Guard Service Company (office property management fee)	28,753,641.51	1.42%
4	Suzhou Shuntong Network Technology Co., Ltd.	17,640,860.95	0.87%
5	Suzhou Tianxiang Real Estate Development Co., Ltd.	16,402,241.90	0.81%
Total	--	146,527,447.10	7.22%

Other information on main suppliers

□ Applicable √ Not applicable

3. Expense

Unit: Yuan

	2017	2016	Year-on-year increase/decrease (%)	Description of significant changes
Sale expenses	43,173,370.45	41,555,812.57	3.89%	There is no significant change in the reporting period.
Management expenses	144,029,063.26	142,779,706.02	0.88%	There is no significant change in the reporting period.
Financial cost	21,598,611.36	10,466,615.20	106.36%	(Nantong SEG Times Plaza has been put into use. The capitalization of the borrowing costs of the project is ceased..

4. Investment in research and development

□ Applicable √ Not applicable

5. Cash Flow

Unit: Yuan

Item	2017	2016	Year-on-year increase/decrease (%)
Subtotal of cash inflow from operating activities	2,234,172,041.17	2,716,002,642.14	-17.74%
Subtotal of cash outflow in operating activities	1,726,785,491.96	2,272,467,101.36	-24.01%
Net cash flow from operating activities	507,386,549.21	443,535,540.78	14.40%
Subtotal of cash inflow from investing activities	2,304,214,897.00	818,350,725.81	181.57%
Subtotal of cash outflow in	2,491,257,058.69	897,641,866.86	177.53%

Item	2017	2016	Year-on-year increase/decrease (%)
investing activities			
Net cash flow from investing activities	-187,042,161.69	-79,291,141.05	
Subtotal of cash inflow from financing activities	1,083,037,998.48	1,731,367,812.30	-37.45%
Subtotal of cash outflow in financing activities	1,583,423,874.22	1,599,151,616.44	-0.98%
Net cash flow arising from financing activities	-500,385,875.74	132,216,195.86	-478.46%
Net increase in cash and cash equivalents	-180,041,035.27	496,460,611.06	-136.26%

1. Subtotal of cash inflow from operating activities decreases by 17.74% year on year in the reporting period, mainly because 1) SEG Industrial and Suzhou Intelligent cut back the trade business and the cash inflow decreases; 2) cash inflow generated by sales of SEG E-commerce last year is not included in the reporting period.

2. Subtotal of cash outflow from operating activities decreases by 24.01% year on year in the reporting period, mainly because 1) SEG Industrial cut back the trade business and the purchasing expenses decrease; 2) cash outflow generated by sales of SEG E-commerce last year is not included in the reporting period.

3. Subtotal of cash inflow from investing activities increases by 181.57% year on year in the reporting period, mainly due to increase in investment in bank financing.

4. Subtotal of cash outflow from investing activities increases by 177.53% year on year in the reporting period, mainly due to increase in investment in bank financing.

5. Subtotal of cash inflow from financing activities decreases by 37.45% year on year in the reporting period, mainly due to decrease of the scale of financing of SEG Real Estate Investment

6. Subtotal of cash outflow from financing activities decreases by 478.46% year on year in the reporting period, mainly due to decrease of the scale of financing of SEG Real Estate Investment

7. Net increase in cash and cash equivalents decrease by 136.26% year on year in the reporting period, mainly due to decrease in the cash received from borrowings and increase in the cash paid for investment.

Description of main factors of significant year-on-year change

☒ Applicable ☐ Not applicable

Reasons for the big difference between the net cash flow arising from operating activities and the annual net profit in the reporting period

☐ Applicable ☒ Not applicable

III. Analysis of Non-major Business

☒ Applicable ☐ Not applicable

Unit: Yuan

	Amount	Percentage of total profit	Reason	Sustainable or not
Investment income	71,999,915.73	16.81%	1. Income from reduction of holding-shares of Huakong SEG; 2. Sales of holding-shares of Wuxi SEG; 3. Financing income; 4. Income from investment in associates.	1. 2. 3. Unsustainable 4. Sustainable
Changes in fair value recognized in profit or loss	0.00	0.00%		
Asset impairment	22,034,872.24	5.15%	SEG Industrial accrued the provision for bad debts and provision for loan losses of SEG Credit.	Partially sustainable
Non-operating income	13,033,764.81	3.04%	Government subsidies and income from counter-party default	Partially sustainable
Non-operating expenses	6,468,223.22	1.51%	Losses arise from the termination of the contract between SEG Real Estate and Shenzhen Jinhongyuan Construction Material Co., Ltd.. The Company paid the litigation settlements payable by Nanning SEG. After removal of booths of SEG CPARK, the decoration expense is written off before amortization.	Unsustainable

IV. Assets and Liabilities

1. Significant Changes in Asset Formation

Unit: Yuan

	End of 2017		End of 2016		Increase/decrease	Description of significant changes
	Amount	Percentage of total assets	Amount	Percentage of total assets		
Monetary funds	951,482,605.92	13.61%	1,131,523,641.19	16.34%	-2.74%	
Accounts receivable	61,934,101.56	0.89%	58,949,389.88	0.85%	0.03%	
Inventory	3,551,100,320.71	50.78%	3,378,533,067.95	48.80%	1.98%	
Investment properties	676,888,184.90	9.68%	708,470,470.81	10.23%	-0.55%	
Long-term equity investment	211,973,322.32	3.03%	203,657,322.71	2.94%	0.09%	
Fixed assets	62,404,988.93	0.89%	52,029,921.10	0.75%	0.14%	
Construction in progress	71,745,514.32	1.03%	37,092,227.51	0.54%	0.49%	
Short-term borrowing	534,792,000.00	7.65%	355,000,000.00	5.13%	2.52%	
Long-term borrowing	754,750,000.00	10.79%	1,030,000,000.00	14.88%	-4.08%	

2. Assets and liabilities measured based on fair value

√ Applicable □ Not applicable

Unit: Yuan

Item	Opening balance	Change in fair value of the current period	Cumulative change in fair value recognized in the equity	Impairment accrued in the current period	Amount of purchase in the current period	Amount of sales in the current period	Closing balance
Financial assets							
1. Available-for-sale financial assets	683,290.58		-317,372.09				365,918.49
Subtotal of financial assets	683,290.58		-317,372.09				365,918.49
Total	683,290.58		-317,372.09				365,918.49
Financial liabilities	0.00						0.00

3. Restricted asset rights as of the end of the reporting period

√ Applicable □ Not applicable

(1) Mortgaged assets

As of the end of the reporting period, the Company mortgaged self-owned houses for bank borrowings. The following are mortgaged houses and the net value at the end of the reporting period:

Owner	House name	Net value at the end of the reporting period	Remarks
Shenzhen SEG Co., Ltd.	4F of SEG Plaza	42,436,948.47	Mortgaged for bank borrowings
Shenzhen SEG Co., Ltd.	Some floors of Window to Modernization	50,543,203.67	Mortgaged for bank borrowings
Shenzhen SEG Co., Ltd.	31F of Stars Plaza	8,984,817.19	Mortgaged for bank borrowings
Shenzhen SEG Co., Ltd.	Other houses	6,432,454.33	Mortgaged for bank borrowings
Shenzhen SEG Real Estate Investment Co., Ltd.	See houses listed in Note VII (45)	89,019,246.92	Mortgaged for bank borrowings
Huizhou Stars Real Estate Development Co., Ltd.	Some houses of SEG Holiday Plaza	42,436,948.47	Mortgaged for bank borrowings
Total		50,543,203.67	

(2) Pledged assets

SEG New Urban, a sub-subsidiary of the Company, and Bohai International Trust Co., Ltd. ("Bohai Trust") have entered into a contract of loan on trust. Bohai Trust shall grant a total loan of RMB 500,000,000.00 to SEG New Urban. According to the *Right Pledge Contract* between SEG Real Estate, a subsidiary of the Company, and Bohai Trust, the pledged right is 52.0461% of the equity of SEG New Urban held by SEG Real Estate.

V. Investment**1. General**

√ Applicable ☐ Not applicable

Investment in the reporting period (Yuan)	Investment over the same period of the previous year (Yuan)	Increase/decrease (%)
5,527,301,497.49	167,406,096.68	3,201.73%

2. Significant equity investment in the reporting period

√ Applicable □ Not applicable

Unit: Yuan

Investee name	Main business	Investment mode	Investment amount	Shareholding percentage	Source of capital	Partner	Investment horizon	Product type	Progress as of the balance sheet date	Projected income	Investment profit or loss of the current period	Lawsuit involved	Disclosure date (if any)	Disclosure index (if any)
Shenzhen SEG Real Estate Investment Co., Ltd.	Real estate development	Acquisition	2,113,984,200.00	79.02%	Issuance of shares and payment of considerations	Shenzhen Rongqi Mechanical and Electrical Equipment Co., Ltd., employees of SEG Real Estate, and the labor union of SEG Real Estate	Long-term	Real estate	Transfer completed	0.00	188,968,963.11	No	January 25, 2017	http://www.cninfo.com.cn Announcement of Shenzhen SEG Co., Ltd. on Transfer of Underlying Assets for Share Issuance and Cash Payment to Acquire Assets and Raise Funds & Connected Transactions
Shenzhen SEG Recreation Enterprise Development Co., Ltd.	Electronics market and property management	Acquisition	310,244,700.00	55.00%	Issuance of shares and payment of considerations	Harbin Haige Group Co., Ltd	Long-term	Electronics markets and property leasing services	Transfer completed	0.00	24,428,418.15	No		
Shenzhen SEG Property Development Co., Ltd.	Property management	Acquisition	135,235,900.00	100.00%	Issuance of shares and payment of considerations	None	Long-term	Property management	Transfer completed	0.00	13,319,993.34	No		
Shenzhen SegMaker Co., Ltd.	Electronics market, hotel, property	Acquisition	2,597,682,400.00	100.00%	Issuance of shares and payment of considerations	None	Long-term	Electronics markets, hotels, property	Transfer completed	0.00	36,856,492.31	No		

	management, and makers							management, and makers						
SEG Longyan Energy Technology Co., Ltd.	New energy	Newly-established	82,500,000.00	50.00%	Self-owned capital	Longyan Energy Technology (Hangzhou) Co., Ltd., Shenzhen Raytai Technology Photovoltaic Engineering Co., Ltd. and Shenzhen Energy Nanjing Holding Co., Ltd.	Long-term	CdTe film PV power station and BIPV	In preparation	0.00	-8,094,335.55	No	November 12, 2016	http://www.cninfo.com.cn Announcement of Shenzhen SEG Co., Ltd. on the Establishment of SEG Longyan Energy Technology Co., Ltd. and Launch of the CdTe Film PV Industrial Base Project
Shenzhen SEG Lianzhong Internet Technology Co., Ltd.	Internet access service	Newly-established	13,640,000.00	55.00%	Self-owned capital	Tianjin Allied eSports Internet Technology Co., Ltd.	Long-term	Internet access services	In preparation	0.00	-2,684,853.00	No	November 16, 2016	
Shenzhen SEG Zhongtong Technology Co., Ltd.	Wi-Fi project of China Railway	Newly-established	980,000.00	49.00%	Self-owned capital	Zhuhai Zhongtong Lexing Network Technology Co., Ltd. and Shenzhen Donglinde Investment Co., Ltd.	Long-term	Wi-Fi project of China Railway	In preparation	0.00	-397,708.99	No	April 7, 2017	http://www.cninfo.com.cn Announcement of Shenzhen SEG Co., Ltd. on the Establishment of Shenzhen SEG Allied eSports Co., Ltd. and Launch of the E-Sports Stadium Project
Shenzhen SEG Yicheng Science and	SEG maker education	Newly-established	1,020,000.00	51.00%	Self-owned capital	Shenzhen eMaxCity Technology	Long-term	SEG maker education	Opening	0.00	-200,019.14	No	August 11, 2017	http://www.cninfo.com.cn Announcement

Technology Co., Ltd.	n and technology experience museum					Co., Ltd.		n and technology experience museum						of Shenzhen SEG Co., Ltd. on the Establishment of Shenzhen SEG Yicheng Science and Technology Co., Ltd. and Construction & Operation of SEG Maker Education and Technology Experience Museum
Total	--	--	5,255,287,200.00	--	--	--	--	--	--	0.00	252,196,950.23	--	--	--

3. Significant non-equity investment in progress in the reporting period

√ Applicable □ Not applicable

Unit: Yuan

Project name	Investment mode	Fixed asset investment?	Industries involved in investment	Amount of investment during the reporting period	Accumulated amount invested as of the end of the reporting period	Source of capital	Progress	Projected income	Accumulated income as of the end of the reporting period	Reasons for failure to achieve the plan schedule objective and expected income	Disclosure date (if any)	Disclosure index (if any)
Nantong SEG Times Plaza	Self-built	No	Real estate	152,295,046.49	749,559,894.08	Self-owned capital and bank loan	-	0	-17,365,331.27	-	Nantong SEG Times Plaza	Self-built
Land use right of	Self-constructed	Yes	New energy	28,010,000.00	28,010,000.00	Self-owned	-	-	-	-		

SEG Longyan in Shenzhen-Shantou Cooperation Zone						capital						
CdTe Production Line of SEG Longyan	Self-constructed	Yes	New energy	91,709,251.00	91,709,251.00	Self-owned capital	-	-	-	-		
Total	--	--	--	272,014,297.49	869,279,145.08	--	--	0.00	-17,365,331.27	--	--	--

4. Financial assets investment

(1) Security investment

√ Applicable □ Not applicable

Unit: Yuan

Stock type	Stock code	Short form of the security	Initial investment cost	Accounting measurement mode	Opening book value	Profit or loss from changes in fair value in the current period	Accumulative changes in fair value counted into equity	Amount of purchase in the current period	Amount of sales in the current period	Profit or loss in the reporting period	Closing book value	Accounting item	Source of capital
Domestic and overseas shares	600778	Youhao Group	90,405.00	Measurement of fair value	683,290.58		-317,372.09	0.00	0.00	0.00	365,918.49	Available-for-sale financial assets	Self-owned capital
Domestic and overseas shares	000068	Huakong SEG	194,153,799.52	Measurement of equity method	174,552,073.99		-126.75		-9,125,553.30	5,871,204.49	171,297,598.43	Long-term investment	Self-owned capital
Domestic and overseas shares	832770	SEG Navigations	8,275,321.43	Measurement of cost method	13,515,392.83			0.00	0.00	0.00	13,515,392.83	Available-for-sale financial assets	Self-owned capital
Total			202,519,525.95	--	188,750,757.40		-317,498.84	0.00	-9,125,553.30	5,871,204.49	185,178,909.75	-	-

(2) Investment of derived products

☐ Applicable ☒ Not applicable

No investment in derivatives is involved in the reporting period.

5. Use of the collected capital

☐ Applicable ☒ Not applicable

In the reporting period, there was no usage of raised capital.

VI. Sales of Major Assets and Equity**1. Sales of Major Assets**

☒ Applicable ☐ Not applicable

Counterparty	Sold assets	Date of sale	Transaction price (RMB 10,000)	Net profit contributed by the asset to the listed company from the beginning of the period to the date of sale (RMB 10,000)	Impact of the sale on the Company (Note 3)	Proportion of the net profit contributed by the assets to the listed company to total net profit	Pricing principle for the sale of assets	Connected transaction?	Association with the counterparty (applicable to connected transactions)	Transfer of all property rights of assets involved?	Transfer of all creditor's rights and debts involved?	Implemented as scheduled or not? If not, indicate reasons and measures taken by the Company	Disclosure date	Disclosure index
Zhejiang Xinyuan Market Management Co., Ltd.	51% of the equity of Wuxi SEG Electronics Market Co., Ltd.	October 30, 2017	354.2	72.73	88.18	0.40%	Fair value	No	Not applicable	Yes	Yes	Transferred	November 7, 2017	<i>Announcement on the Progress of Transfer of the Equity of Wuxi SEG Electronics Market Co., Ltd. disclosed on http://www.cninfo.com.cn</i>
Secondary market investors	10,000,000 shares of Huakong SEG	December 31, 2017	5,521.06	32.6	5,497.85	25.04%	Fair value	No	Not applicable	Yes	Yes	Transferred	January 5, 2018	<i>Announcement on the Progress of Reduction of Holding-shares of Shenzhen Huakong SEG</i>

√ Applicable □ Not applicable

VII. Analysis of Controlling and Holding Companies

Unit: Yuan

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
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Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
SEG Credit	Subsidiary	Microcredit	150,000,000.00	416,546,602.66	190,973,138.86	49,137,832.39	1,731,652.48	755,531.44
SEG Baohua	Subsidiary	Property operation and management and hotel business	61,617,600.00	164,183,305.34	116,255,173.57	96,869,873.70	40,250,767.43	30,152,624.56
SEG Industrial	Subsidiary	Channel retail terminal of electronic products and property operation and management	25,500,000.00	86,982,253.64	36,145,581.24	82,198,407.50	-11,422,331.00	-8,500,999.65
Nanning SEG	Subsidiary	Operation and management of electronics market	8,000,000.00	64,219.87	-883,662.28	-	-	-
Longgang SEG	Subsidiary	Operation and management of electronics market	3,000,000.00	25,648,253.66	6,214,456.90	13,256,096.92	2,014,495.42	1,548,656.61
Shunde SEG	Subsidiary	Operation and management of electronics market	6,000,000.00	6,043,296.95	3,451,771.93	3,132,622.73	169,533.17	200,442.34
Changsha SEG	Subsidiary	Operation and management of electronics market	35,000,000.00	96,936,531.45	75,116,508.50	23,401,682.40	7,182,897.53	5,354,076.32
Xi'an SEG	Subsidiary	Operation and management of electronics market	3,000,000.00	39,257,518.45	16,829,133.65	35,732,862.15	9,655,346.25	8,208,153.78
Xi'an Hairong SEG	Subsidiary	Operation and management of electronics market	3,000,000.00	26,441,880.62	6,055,411.99	21,490,089.74	2,905,148.41	2,544,567.25
Nanjing SEG	Subsidiary	Operation and management of electronics market	20,000,000.00	22,378,697.30	1,691,287.42	23,846,790.75	-2,772,942.84	-2,745,645.37
Wujiang SEG	Subsidiary	Operation and management of electronics market	3,000,000.00	14,989,334.58	3,986,746.31	16,791,648.67	718,985.39	538,287.33
Wuxi SEG	Subsidiary	Operation and management						

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
		of electronics market	-	-	-	4,617,382.93	791,454.88	727,345.49
Suzhou SEG	Subsidiary	Operation and management of electronics market	-	-	-	23,307,308.98	-3,998,924.05	-3,991,359.40
Suzhou SEG Digital	Subsidiary	Operation and management of electronics market	8,000,000.00	23,471,668.99	3,403,166.56	30,336,445.59	5,398,270.56	5,452,461.09
SEG Intelligent	Subsidiary	Trade	10,000,000.00	8,001,776.17	4,307,026.47	68,163,413.90	-1,643,178.68	-2,247,926.00
Nantong SEG	Subsidiary	Real estate development and management	30,000,000.00	890,241,708.04	12,634,668.73	4,761,928.47	-8,967,360.38	-8,968,942.11
Nantong SEG Commercial Operation	Subsidiary	Property management	-	20,966,086.75	-17,088,193.56	12,689,564.59	-12,576,044.95	-12,586,376.86
Yicheng Science and Technology	Subsidiary	SEG maker education and technology experience museum	1,020,000.00	837,422.08	819,980.86	-	-200,019.14	-200,019.14
SEG Investment	Subsidiary	Fund Investment	1,500,000.00	1,500,838.76	1,498,838.76	-	-1,161.24	-1,161.24
Longyan Energy Technology	Subsidiary	New energy technology development	165,000,000.00	160,053,861.94	156,905,664.45	5,602.56	-8,094,254.94	-8,094,335.55
SEG Lianzhong	Subsidiary	Internet and related services	24,800,000.00	22,721,321.93	22,115,147.00	109,154.98	-2,684,853.00	-2,684,853.00
SEG Zhongton	Subsidiary	Software and information technology services	2,000,000.00	1,602,291.01	1,602,291.01	-	-397,708.99	-397,708.99

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
g								
SEG Recreation	Subsidiary	Electronics market leasing management services; property leasing	5,000,000.00	96,160,776.03	35,940,457.53	53,247,077.93	32,564,858.07	24,428,418.15
SEG Property Development	Subsidiary	Property management	5,000,000.00	144,504,017.25	74,293,428.82	59,405,595.75	17,919,391.79	13,319,993.34
SegMaker	Subsidiary	Electronics market leasing management services; property leasing; hotel management	10,000,000.00	355,621,583.83	255,029,470.70	134,667,240.37	49,295,628.51	36,856,492.31
SEG Real Estate	Subsidiary	Property leasing; property management; real estate development	102,500,000.00	3,719,643,993.47	980,502,203.50	1,222,751,774.10	256,639,097.42	188,968,963.11
Huakong SEG	Shareholding company	Manufacturing and operation of color picture tube (CPT), CPT materials, and glass apparatus	1,006,671,464.00	2,803,698,323.72	1,092,604,871.02	412,929,685.18	42,111,282.37	32,644,084.17
Shanghai SEG	Shareholding company	Operation and management of electronics market	5,000,000.00	15,400,297.98	9,820,675.31	7,209,054.03	658,646.70	527,804.99
CEEC	Shareholding company	Electronics exhibition	30,000,000.00	14,013,554.94	6,766,534.86	8,764,271.43	-15,051,102.90	-15,051,507.20

Information on the acquisition and disposal of subsidiaries in the reporting period

√ Applicable □ Not applicable

Company name	Mode of acquisition and disposal of subsidiaries in the reporting period	Impact on the overall business operation and performance
Shenzhen-Shantou Cooperation Zone SEG Longyan Energy Technology Co., Ltd.	Newly-established	It is in preparation and not open for business yet.
Shenzhen SEG Lianzhong Internet Technology Co.,	Newly-established	In the reporting period, the operating income is RMB 109,200 and the loss is

Ltd.		RMB 2,684,900.
Shenzhen SEG Zhongtong Technology Co., Ltd.	Newly-established	It is in preparation and not open for business yet.
Shenzhen SegMaker Co., Ltd.	Business combination under common control	In the reporting period, the operating income is RMB 134,667,200 and the profit is RMB 36,856,500.
Shenzhen SEG Recreation Enterprise Development Co., Ltd.	Business combination under common control	In the reporting period, the operating income is RMB 53,247,100 and the profit is RMB 24,428,400.
Shenzhen SEG Property Development Co., Ltd.	Business combination under common control	In the reporting period, the operating income is RMB 59,405,600 and the profit is RMB 13,320,000.
Shenzhen SEG Real Estate Investment Co., Ltd.	Business combination under common control	In the reporting period, the operating income is RMB 106,006,700 and the profit is RMB 38,367,800.
Huizhou Stars Real Estate Development Co., Ltd.	Business combination under common control	In the reporting period, the operating income is RMB 87,018,000 and the profit is RMB 8,353,600.
Shenzhen SEG Property Management Co., Ltd.	Business combination under common control	In the reporting period, the operating income is RMB 186,813,800 and the profit is RMB 14,710,000.
Shenzhen SEG New Urban Construction Development Co., Ltd.	Business combination under common control	In the reporting period, the operating income is RMB 850,037,400 and the profit is RMB 146,652,700.
Shenzhen SEG New Urban Commercial Operation Co., Ltd.	Business combination under common control	In the reporting period, the operating income is RMB 0 and the loss is RMB 10,580,700.
Beijing SEG Property Development Co., Ltd.	Business combination under common control	In the reporting period, the operating income is RMB 92,500 and the loss is RMB 2,764,700.
Xi'an SEG Kanghong Real Estate Co., Ltd.	Business combination under common control	In the reporting period, the operating income is RMB 0 and the loss is RMB 3,857,400.
Shenzhen Hongge Cultural Development Co., Ltd.	Business combination under common control	In the reporting period, the operating income is RMB 0 and the profit is RMB 0.
Suzhou SEG Electronics Market Management Co., Ltd.	Transfer of management rights	In the reporting period, the operating income is RMB 23,307,300 and the loss is RMB 3,991,400.
Wuxi SEG Electronics Market Co., Ltd.	Equity transfer	In the reporting period, the operating income is RMB 4,617,400 and the profit is RMB 727,300.

Information on controlling and holding companies

1. In the reporting period, the operating income of SEG Industrial decreases by 55.27% year on year, mainly because it discontinued related trade in 2017, resulting in significant decrease in the trade business.

2. In the reporting period, the operating income of SEG Credit decreases by 37.29% year on year, mainly because the credit business is cut down, resulting in declining income.
3. In the reporting period, the operating income of Nanjing SEG decreases by 39.69% year on year, mainly because the property rent concession leads to decrease in rent expenses and losses.
4. In the reporting period, the total profit of Wujiang SEG decreases by 66.69% year on year, mainly because it signed the property lease contract in May 2017, which leads to increase in rent expenses and decrease in the total profit.
5. In the reporting period, the total profit of Suzhou SEG Digital increases by RMB 4,902,300 year on year. Decrease in the rent cost leads to increase in the profit.
6. In the reporting period, the operating income of Nantong SEG Commercial Operation increases by RMB 11,811,400 and the total profit decreases by RMB 8,085,000 year on year, mainly because Nantong SEG Times Plaza started business in October 2016 and the income from rents and management expenses increased in 2017. As the fixed expenses and operating costs of the plaza is far higher than the income from rents and management expenses, the loss of this year is RMB 12,586,400 and increases year on year.
7. In the reporting period, the operating income of SEG Intelligent decreases by 26.83% and the total profit decreases by 34.71%, mainly because the Company adjusted business types and discontinued digital direct sales, resulting in decrease in the operating income.
8. In the reporting period, the Company sold all its equity of Wuxi SEG. In the reporting period, the operating income of the Company attributable to the listed company decreases by 20.68% year on year. (For details, see the *Announcement on the Progress of Transfer of the Equity of Wuxi SEG Electronics Market Co., Ltd.* (No. 2017-071) released on the information disclosure media designated by the Company on November 7, 2017.

VIII. Information on Structured Entity Controlled by the Company

□ Applicable √ Not applicable

IX. Development outlook of the Company

(I) Development planning of the Company

In 2018, according to the 13th five-year plan, based on its development reality and existing resource capacities, the Company will rely on the listed company platform, make full use of the capital market, integrate internal and external resources, carry out capital operations in the form of "external industrial M&A" and "investment fund", and transform itself into a platform for strategic emerging industries. On the basis of the electronics markets and commercial real estate (industrial parks), the Company will also combine multiple business models, develop the overall resource advantages, accelerate transformation and upgrading of the original electronics market, expand from operation of a single business platform to the content production and operation, and create a business model combining multiple business types, including the maker ecosystem, culture & education, intelligent technology, sports & entertainment, virtual experience and e-sports.

(II) Fulfillment of investment plan of the Company

2017 annual project investment plan of the Company focuses on business transformation and upgrading. The expected total investment amount is RMB 581,300,000. The fulfillment is shown in the table below:

Unit: RMB 10,000

No.	Project name	Annual budget investment	Cumulative completed investment	Project progress
1	Nantong SEG Times Plaza	14,500	6,556	The construction cost of the last year is paid.
2	New investment project	43,630	23,926	
(1)	SEG Longyan PV project	27,500	21,250	Construction land has been obtained for the project. Three shareholders have contributed capital (accounting for 84%). The project construction planning has been approved. Relevant equipment purchasing contracts have been drafted and submitted for review. Shenzhen-Shantou Cooperation Zone SEG Longyan was incorporated at the end of March 2017 which serves to establish plants. The land leveling and compaction and equipment purchasing are underway.
(2)	Allied eSports and small e-sports stadium project	3,650	2,578	1. Nantong SEG e-sports Internet café runs steadily. 2. Suzhou SEG e-sports Internet café was put into trial operation on June 20, 2017 and runs steadily now. 3. Shenzhen e-sports stadium was put into trial operation in September, 2017.
(3)	Railway Wi-Fi project	980	98	
(4)	Hongtu SEG fund project	10,000		Shenzhen Hongtu SEG Investment Management Co., Ltd. has completed the business registration formalities for shareholder changes, and is handling the registration formalities with Asset Management Association of China.
(5)	New hotel investment project	1,500		The Mellow Orange Hotel in Dongmen was officially open on May 1, 2017. The Company is looking for new hotel projects.
Total		58,130	30,482	

Reason for the difference between the 2017 project investment plan and the fulfillment: 1. Hongtu SEG Intelligent Industrial Fund is under approval and has not been funded yet; 2. the Company is looking for new hotel projects; 3. for prudence, the Company does not invest in new electronics market projects.

(III) Summary of progress of development strategies and operation plans disclosed earlier in the reporting period

According to the development strategies and operation plans disclosed by the Company in the annual report of 2016, in the reporting period, the main work done by the Company is as follows:

1. Completion of major assets restructuring

In order to reduce horizontal competition at the maximum, enhance the profitability and core competitiveness of listed company, fully integrate the business of electronics markets by relying on the platform of the listed company, eventually fulfill the integration, transformation and upgrading of current business of the listed company, facilitate the Company to develop toward diversified business, extend the industrial chain, expand the profit margins of the listed company, and enhance the influence of the listed brand, the Company carried out major assets restructuring in 2016.

For restructuring, the Company intended to purchase 100% of the equity of SegMaker, 55% of the equity of SEG Recreation, 100% of the equity of SEG Property Development and 79.02% of the equity of SEG Real Estate held by SEG Group by means of issuing shares and paying cash to acquire assets, in which the percentage of payment by the equity is 86.90% and that of cash payment 13.10%. At the same time, in order to improve the efficiency of restructuring, the Company intended to raise the supporting fund for the restructuring from no more than 10 specific investors by means of non-public offering, with the total raised fund no more than 38.78% of the transaction price of the assets to be acquired. According to the appraised value, the total amount of assets did not exceed RMB 2 billion.

On November 15, 2016, China Securities Regulatory Commission Acquisition and Restructuring Committee conditionally approved Shenzhen SEG issuing shares and paying cash to acquire assets and raising supporting fund as well as related party transaction issues on the 85th Acquisition and Restructuring Committee Working Meeting of 2016.

On January 17, 2017, the Company received the *Approval on Shenzhen SEG Co., Ltd.'s Issuing Shares to Shenzhen SEG Group Co., Ltd. to Acquire Assets and Raise Supporting Funds* (Z. J. X. K. [2017] No. 21) issued by China Securities Regulatory Commission (CSRC), which approved the Company to issue 450,857,239 shares to SEG Group to acquire relevant assets and raise supporting funds for the said share issuance and asset acquisition by non-public offering of no more than 201,207,243 new shares. The said approval document issued by China Securities Regulatory Commission will be valid within 12 months after the issuance.

The transfer formalities of the subject assets were completed on January 19, 2017, and the 450,857,239 new shares in A-share by non-public offering were listed for trading on March 6, 2017.

On February 15, 2017, the Company received the *Acceptance Confirmation of the Application for Share Registration* issued by Shenzhen Branch of China Securities Depository and Clearing Company Limited, specifying that the new shares were to be listed on March 6, 2017.

Since March 2017, the Company has started non-public offering as planned. The Company held investor research meeting to find strategic investors for non-public offering. A total of 82 institutional and individual investor subscription intention letters were collected. The Company also organized roadshows to vigorously promote non-public offering.

On January 5, 2018, the Company released the *Announcement on Expiration of the Approval on Issuing Shares, Acquiring Assets by Cash and Raising Supporting Funds*. Due to changes in the capital market, since the approval document was received, the stock price of the Company was different from the bottom issue price for raising supporting funds most of the time. The Company fails to raise supporting funds within the approved validity period. According to the approval document of CSRC, such approval automatically expires.

2. Transformation and upgrading of electronics markets and implementation of new businesses are actively carried out by the Company.

(1) Consumer Electronic Exhibition/Exchange Center (CEEC) Project

On May 10, 2016, Shenzhen Futian Investment Development Co., Ltd., Shum Yip Land Company Limited and Shenzhen SEG Co., Ltd. jointly invested and established Shenzhen International Consumer Electronic Exhibition/Exchange Center Co., Ltd. On March 28, 2018, CEEC started business in Shum Yip UpperHills, Futian District, Shenzhen. CEEC was jointly built by the Ministry of Industry and Information Technology and Shenzhen Municipality according to the executed framework agreement. CEEC is designed to create a world-level consumer electronic exhibition/exchange center that integrates new high-end consumers' electronic product release, exhibition, user experience, investment and discussion, cooperation and transaction, based in Shenzhen, serving the whole country, and facing the world. More than 300 international and domestic consumer electronic brands have settled here.

(2) Railway Wi-Fi project

The Company, Zhuhai Zhongtong Lexing Network Technology Co., Ltd. and Shenzhen Donglinde Investment Co., Ltd. jointly founded Shenzhen SEG Zhongtong Technology Co., Ltd. (SEG Zhongtong) on April 7, 2017 and participated in the Wi-Fi project of China Railway Corporation. For this purpose, the Company formed the operation team of SEG Zhongtong to advance work. On July 5, 2017, the CMII ID for the railway Wi-Fi device of SEG Zhongtong was issued by the Ministry of Industry and Information Technology and Shenzhen Municipality. On December 4, 2017, the railway Wi-Fi device passed the test of China Railway Test & Certification Center. Currently, the Company is discussing the railway Wi-Fi project to determine the future plan.

(3) SEG Taobao e-commerce project

This project is designed for strategic cooperation business between the Company and Taobao. It is intended to build online and offline business platforms and create innovative value-added services of O2O electronics markets. After exploration and efforts for nearly one year, due to the impact of the market environment, item restriction and other objective factors, the project cannot yield considerable income for the Company in short time. Based on the actual condition of the project, the Company discontinued the SEG Taobao e-commerce project in October 2017.

(4) Maker business

After restructuring, the maker business of the Company mainly includes the business of SEG CPARK and the business of SegMaker.

In 2017, to further develop the teenager maker culture and education project and develop a complete SEG maker ecosystem, the Company and Shenzhen eMaxCity Technology Co., Ltd. jointly contributed RMB 10 million to found Shenzhen SEG Yicheng Science and Technology Co., Ltd. (subject to business registration) which is intended to build and operate SEG maker education and technology experience museum and Chinese teenager STEAM science education standard base (see the *Announcement of Shenzhen SEG Co., Ltd. on the Establishment*

of Shenzhen SEG Yicheng Science and Technology Co., Ltd. and Construction & Operation of SEG Maker Education and Technology Experience Museum disclosed by the Company on August 11, 2017). The original project personnel of SEG CPARK are included into the business team of this company.

Skyland Future Technology Museum, SEG maker education and technology experience museum in CEEC, was officially open to the public on March 28, 2018. With the augmented MR/VR technology, Skyland Future Technology Museum creates immersive interactive experience scenes, presents curriculum knowledge that cannot be directly experienced or practiced in true-to-life 3D scenes, and provides teenagers with comprehensive and systematic STEAM education.

The maker business of SEG CPARK centers on the maker ecosystem and integrates SEG Business Center, SEG Business Apartment and SegMaker+. Established in June 2015, SegMaker+ relies on the maker business of Huaqiangbei and business sectors of SEG Group, integrates industry, brand, and capital advantages of SEG Group, coordinates the industry and market resources in the electronic information industry, provides product release, display, roadshow, promotion, transaction, financing, and maker communication, training, and other services for the maker community, supports the industrialization of maker products, and promotes the integration of the industrial chain and the innovation chain.

In 2017, SegMaker+ opened two new branch stores, and SEG Seed Incubator was open. The sharing office business forms replicable mature model. In 2017, SegMaker+ held the Innovation and Entrepreneurship Contest, Innovation and Entrepreneurship Summit Forum, and roadshow meetings in 2017. SegMaker+ won four titles: "Shenzhen Innovation and Entrepreneurship Demonstration Base", "Shenzhen Overseas Student Pioneer Park", "Guangdong Maker Space experimental Unit", and "Municipal Incubator Pioneer Park". SegMaker+ had more advantages in performing the innovation and entrepreneurship service function of the government. In the reporting period, SegMaker+ was also awarded "1st Batch of Shenzhen Innovation and Entrepreneurship Bases" and "Shenzhen Overseas Student Pioneer Park" from the Development and Reform Commission of Shenzhen, Human Resources and Social Security Bureau of Shenzhen, and received the special support fund from the People's Government of Shenzhen. SegMaker+ hosted "Canada High-end Project Roadshow Meeting", "Taiwan Youth Entrepreneurship Seminar", "China-Italy Innovation and Entrepreneurship Investment Cooperation Meeting", "2017 Huaqiangbei SEG Maker Star Feast", "Huawei LiteOS Hackathon (Shenzhen vs Taiwan) Contest" and many other maker activities, where SegMaker+ communicated with maker teams from home and abroad, Mainland China, Hong Kong, Macao, and Taiwan. On the one hand, these activities achieved good social effects, enhanced publicity of SegMaker+, and brought more maker project resources, laying a foundation for the sustainable development of SegMaker+.

(5) Hongtu SEG Intelligent Industrial Investment Fund project

As of the end of the reporting period, Shenzhen Hongtu SEG Investment Management Co., Ltd. and Hongtu SEG Intelligent Industrial Investment Fund (Limited Partnership) has completed business registration and is handling registration formalities with Asset Management Association of China. Project reserves and research are also in progress.

(6) New energy business

The new energy market has high potentials, is environment-friendly and ecological, and is an industry encouraged and supported by the government. Among all enterprises that are engaged in the CdTe solar PV industry, Advanced Solar Power (Hangzhou) Co., Ltd., as an enterprise that possesses the CdTe film cell module technology with completely independent intellectual property, is a technically leading enterprise in the industry

both at home and abroad. SEG Longyan is committed R&D and manufacturing of CdTe solar cell modules, and invests in and contracts for distributed PV power stations and BIPV projects.

Production and construction: In April 2017, Shenzhen-Shantou SEG Longyan won the bid for the land use right of the state-owned construction land (plot No. E2016-0025) located at Ebu Town, Shenzhen-Shantou Cooperation Zone and intended to use it for the CdTe film PV industrial base project (Shenzhen-Shantou Park project). Shenzhen-Shantou SEG Longyan carried out land leveling and construction. To advance the construction of the new energy project and promote the launch of the solar cell module production line, SEG Longyan and Longyan Energy Technology agreed to rent the existing No. 2 Plant of Longyan Energy to build and run the first production line. SEG Longyan invested and established a wholly-owned subsidiary in Hangzhou, namely Hangzhou SEG Longyan, which is responsible for the investment and operation of the first production line. For details, see the *Announcement on Shenzhen SEG Longyan Energy Technology Co., Ltd.'s Investment and Establishment of Hangzhou SEG Longyan Energy Technology Co., Ltd.* disclosed by the Company in designated information disclosure media on January 19, 2018. Hangzhou SEG Longyan is to start trial production in 2018 Q4.

Market development: In 2017, (1) SEG Longyan completed the construction and grid connection of the 300 KW distributed CdTe PV power station; (2) SEG Longyan signed a general contract for the 80 KW PV power station project; (3) SEG Longyan won the subject of CSOT 2.1 MW distributed power station.

(IV) Main business development problems of the Company

1. Horizontal competition in the electronics market is increasingly intense. Due to weak macro-economic recovery and continuous impact of e-commerce, the competition for customer and manufacturer resources is fierce. As the industry grows slump, prices wars become an important way of scrambling for resources and maintaining the occupancy rate. In the future, decrease in the rent income for the purpose of maintaining the occupancy rate will add to operation difficulties of the electronics market. Some electronics market business falls into trouble due to problems of partners.
2. Nantong SEG Times Plaza project faces certain operation risks. Due to increase in the supply of Nantong commercial real estate in a short time and serious homogeneous competition, based on analysis of the present and future macro-environment of Nantong commercial real estate, challenges remains in the operation of Nantong SEG Times Plaza project.
3. New energy business competition is intensifying. On the one hand, the conversion efficiency of mono-crystalline and polycrystalline products is significantly improved while the conversion efficiency of film PV modules is hard to improve. On the other hand, as PV modules have plenty of capacity in China and the market competition is fierce, those with outdated capacity are to be eliminated.

(V) Key tasks of the Company in 2018

1. To be a platform for strategic emerging industries, the Company will accelerate the effective integration of business, personnel, organization, capital and information resources and develop business models and management models that match the new platform. The Company will also make full use of the capital market and develop the strategic emerging industries through investment and M&A.
2. The Company will strengthen institutional innovation, advance the mixed-ownership reform, actively respond to the call of the central government for "strengthening, optimizing, and expanding" state-owned enterprises, and establish and improve incentive mechanisms that suit the development of the Company with pilot programs in investees.

3. The Company will accelerate the construction of plants and production lines in Shenzhen-Shantou Park and the establishment and operation of production lines in Hangzhou SEG Longyan, and strive for government support.

4. Based on the existing electronics markets, the Company will utilize the service advantages and customer resources of electronics markets, further develop the maker business, culture & education, intelligent technology, sports & entertainment, virtual experience and e-sports, further create innovative value-added electronics market services combining multiple business types, actively try innovative projects, vigorously promote the transformation and upgrading of the original traditional business, and enhance its profitability and core competitiveness.

5. The Company will further promote the development and operation of commercial real estate (industrial parks), coordinate resources, and accelerate the construction, investment promotion, sales and operation of commercial real estate (industrial parks) on the premise of product quality and work safety. The Company will adhere to the diversified development strategy featuring "real estate + culture + sports + finance + technology", integrate cultural real estate and sports real estate, enrich the content experience business types, expand its development scale, and promote its market position.

6. The Company will improve the management quality, strengthen standard operation, and duly perform the information disclosure obligation of the listed company. The Company will enhance communication with investors and potential investors and enhance investors' understanding and recognition of the Company. The Company will manage investor relations at multiple channels and levels, effectively safeguard the legitimate rights and interests of investors, particularly small and medium investors. The Company will further develop and implement the total risk management and internal control management systems, strengthen the responsibilities of the risk subject, raise awareness of decision-making, further improve the risk management and control mechanism, and conduct risk assessment throughout the cycle of major investment projects.

(VI) Risk warning

The future development planning and investment plan mentioned above do not reflect the profit estimation of 2018 by the Company. The results depend on multiple factors such as changes in market condition, and uncertainties exist. Investors shall pay special attention to it.

X. Statement of receipt of surveys, communication and visits

1. Registration form for investigations, communication and Interviews in the reporting period

√ Applicable ☐ Not applicable

Time	Means	Type	Basic information on investigation
January 5, 2017	Phone call	Individual	Inquire about the progress of major assets restructuring. The Company has given a reply according to the actual progress disclosed.
January 10, 2017	Phone call	Individual	Inquire about the progress of major assets restructuring. The Company has given a reply according to the actual progress disclosed.
January 16, 2017	Phone call	Individual	Inquire about the progress of major assets restructuring. The Company has given a reply according to the actual progress disclosed.
February 8, 2017	Phone call	Individual	Inquire about the main business, transformation, and private placement of the Company. The Company has given a reply according to the actual progress disclosed.

Time	Means	Type	Basic information on investigation
February 22, 2017	Field research	Institution	Inquire about the main business, transformation, and private placement of the Company. For details, see the disclosure on irm.cninfo.com.cn .
February 28, 2017	Phone call	Individual	Inquire about the number of shareholders as of February 28. The Company has given a reply according to the register of shareholders released by the Securities Depository and Clearing Corporation.
March 10, 2017	Phone call	Individual	Inquire about the main business, transformation, and private placement of the Company. The Company has given a reply according to the actual progress disclosed.
March 15, 2017	Phone call	Individual	Inquire about the number of shareholders as of March 15. The Company has given a reply according to the register of shareholders released by the Securities Depository and Clearing Corporation.
February 8, 2017	Phone call	Individual	Inquire about the main business, transformation, and private placement of the Company. The Company has given a reply according to the actual progress disclosed.
February 22, 2017	Field research	Institution	Inquire about the main business, transformation, and private placement of the Company. For details, see the disclosure on irm.cninfo.com.cn .
February 28, 2017	Phone call	Individual	Inquire about the number of shareholders as of February 28. The Company has given a reply according to the register of shareholders released by the Securities Depository and Clearing Corporation.
April 20, 2017	Phone call	Individual	Inquire about the number of shareholders as of April 15. The Company has given a reply according to the register of shareholders released by the Securities Depository and Clearing Corporation.
May 5, 2017	Phone call	Individual	Inquire about the number of shareholders as of April 28. The Company has given a reply according to the register of shareholders released by the Securities Depository and Clearing Corporation.
May 8, 2017	Phone call	Individual	Inquire about voting results of the general meeting of the Company. The Company has given a reply according to the disclosed notice of the general meeting.
June 30, 2017	Phone call	Individual	Inquire about the financial data of Q2. The Company asked investors to pay attention to 2017 semi-annual report of the Company to be disclosed.
July 5, 2017	Phone call	Individual	Inquire about the number of shareholders as of June 30. The Company has given a reply according to the register of shareholders released by the Securities Depository and Clearing Corporation.
July 10, 2017	Phone call	Individual	Inquire about the operating result of the Company in the first half of 2017. The Company advises investors to refer to the semi-annual report 2017.
August 15, 2017	Phone call	Individual	Inquire about the progress of raising supporting funds. The Company has given a reply according to the actual progress.
August 17, 2017	Phone call	Individual	Inquire about the number of shareholders as of August 15. The Company has given a reply according to the register of shareholders released by the Securities Depository and Clearing Corporation.
September 1, 2017	Phone call	Individual	Inquire about when a new director will take position after resignation of the Chairman of the Board of Directors. The Company has replied that the chairman will be re-elected soon according to the Articles of Association and relevant provisions.
September 10, 2017	Phone call	Individual	Inquire about the main business, transformation and supporting fund raising of the Company. The Company has

Time	Means	Type	Basic information on investigation
			given a reply according to the actual progress disclosed.
September 18, 2017	Phone call	Individual	Inquire about the number of shareholders as of September 15. The Company has given a reply according to the register of shareholders released by the Securities Depository and Clearing Corporation.
October 11, 2017	Phone call	Individual	Inquire about the directors, supervisors and senior executives' increasing holdings of the Company. The Company has given a reply according to the actual progress disclosed.
October 17, 2017	Phone call	Individual	Inquire about the financial data of Q3. The Company asked investors to pay attention to 2017 Q3 report of the Company to be disclosed.
October 20, 2017	Phone call	Individual	Inquire about the number of shareholders as of October 15. The Company has given a reply according to the register of shareholders released by the Securities Depository and Clearing Corporation.
November 4, 2017	Phone call	Individual	Inquire about the number of shareholders as of October 31. The Company has given a reply according to the register of shareholders released by the Securities Depository and Clearing Corporation.
November 13, 2017	Phone call	Individual	Inquire about stock suspension. The Company has given a reply according to the announcement disclosed.
November 15, 2017	Phone call	Individual	Inquire about stock resumption. The Company has given a reply according to the actual progress disclosed.
November 21, 2017	Field research	Individual	For details, see the information disclosed by the Company on irm.cninfo.com.cn .
November 27, 2017	Phone call	Individual	Inquire about the progress of controlling shareholders' increasing holdings of the Company. The Company has given a reply according to the actual progress disclosed.
December 12, 2017	Phone call	Individual	Inquire about the reason for the resignation of the Secretary of the Board. The Company has given a reply according to the announcement disclosed.
December 05, 2017	Phone call	Individual	Inquire about the number of shareholders as of November 30. The Company has given a reply according to the register of shareholders released by the Securities Depository and Clearing Corporation.
December 14, 2017	Phone call	Individual	Inquire about the progress of the Company's reducing holdings of Huakong SEG. The Company advised investors to pay attention to the progress report disclosed in the designated information disclosure media.
December 18, 2017	Phone call	Individual	Inquire about the operating result of Q4. The Company asked investors to pay attention to 2017 annual report of the Company to be disclosed.
December 21, 2017	Phone call	Individual	Inquire about the reason for the resignation of the Secretary of the Board. The Company has given a reply according to the announcement disclosed.
Frequency of reception			35
Number of institutions received			32
Number of individuals received			33
Number of other objects received			0
Is there any important information disclosed?			No

Chapter 5 Important Matters

I. Plan of common share profit distribution and plan of transfer of capital reserves into share capital

Information on the establishment, implementation or adjustment of the ordinary share profit distribution policy, especially the cash dividend policy:

☐ Applicable ☒ Not applicable

According to the *Articles of Association* and *Shareholder Return Plan for the Next Three Years (2015-2017)*, the *Annual Profit Distribution Plan of 2016* was formulated by the Company in 2017 and passed by the Board of Directors and general meeting. The Company accrued 10% of the profit available for distribution (RMB 11,880,703.37) as the statutory surplus reserve, and distributed cash dividend of RMB 0.30 (tax included) for every 10 shares to all shareholders based on the total share capital of 1,235,656,249 shares after the Company issued shares to SEG Group through public offering. The total amount of profit distribution of the Company was RMB 37,069,687.47, in which the cash dividend accounted for 100%. The Company did not transfer reserves into share capital this year. The annual profit distribution plan of 2016 was completed on August 21, 2017.

Special explanation of cash dividend policy	
Does it comply with the Article of Association of the Company or the resolutions of the meeting of shareholders?	Yes
Are the dividend standard and ratio explicit and clear?	Yes
Are the decision-making procedure and mechanism perfect?	Yes
Do independent directors fulfill their obligations and play their role?	Yes
Is there any channel for medium and small shareholders to fully express themselves? Are their legitimate rights and interests fully protected?	Yes
Are the conditions and procedure for adjustment or change of cash dividend policy compliant and transparent?	Yes

Information on the ordinary share profit distribution plan (proposal) and the plan of transfer of capital reserves into share capital (proposal) in the recent three years (including the reporting period)

Pursuant to the *Accounting Standard for Business Enterprise 2014*, the investment in subsidiaries by the Company was calculated based on the basis of cost method, the profit of parent company remained bigger differences with consolidated profit. In accordance with relevant provisions of the *Company Law*, the profit distribution was implemented with the parent company as the main body. Therefore, the profit distribution of the Company in 2017, 2016, and 2015 was implemented depending on the distributable profit of the parent company.

1. According to audit by Da Hua Certified Public Accountants Co., Ltd., the net profit of the parent company attributable to the listed company in 2017 is RMB 169,074,330.91, the undistributable profit at the beginning of the year is RMB 146,342,426.58, and the profit available for distribution among shareholders is RMB 315,416,757.49. According to the *Articles of Association* and *Shareholder Return Plan for the Next Three Years*

(2015-2017) of Shenzhen SEG Co., Ltd., the profit distribution proposal of 2017 is as follows: The Company has accrued 10% of the net profit of the current year (RMB 11,880,703.37) as the statutory surplus reserve, and plans to distribute cash dividend of RMB 0.55 (tax included) for every 10 shares to all shareholders based on 1,235,656,249 share capital. The Company plans not to transfer capital reserves into share capital in 2017.

2. Profit distribution proposal and the proposal for transfer of capital reserves into share capital in 2016: According to audit by Da Hua Certified Public Accountants Co., Ltd., the net profit of the parent company attributable to the listed company in 2016 amounted to RMB 118,807,033.67, the undistributed profit at the beginning of the year is RMB 63,085,510.75, and the current profit available for distribution among shareholders was RMB 181,892,544.42. According to the *Articles of Association* and *Shareholder Return Plan for the Next Three Years (2015-2017)*, the annual profit distribution plan of 2016 is as follows: The Company will accrue 10% of the profit available for distribution (RMB 11,880,703.37) as the statutory surplus reserve, and distribute cash dividend of RMB 0.30 (tax included) for every 10 shares to all shareholders based on the total share capital of 1,235,656,249 shares after the Company issued shares to SEG Group through public offering. The total amount of profit distribution of the Company is RMB 37,069,687.47, in which the cash dividend accounts for 100%. The Company plans not to transfer reserves into share capital this year.

3. Profit distribution proposal and the proposal for transfer of capital reserves into share capital in 2015: According to audit by Da Hua Certified Public Accountants Co., Ltd., the net profit of the parent company attributable to the listed company in 2015 amounted to RMB 92,305,001.57, the undistributed profit at the beginning of the year is RMB -22,209,989.62, and the current profit available for distribution among shareholders was RMB 70,095,011.95. The annual profit distribution plan of 2015 was as follows: The statutory surplus reserve was RMB 7,009,501.20, accrued at 10% of the profit available for distribution. Based on 784,799,010 share capital of the Company as of December 31, 2015, the Company distributed cash dividend of RMB 0.30 (tax included) for every 10 shares to all shareholders. The total amount of profit distribution of the Company in 2015 was RMB 23,543,970.30, in which the cash dividend accounted for 100%. The Company did not transfer capital reserves into share capital.

Table of distribution of ordinary share cash dividends by the Company in the recent three years (including the reporting period)

Unit: Yuan

Year for bonus distribution	Amount of cash bonus (incl. tax)	Net profit attributable to ordinary shareholders of listed company in consolidated statement of bonus year	Ratio of net profit attributable to ordinary shareholders of listed company in consolidated statement (%)	Amount of cash dividends otherwise distributed	Percentage of cash dividends otherwise distributed
2017	67,961,093.70	219,553,261.10	30.95%	0	0.00%
2016	37,069,687.47	107,560,213.41	15.07%	0	0.00%
2015	23,543,970.30	74,242,090.49	13.35%	0	0.00%

The net profit of the Company was positive and the profit of the parent company to be distributed to ordinary shareholders was also positive, but the proposal for distribution of cash dividends was not put forward.

□ Applicable √ Not applicable

II. Plan of profit distribution and plan of transfer of capital reserves into share capital in the reporting period

√ Applicable ☐ Not applicable

Number of bonus shares for every 10 shares	0
Dividend for every 10 shares (yuan) (tax included)	0.55
Reserves transferred into share capital for every 10 shares	0
Equity base of the distribution plan	1,235,656,249
Total cash dividend (yuan) (tax included)	67,961,093.70
Profit available for distribution (yuan)	315,416,757.49
Percentage of cash dividend in total profit distribution	100%
Information on cash dividend	
Others	
Details of the profit distribution proposal or the proposal for transfer of capital reserves into share capital	
1. According to audit by Da Hua Certified Public Accountants Co., Ltd., the net profit of the parent company attributable to the listed company in 2017 is RMB 169,074,330.91, the undistributable profit at the beginning of the year is RMB 146,342,426.58, and the profit available for distribution among shareholders is RMB 315,416,757.49. According to the <i>Articles of Association</i> and <i>Shareholder Return Plan for the Next Three Years (2015-2017) of Shenzhen SEG Co., Ltd.</i>, the profit distribution proposal of 2017 is as follows: The Company has accrued 10% of the net profit of the current year (RMB 11,880,703.37) as the statutory surplus reserve, and plans to distribute cash dividend of RMB 0.55 (tax included) for every 10 shares to all shareholders based on 1,235,656,249 share capital. The Company plans not to transfer capital reserves into share capital in 2017.	

III. Fulfillment of Commitments

1. Commitments fulfilled in the reporting period or yet to be fulfilled as of the end of the reporting period by the Company, shareholders, actual controllers, purchaser, directors, supervisors, senior executives or other associates

√ Applicable ☐ Not applicable

Commitments	Subject	Type	Content	Commitment date	Commitment term	Performance
Commitment for share reform	Not applicable					
Commitments in the Acquisition Report and the Report of Changes on Equity	Shenzhen SEG Group Co., Ltd.	Commitment on horizontal competition, related transaction, and capital occupation	"1. The Company undertakes that as of October 31, 2015, controlling shareholders of Shenzhen SEG or other related persons who occupy funds of Shenzhen SEG or the subject company due to non-operating events will repay them before the shareholders' meeting that is intended to review the restructuring plan; 2. After restructuring, the financial independence of the listed companies shall be guaranteed and no illegal occupation of funds of listed companies will occur; 3. The Company will abide by and urge listed companies to abide by relevant laws and administrative regulations such as the <i>Code on Corporate Governance of Listed Companies</i>, the <i>Notice on Regulating the Funds Transfers between Listed Companies and Related Parties and the External Guarantee of Listed Companies</i>, and the <i>Listing Rules of Shenzhen Stock Exchange</i>, regulations, regulatory documents, and Shenzhen Stock Exchange business rules, and improve awareness of compliance; 4. The Company will exercise the rights of shareholders according to law, and will not abuse the rights of shareholders to damage the interests of listed companies and other shareholders; 5. The Company will optimize the governance structure of listed companies, improve the internal control system, regulate the operation of the three organs, give full play to functions and supervisory role of independent directors and the Board of Supervisors, and restrict decision-making and operation by controlling shareholders and actual controllers of the Company; 6. The Company will fulfill the obligation of information disclosure strictly in accordance with relevant provisions, actively cooperate with listed companies on information disclosure, timely inform major events incurred or to be incurred, and ensure the authenticity, accuracy, integrity, timeliness and fairness of information disclosure. In case of breach of the foregoing commitments, the Company will bear all losses thus incurred to Shenzhen SEG, the subject company, other companies, enterprises, or other economic organizations controlled by the Company."	August 3, 2016	Long-term	In progress
	Shenzhen SEG Group Co., Ltd.	Commitment on horizontal competition, related transaction, and capital occupation	"1. When the Company acts as the controlling shareholder of Shenzhen SEG, the Company, other companies, enterprises, or other economic organizations controlled by the Company, will minimize and regulate connected transactions with Shenzhen SEG or the subject company, other companies, enterprises, or other economic organizations controlled by the Company. 2. When the restructuring is completed, the Company, other companies, enterprises, or other economic organizations controlled by the Company will handle connected transactions with Shenzhen SEG or the subject company that are unavoidable or incurred for reasonable cause at fair and reasonable market price, perform the decision-making procedure for connected transactions according to relevant laws, regulations, and	August 3, 2016	Long-term	In progress

			normative documents, fulfill the obligation of information disclosure and handle the approval procedures according to the law, do not use the dominant position of the controlling shareholder to damage the legal rights and interests of Shenzhen SEG and other shareholders. 3. The Company, other companies, enterprises, or other economic organizations controlled by the Company will not use the rights of shareholders of the listed company or the actual control ability to manipulate or instruct the listed company or its directors, supervisors and senior executives to have the listed company unfairly provide or accept funds, goods, services or other assets, or engage in any acts detrimental to the interests of listed companies. In case of breach of the following commitments, the Company will bear all losses thus incurred to Shenzhen SEG, the subject company, other companies, enterprises, or other economic organizations controlled by the Company."			
	Shenzhen SEG Group Co., Ltd.	Commitment on horizontal competition, related transaction, and capital occupation	"1. In the restructuring, relevant assets, such as some commercial electronics markets of SEG Group that constitute horizontal competition, have not been injected into the listed company. SEG Group will trust such assets to Shenzhen SEG or its subsidiaries after the major asset restructuring. Within 5 years after the major asset restructuring, SEG Group will take all necessary measures to solve flaws of such assets, and incorporate the preceding specialized electronics markets that constitute horizontal competition into Shenzhen SEG or transfer them to the third party in a feasible way such as sales based on operating needs of Shenzhen SEG and the completeness of the ownership of such assets. If SEG Group fails to complete the foregoing matters as scheduled, before injecting relevant assets to Shenzhen SEG, SEG Group shall lease them to Shenzhen SEG for direct operation and enjoy the income from such property. The annual rent of Shenzhen SEG is the depreciated value of such property. Profit and loss incurred by leasing of such property assets shall be shared by Shenzhen SEG. The parties shall separately enter into a leasing agreement. 2. Except assets owned and business operated before the validity date of commitment, when acting as a controlling shareholder or actual controller of Shenzhen SEG, in order to guarantee sustainable development of Shenzhen SEG, the Company will exercise supervision and restriction on operating activities of its own and affiliated enterprises under its control, will not establish new or acquire any assets or business same as or similar to its main business within the operation area of Shenzhen SEG, and will not be engaged in any activities that may damage the interests of Shenzhen SEG and other companies and enterprises controlled by Shenzhen SEG, or other economic organizations. If in the future there is any business opportunity same as or similar to other main business within Shenzhen SEG operation area, such opportunity will preferentially be recommended to Shenzhen SEG and other companies and enterprises controlled by Shenzhen SEG, or other economic organizations. However, any of the following cases is an exception: (1) Due to national laws, regulations and policies and other reasons, any commercial properties and real estate development projects appropriated or allocated through oriented protocols by the government to SEG Group and any enterprises invested by it; or (2) when the general conditions of tender, transfer or assignment of specific commercial properties and real estate development projects have specific requirements on the bidder or assignee, Shenzhen SEG is not qualified y but SEG Group is qualified.	August 03, 2016	Long-term	In progress

			Commercial property and real estate development projects that are same as the main business of Shenzhen SEG or result in horizontal competition subject to the above exclusions may be invested and built by SEG Group at first. If Shenzhen SEG thinks that such assets are eligible to be injected into Shenzhen SEG, upon receipt of the written acquisition notice from Shenzhen SEG, SEG Group will negotiate on acquisition and transfer such projects to Shenzhen SEG. In case of breach of the foregoing commitments, the Company will bear all losses thus incurred to Shenzhen SEG, the subject company, other companies, enterprises, or other economic organizations controlled by the Company."			
	Shenzhen SEG Group Co., Ltd.	Other commitment	"1. The Company will guarantee the independence of personnel of Shenzhen SEG and subject company: (1) After completion of the restructuring, the labor, personnel and compensation management of Shenzhen SEG are independent from the Company and related parties, such as other companies, enterprises, or other economic organizations controlled by the Company. (2) After completion of the restructuring, senior executives of Shenzhen SEG and the subject company hold full-time position at Shenzhen SEG and the subject company and receive compensation, and will not assume any duties other than director and supervisor in the Company and related parties, such as other companies, enterprises, or other economic organizations controlled by the Company. (3) After completion of the restructuring, the Company will not interfere with the shareholders' meeting and the Board of Directors' exercise of power in appointment/dismissal of personnel. 2. The Company will guarantee the independence of organs of Shenzhen SEG and the subject company: (1) After completion of the restructuring, Shenzhen SEG and the subject company will develop a sound corporate governance structure and an independent and complete organizational structure. (2) After completion of the restructuring, the shareholders' meeting, the Board of Directors, and the Board of Supervisors of Shenzhen SEG and the subject company will exercise duties and powers according to laws, regulations and articles of association of Shenzhen SEG and the subject company. 3. The Company will guarantee the independence and completeness of Shenzhen SEG and the subject company: (1) After completion of the restructuring, Shenzhen SEG and the subject company will have independent and complete assets related to production and management. (2) After completion of the restructuring, the site for business operation of Shenzhen SEG and the subject company are independent of the Company and related parties, such as other companies, enterprises, or other economic organizations controlled by the Company. (3) After completion of the restructuring, except normal operational contacts, Shenzhen SEG and the subject company are not involved in the following case: funds or assets are occupied by the Company and related parties, such as other companies, enterprises, or other economic organizations controlled by the Company. 4. The Company will guarantee the business independence of Shenzhen SEG and the subject company: (1) After completion of the restructuring, Shenzhen SEG and the subject company own relevant qualification for independent business operation, and have the independent and sustainable market-oriented operation capability. (2) Except assets owned and business operated before the validity date of commitment, when acting as a controlling shareholder of Shenzhen SEG, in order to guarantee sustainable development	August 3, 2016	Long-term	In progress

		of Shenzhen SEG, the Company will exercise supervision and restriction on operating activities of its own and the affiliated enterprises under its control, will not establish new or acquire any assets or businesses same as or similar to its main business within the operation area of Shenzhen SEG, and will also not be engaged in any activities which may damage the interests of Shenzhen SEG and other companies, enterprises, or other economic organizations controlled by Shenzhen SEG. If in the future there is any business opportunity same as or similar to other main business within Shenzhen SEG operation area, such opportunity will be preferentially recommended to Shenzhen SEG and other companies, enterprises, or other economic organizations controlled by Shenzhen SEG. (1) Due to national laws, regulations and policies and other reasons, any commercial properties and real estate development projects appropriated or allocated through oriented protocols by the government to SEG Group and any enterprises invested by it; or (2) When the general conditions of tender, transfer or assignment of specific commercial properties and real estate development projects have specific requirements on the bidder or assignee, Shenzhen SEG is not qualified but SEG Group is qualified. Commercial property and real estate development projects that are same as the main business of Shenzhen SEG or result in horizontal competition subject to the above exclusions may be invested and built by SEG Group at first. If Shenzhen SEG thinks that such assets are eligible to be injected into Shenzhen SEG, upon receipt of the written acquisition notice from Shenzhen SEG, SEG Group will negotiate on acquisition and transfer such projects to Shenzhen SEG. (3) After completion of the restructuring, the Company and related parties, such as other companies, enterprises, or other economic organizations controlled by the Company will reduce related transactions with Shenzhen SEG and the subject company and other companies, enterprises, or other economic organizations controlled by them; for any related transactions that are indeed necessary and unavoidable, the Company will handle them at fair price based on the market principle, and fulfill relevant approval procedures and the information disclosure obligation according to provisions of relevant laws, regulations and normative documents. 5. The Company will guarantee the financial independence of Shenzhen SEG and the subject company: (1) After completion of the restructuring, Shenzhen SEG and the subject company will establish an independent financial department, independent financial accounting system, and standard and independent financial accounting rules. (2) After completion of the restructuring, Shenzhen SEG and the subject company will separately open an account in banks, and do not share accounts with the Company and related parties, such as other companies, enterprises, or other economic organizations controlled by the Company. (3) After completion of the restructuring, financial personnel of Shenzhen SEG and the subject company will not hold a part-time job in the Company or related parties, such as other companies, enterprises, or other economic organizations controlled by the Company. (4) After completion of the restructuring, Shenzhen SEG and the subject company will independently make financial decisions, and the Company will not interfere with fund usage of Shenzhen SEG and the subject company. (5) After completion of the restructuring, Shenzhen SEG and the subject company will pay taxes independently according to laws. In case of breach of the foregoing commitments, the Company will bear all losses thus incurred to Shenzhen SEG, and the subject company."			
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Commitments made at the time of restructuring of major assets	Shenzhen SEG Group Co., Ltd.	Performance Commitment	"(I) Contract subjects and date of signing Shenzhen SEG and SEG Group signed Performance Commitment and Compensation Agreement on August 3, 2016. (II) Performance commitment period Three accounting periods following the completion of the transaction (including the year of completion and the following consecutive two accounting periods). If the transaction is completed before December 31, 2016 (included), the performance commitment period includes 2016, 2017, and 2018. If the transaction is completed between December 31, 2016 and December 31, 2017 (included), the performance commitment period includes 2017, 2018, and 2019. After the completion of the transaction, Shenzhen SEG shall hire an accounting firm with the qualification of securities that is recognized by SEG Group within 4 months after the end of each accounting period during the performance commitment period to respectively issue a special audit report and/or an impairment test report (hereinafter referred to as the "special audit report") with respect to the promised net profit/promised cash flow income/promised development profit (hereinafter collectively referred to as "promised performance") related to assets within the transaction compensation scope agreed in the agreement, and recognize the promised performance or impairment of assets within the transaction compensation scope in each year during the performance commitment period. (III) Performance commitment and performance compensation Underlying assets injected into Shenzhen SEG in this transaction are subject to multiple appraisal methods: 100% of the equity of SegMaker, 55% of the equity of SEG Recreation, and 79.02% of the equity of SEG Property Investment are priced on the basis of appraisal conclusion with the asset-based method, in which property assets are subject to the income method and market method and real estate development in the long-term equity investment is subject to the hypothetical development method; 100% of the equity of SEG Property Development and 100% of the equity of SEG Property Management (a wholly-owned subsidiary of SEG Property Investment) are subject to the income method. Therefore, all parties recognize and agree that the performance guarantee of relevant underlying assets of the transaction and the compensation methods shall be carried out according to the following stipulations: 1. Performance guarantee of underlying assets appraised by income approach and performance compensation (1) If the transaction is completed before December 31, 2016 (included), SEG Group warrants that: 1) Audited net profits of SEG Property Development after the deduction of non-recurring profits and losses and investment income of 2016, 2017 and 2018 respectively (hereinafter referred to as "guaranteed net profits") shall not be lower than RMB 8.05 million, RMB 7.85 million and RMB 7.75 million respectively; 2) The guaranteed net profits of SEG Property Management of 2016, 2017 and 2018 shall not be lower than RMB 4.05 million, RMB 3.45 million and RMB 3.6 million respectively; 3) The net profits attributable to the parent company (net profits attributable to the parent company = shareholding percentage of parent company x [income actually realized by corresponding property assets (including the income of new area after renovation of property assets)-depreciation and amortization of the cost of renovation-direct cost and	August 3, 2016	Three accounting years from the year of completion of restructuring (including the year of completion and the subsequent two accounting years)	In progress
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		management costs (including urban property tax, business tax, urban construction tax and education surtax, stamp duty, maintenance tax, insurance premium and land use tax, excluding depreciation and amortization)-relevant losses caused by renovation (if any)-other operating costs and taxes of corresponding properties (including income tax)], hereinafter referred to as "guaranteed net profits") of the property assets (minus the parts used by the companies) of SegMaker, SEG Recreation and SEG Real Estate of 2016, 2017 and 2018 appraised by income approach shall not be lower than RMB 63,013,500, RMB 59,995,800 and RMB 77,627,200 respectively. (2) If the transaction is completed after December 31, 2016 and before December 31, 2017 (included), SEG Group warrants that: 1) Guaranteed net profits of SEG Property Development of 2017, 2018 and 2019 respectively shall not be lower than RMB 7.85 million, RMB 7.75 million and RMB 7.75 million respectively; 2) The guaranteed net profits of SEG Property Management of 2017, 2018 and 2019 shall not be lower than RMB 3.45 million, RMB 3.60 million and RMB 3.75 million respectively; 3) The guaranteed net profits corresponding to the property assets (minus the parts used by the companies) of 2017, 2018 and 2019 as appraised by income approach of SegMaker, SEG Recreation and SEG Real Estate shall not be lower than RMB 59,995,800, RMB 77,627,200 and RMB 94,723,100 respectively. (3) If the actual net profits on the foregoing assets appraised by income approach after accumulative deduction of non-operating profits and losses as of the end of any year during the performance guaranteed period are lower than the accumulatively guaranteed net profits of corresponding assets as of the end of such year, SEG Group shall use Shen SEG shares obtained by acquisition of relevant assets as the consideration to make compensation for Shenzhen SEG in terms of the shares issued to SEG Group according to the following calculation method. For the part not covered by shares, SEG Group shall compensate in cash: 1) to compensate 100% of the equity of SEG Property Development and 100% of the equity of SEG Property Management appraised by income approach: I. Number of shares to be compensated every year = (accumulated guaranteed net profits as of the end of the current period -actually accumulated net profits as of the end of the current period)/total guaranteed net profits of years during the compensation period x total subscribed shares-amount of compensated shares. Remarks: The "total subscribed shares" refers to the total number of shares obtained by SEG Group by subscribing all shares issued by Shenzhen SEG at 100% of the equity of SEG Property Development and 100% of the equity of SEG Property Management appraised, i.e. total subscribed shares = 100% of the equity of SEG Property Development or 100% of the equity of SEG Property Management as the overall price/offering price of the shares issued this time to purchase assets. When the number of shares of Shenzhen SEG is calculated by 100% of the equity of SEG Property Management, the impact of the 79.02% of the equity of SEG Real Estate (the parent company of SEG Property Management) held by SEG Group should be taken into consideration. II. The part not covered by shares will be compensated by SEG Group in cash. Amount of extra cash to be compensated = number of shares not covered x offering price of the shares issued this time to purchase assets. 2) Compensation of property assets held by all target companies appraised by income approach			
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		I. Number of shares to be compensated every year = (accumulated guaranteed net profits as of the end of the current period - actually accumulated net profits as of the end of the current period) / total guaranteed net profits of years during the compensation period x total subscribed shares - amount of compensated shares. Remarks: The "total subscribed shares" in the foregoing formula refers to the total number of shares obtained by SEG Group by subscribing all shares issued by Shenzhen SEG at the price of the property assets (including the property assets appraised by income approach and are held by SegMaker, SEG Recreation and SEG Real Estate) appraised by income approach, i.e. total subscribed shares = appraised price of the property assets appraised by all target companies with income approach / the offering price of the shares issued this time to purchase assets. When the number of shares of Shenzhen SEG is calculated, the impact of the percentages of share rights of all target companies held by SEG Group shall be taken into consideration. II. The part not covered by shares will be compensated by SEG Group in cash. Amount of extra cash to be compensated = number of shares not covered x offering price of the shares issued this time to purchase assets. (4) When the performance guaranteed period expires, Shenzhen SEG shall hire the Certified Public Accountants with securities practice qualification recognized by both parties to carry out impairment test on the foregoing assets appraised by income approach and issue the impairment test report. If the impairment amount at the end of the current period of the assets appraised by income approach is greater than the total number of shares compensated during the performance guaranteed period x offering price of the shares issued this time to purchase assets + total amount of cash compensated, SEG Group shall make compensation for the impaired part of such assets of Shenzhen SEG: 1) Number of shares compensated for the impaired part of the assets appraised by income approach = impairment amount at the end of the current period of the underlying assets appraised by income approach / offering price of the shares issued this time - total shares already compensated during the performance guaranteed period. 2) The part not covered by shares will be compensated by SEG Group in cash. Amount of extra cash to be compensated = number of shares not covered x offering price of the shares issued this time to purchase assets. (5) Under any circumstances, the total number of shares compensated arising from the actual net profits less than the guaranteed net profits and the impairment test in total shall be limited to the total number of Shen SEG shares (including share increase by transfer and stock dividends) obtained by subscription with 100% of the equity of SEG Property Development, 100% of the equity of SEG Property Management and property assets of target companies appraised by SEG Group with income approach. The part not covered will be compensated in cash by SEG Group, which is limited to the cash consideration paid for Shen SEG shares with such assets. 2. Performance guarantee of underlying assets appraised by hypothetical development method and performance compensation (1) SEG Group warrants that the actual development profits (hereinafter referred to as "guaranteed development profits") of SEG ECO Phase I Project, Shenzhen SEG International Electronics Industry Center Project of Shenzhen SEG New City Construction and Development Co., Ltd. (hereinafter referred to as "SEG New City			
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		Development"), Xi'an SEG Plaza Project of Xi'an SEG (subsidiary of SEG Real Estate), and the remaining building of Oriental Venice Project and SEG Holiday Plaza Project of Huizhou Stars Real Estate Development Co., Ltd. (subsidiary of SEG Real Estate) shall not be lower than RMB 104,007,500, RMB 449,494,900, RMB 661,619,900, RMB 18,501,000 and RMB 154,605,400 respectively. (2) The compensation period of the transaction is three fiscal years from the year of completion of the transaction (included). When the restructuring compensation period expires, Shenzhen SEG shall hire the Certified Public Accountant with securities practice qualification recognized by both parties to carry out audit on the realized profits of the foregoing real estate projects appraised by hypothetical development method (including the development profits realized in the transitional period) and unrealized development profits (if any), and issue special audit reports respectively. If, during the period from the appraisal base date to the expiry date of the three-year guaranteed period, the achieved sales area of the real estate projects under the underlying assets (hereinafter referred to the "achieved sales area") fails to reach 90% of the remaining sellable area as of the appraisal base date or the sellable area after completion, SEG Group agrees to extend the performance guaranteed period of the real estate projects appraised by hypothetical development method to the end of the year when the achieved sales area reaches 90% (i.e. December 31 of that year). All the real estate projects appraised by hypothetical development method shall be subject to the foregoing stipulations separately. During the transaction compensation period, the amount of the capital raised this time with impact shall be deducted from realized and unrealized development profits (if any) of the real estate projects appraised by hypothetical development method, the calculation formula of the amount of the supporting capital raised this time with impact is as below: amount of the supporting capital raised this time with impact on the performance guarantee = amount of the supporting capital raised this time actually used in funded projects x interest of loan from the bank of corresponding period x (1 - income tax rate of the implementation subject of implementation of the funded projects) x actual days of capital use/365, in which the interest of loan from the bank of corresponding period shall be determined by the interest rate of loan of 1 to 3 years of the People's Bank of China of the corresponding period of the actual operation plus 20% extra, and the actual days of use of the capital raised shall be calculated by the natural days during the period from the date on which the raised capital is provided to the implementation subject of the funded project till the earlier one of the expiry date of the compensation period and the date on which relevant capital is repaid to the listed company. If the total amount of the realized development profits and the unrealized development profits (if any) of such real estate projects is lower than the guaranteed development profits, SEG Group shall compensate Shenzhen SEG with the shares used by Shenzhen SEG as payment consideration acquired from relevant project subscription according to the following calculation method, and SEG Group shall compensate in cash the part not covered by shares: 1) number of shares to be compensated = [accumulated realized development profits from the base date of appraisal to the expiry date of the performance guarantee period - unrealized development profits of the projects (if any)]/guaranteed development profits x total subscribed shares. Remarks: In the foregoing formula, the "total subscribed shares" refer to the total number of shares obtained by SEG Group by using the real estate			
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		projects held indirectly that are appraised by hypothetical development method to subscribe the total shares issued by Shenzhen SEG. When the number of shares subscribed of Shenzhen SEG is calculated, the impact of the percentage of equity of SEG Real Estate held by SEG Group and that of the foregoing real estate projects held by SEG Real Estate shall be taken into consideration. The realized development profits in the foregoing formula refer to the net profits of the projects after deducting corresponding inventory development cost already carried forward, expenses and taxes from the realized sales income of real estate projects as of the expiry date of the restructuring compensation period. The unrealized development profits refer to that if there are development products not sold yet in corresponding real estate projects when the restructuring compensation period expires, the unrealized development profits corresponding to the remaining development products shall be determined according to the following methods: unrealized development profits = estimated unit sales price of the remaining development products x area - book cost corresponding to development products - estimated sales cost - estimated sales cost - measured land VAT - measured income tax. Remarks: In the estimated unit sales price of the remaining development products, if a sales contract has been signed, the unit price set out in the contract shall prevail, and if no sales contract has been signed, the unit sales price shall be determined by the unit sales price of the same type of products sold earlier; the area shall be determined by the actually sold sales area corresponding to the development product; estimated sales cost shall be determined according to the percentage of the sales cost corresponding to the sales product in the sales income; estimated sales taxes shall be determined according to the fee standard of the real estate industry; and measured land VAT and income tax shall be calculated according to relevant standards of the tax laws. 2) The part not covered by shares will be compensated by SEG Group in cash. Amount of extra cash to be compensated = number of shares not covered x offering price of the shares issued this time to purchase assets. (3) When the performance guaranteed period expires, Shenzhen SEG shall hire the Certified Public Accountant with securities practice qualification recognized by both parties to carry out impairment test on the foregoing assets appraised by hypothetical development method and issue the impairment test report. If the impairment amount at the end of period of the real estate projects appraised by hypothetical development method is greater than the total number of shares compensated during the performance guaranteed period x offering price of the shares issued this time to purchase assets + total amount of cash compensated, SEG Group shall make compensation for the impaired part of such assets of Shenzhen SEG: 1) Number of shares compensated for the impaired part of the real estate projects appraised by hypothetical development method = impairment amount at the end of period of the real estate projects appraised by hypothetical development method/offering price of the shares issued this time - total shares already compensated during the performance guaranteed period. 2) The part not covered by shares will be compensated by SEG Group in cash. Amount of extra cash to be compensated = number of shares not covered x offering price of the shares issued this time to purchase assets. (4) Under any circumstances, the total of the total amount of actually realized			
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		development profits and unrealized development profits (if any) and the total number of compensated shares occurred due to impairment test shall not exceed the total number of shares of Shenzhen SEG (including the shares increased by transferring and stock dividends) obtained by SEG Group subscribing the shares issued by Shenzhen SEG with the real estate projects appraised by hypothetical development method. The insufficient part will be compensated in cash by SEG Group with the limit as the cash consideration paid for Shen SEG shares with such projects. 3. Performance compensation of assets appraised by market approach (1) For the property assets appraised by market approach, Shenzhen SEG shall engage certified public accountants that possess the qualification in practicing the securities business in the end of every year during the performance guaranteed period to carry out impairment test, and issue impairment test report. SEG Group shall compensate Shenzhen SEG with the shares used by Shenzhen SEG as payment consideration acquired from relevant assets subscription according to the following calculation method, and SEG Group shall compensate in cash the part not covered by shares: 1) Total number of shares to be compensated = impairment amount at the end of the current period/offering price of the shares issued this time to purchase assets -number of shares already compensated. 2) The part not covered by shares will be compensated by SEG Group in cash. Amount of extra cash to be compensated = number of shares not covered x offering price of the shares issued this time to purchase assets. (2) Under any circumstances, the total number of shares compensated arising from the impairment test shall not exceed the total amount of Shenzhen SEG shares acquired by SEG Group with the property assets appraised by market approach previously (including share increase by transfer and stock dividends). The part not covered by shares and the amount compensated in cash in total shall not exceed the cash consideration paid for Shenzhen SEG shares acquired by SEG Group with such property assets. Relevant compensation methods for the foregoing 100% of the equity of SEG Property Development, 100% of the equity of SEG Property management and the property assets held by the target companies appraised by income approach and the real estate projects appraised by hypothetical development method as well as other property assets appraised by market approach are independent. The number of shares compensated by assets appraised by other methods is not considered when the number of shares compensated is calculated. When the number of shares to be compensated and/or amount of cash calculation of each year is calculated according to relevant stipulations mentioned above, if the number of compensated shares calculated is smaller than 0, take 0, i.e. the shares compensated will not be refunded; if the cash compensation amount calculated is smaller than 0, take 0, and the cash compensated will not be refunded. When the impairment amount is calculated, the impact of capital increase, decrease, acceptance of the gift and profit distribution of the shareholders of underlying assets during the performance guaranteed period on the amount of impairment shall be eliminated. (IV) Triggering condition for performance compensation After the completion of the transaction, if assets within the transaction compensation scope as specified in the special audit report are impaired or fail to achieve the promised performance, SEG Group shall make compensation to Shenzhen SEG as agreed in the			
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			agreement. (V) Performance compensation method After the completion of the transaction, if assets within the transaction compensation scope are impaired or fail to achieve the promised performance, SEG Group shall compensate Shenzhen SEG in cash or shares. (VI) Effectiveness and termination of the agreement The agreement is made upon signature and seal by the legal representative or authorized agent of each party. As an integral part of the Asset Purchase Facility, the agreement shall come into effect from the date of effectiveness of the Asset Purchase Facility. When the Asset Purchase Facility is rescinded, terminated, or deemed as invalid, the agreement is also rescinded, terminated, or invalid. (VII) Liability for breach of the agreement Except for in case of force majeure, violation of any terms of the agreement by either party constitutes breach of the agreement. The default party shall compensate for all losses arising from breach of the agreement to the non-breaching party.			
	Shenzhen SEG Group Co., Ltd.	Commitment on horizontal competition, related transaction, and capital occupation	"1. In the restructuring, relevant assets, such as some commercial electronics markets of SEG Group that constitute horizontal competition, have not been injected into the listed company. SEG Group will trust such assets to Shenzhen SEG or its subsidiaries after the major asset restructuring. Within 5 years after the major asset restructuring, SEG Group will take all necessary measures to solve flaws of such assets, and incorporate the preceding specialized electronics markets that constitute horizontal competition into Shenzhen SEG or transfer them to the third party in a feasible way such as sales based on operating needs of Shenzhen SEG and the completeness of the ownership of such assets. If SEG Group fails to complete the foregoing matters as scheduled, before injecting relevant assets to Shenzhen SEG, SEG Group shall lease them to Shenzhen SEG for direct operation and enjoy the income from such property. The annual rent of Shenzhen SEG is the depreciated value of such property. Profit and loss incurred by leasing of such property assets shall be shared by Shenzhen SEG. The parties shall separately enter into a leasing agreement. 2. Except assets owned and business operated before the validity date of commitment, when acting as a controlling shareholder or actual controller of Shenzhen SEG, in order to guarantee sustainable development of Shenzhen SEG, the Company will exercise supervision and restriction on operating activities of its own and affiliated enterprises under its control, will not establish new or acquire any assets or business same as or similar to its main business within the operation area of Shenzhen SEG, and will not be engaged in any activities that may damage the interests of Shenzhen SEG and other companies and enterprises controlled by Shenzhen SEG, or other economic organizations. If in the future there is any business opportunity same as or similar to other main business within Shenzhen SEG operation area, such opportunity will preferentially be recommended to Shenzhen SEG and other companies and enterprises controlled by Shenzhen SEG, or other economic organizations. However, any of the following cases is an exception: (1) Due to national laws, regulations and policies and other reasons, any commercial properties and real estate development projects appropriated or allocated through oriented protocols by the government to SEG Group and any enterprises invested	August 3, 2016	Long-term	In progress

			by it; or (2) when the general conditions of tender, transfer or assignment of specific commercial properties and real estate development projects have specific requirements on the bidder or assignee, Shenzhen SEG is not qualified y but SEG Group is qualified. Commercial property and real estate development projects that are same as the main business of Shenzhen SEG or result in horizontal competition subject to the above exclusions may be invested and built by SEG Group at first. If Shenzhen SEG thinks that such assets are eligible to be injected into Shenzhen SEG, upon receipt of the written acquisition notice from Shenzhen SEG, SEG Group will negotiate on acquisition and transfer such projects to Shenzhen SEG. In case of breach of the foregoing commitments, the Company will bear all losses thus incurred to Shenzhen SEG, the subject company, other companies, enterprises, or other economic organizations controlled by the Company."			
	Shenzhen SEG Group Co., Ltd.	Commitment on horizontal competition, related transaction, and capital occupation	"1. When the Company acts as the controlling shareholder of Shenzhen SEG, the Company, other companies, enterprises, or other economic organizations controlled by the Company, will minimize and regulate connected transactions with Shenzhen SEG or the subject company, other companies, enterprises, or other economic organizations controlled by the Company. 2. When the restructuring is completed, the Company, other companies, enterprises, or other economic organizations controlled by the Company will handle connected transactions with Shenzhen SEG or the subject company that are unavoidable or incurred for reasonable cause at fair and reasonable market price, perform the decision-making procedure for connected transactions according to relevant laws, regulations, and normative documents, fulfill the obligation of information disclosure and handle the approval procedures according to the law, do not use the dominant position of the controlling shareholder to damage the legal rights and interests of Shenzhen SEG and other shareholders. 3. The Company, other companies, enterprises, or other economic organizations controlled by the Company will not use the rights of shareholders of the listed company or the actual control ability to manipulate or instruct the listed company or its directors, supervisors and senior executives to have the listed company unfairly provide or accept funds, goods, services or other assets, or engage in any acts detrimental to the interests of listed companies. In case of breach of the foregoing commitments, the Company will bear all losses thus incurred to Shenzhen SEG, the subject company, other companies, enterprises, or other economic organizations controlled by the Company."	August 3, 2016	Long-term	In progress
	Shenzhen SEG Group Co., Ltd.	Other commitment	1. The subject company is a limited liability company or stock-limited company established and validly existing according to law with legitimate business qualification; the subject company has obtained all approvals, permission, authorization and permits required for its setting up and operation of business, all such approvals, permission, authorization and permits are valid and there exists no reasons or situations which may cause the above approvals, permission, authorization and permits invalid. 2. The subject company has not been involved in any severe violation of laws or regulations during production operation nor any situations where termination is required according to the requirements of relevant laws, regulations, normative documents and articles of association. As of the date of issuance of this commitment letter, the subject	August 3, 2016	Long-term	In progress

			company has no pending or predictable significant lawsuit, arbitration or administrative penalty with amount of subject of more than one million or which will generate adverse impact on its operation. 3. The subject company will independently and fully fulfill the labor contracts it signed with employees. 4. If the subject company is subject to any recovery of fees or penalty from the relevant competent organization in industrial and commerce, tax, employee salaries, social insurance, housing fund, business qualification or competent authorities due to any facts existing before this restructuring, the Company will fully indemnify the subject company for all fees owned by subject company and assume all losses occurred by subject company and Shenzhen SEG as a result of this. 5. The subject company legally possesses the ownership and/or right of usage of office space, office equipment, trademark and other assets as necessary to guarantee normal production operation, has independent and complete assets and business structure, has legal ownership to its main assets with independent, complete and clear indication of ownership. 6. The subject company has not been involved in any lawsuit, arbitration, judicial mandatory enforcement and other situations which interferes with the transfer of company ownership, and has not incurred any external guarantee that is against laws and articles of association of the Company. After completion of this restructuring, if any loss is caused to Shenzhen SEG and the subject company due to the Company's breach of the above commitment, the Company agrees to assume the above mentioned liability of indemnity/compensation to Shenzhen SEG/subject company.			
	Shenzhen SEG Group Co., Ltd.	Other commitment	"1. 100% shares of SEG Property have been entrusted to a share entrusting agency as required. Its equity form is authentic and valid, and the equity structure and ownership are clear. The Company has no objection to the share ownership, share quantity, and share holding percentage of SEG Property. The Company has no disputes over share ownership with SEG Property and other shareholders. 2. In case any dispute over ownership of the 3.85% shares of SEG Property of which ownership has not been determine as of July 26, 2016 occurs in the future, the Company commits to SEG Property that the Company will provide any necessary assistant to SEG Property to solve the dispute, protect SEG Property from any loss caused thereby, and undertake corresponding responsibilities."	August 3, 2016	Before completion of restructuring	The assets have been transferred and this commitment has been fulfilled.
	Shenzhen SEG Group Co., Ltd.	Other commitment	"1. The Company will guarantee the independence of personnel of Shenzhen SEG and subject company: (1) after completion of the restructuring, the labor, personnel and compensation management of Shenzhen SEG are independent from the Company and related parties, such as other companies, enterprises, or other economic organizations controlled by the Company. (2) Guarantee that after completion of this restructuring the senior executives of Shenzhen SEG and the subject company hold full-time position at Shenzhen SEG and the subject company and receive compensation, and will not assume any duties other than director and supervisor in the Company and other companies, enterprises or other economic organizations and other related parties under control of the Company. (3) Guarantee not to after completion of this restructuring interfere with the	August 3, 2016	Long-term	In progress

		shareholders' meeting and board of directors meeting's exercise of power in appointment/dismissal of personnel. 2. Guarantee the independence of institutions of Shenzhen SEG and subject company (1) guarantee that after completion of this restructuring Shenzhen SEG and subject company will have sound corporate governance structure and independent, complete organization. (2) Guarantee that after completion of this restructuring the shareholders' meeting, board of directors meeting and board of supervisors meeting of Shenzhen SEG and subject company will exercise duties and powers according to laws, regulations and articles of association of Shenzhen SEG and subject company. 3. The Company will guarantee the independence and completeness of Shenzhen SEG and the subject company: (1) After completion of the restructuring, Shenzhen SEG and the subject company will have independent and complete assets related to production and management. (2) Guarantee that after completion of this restructuring the site for business operation of Shenzhen SEG and subject company are independent of the Company and other companies, enterprises or other economic organizations and other related parties under control of the Company. (3) Except normal operational intercourse, guarantee that after completion of this restructuring Shenzhen SEG and subject company do not exist any situation that funds or assets are possessed by the Company and other companies, enterprises or other economic organizations and other related parties under control of the Company. 4. Guarantee the businesses of Shenzhen SEG and subject company are independent (1) guarantee that after completion of this restructuring Shenzhen SEG and subject company have relevant qualification for independently carrying out operational activities, and possess independent, sustainable market-oriented operational capability. (2) Except the assets owned and business operated before validity date of commitment, during the period as controlling shareholder of Shenzhen SEG, in order to guarantee sustainable development of Shenzhen SEG, the Company will exercise supervisory and restriction on operating activities of its own and the affiliated enterprises under its control, and will not establish new or acquire any assets or businesses same or similar with its main businesses within the operation area of Shenzhen SEG, and will also not be engaged in any activities which may damage the interests of Shenzhen SEG and other companies, enterprises or other economic organizations under control of Shenzhen SEG; if in future there exists any business opportunity same or similar with other main businesses within Shenzhen SEG operation area, such opportunity will preferentially recommended to Shenzhen SEG and other companies, enterprises or other economic organizations under control of Shenzhen SEG. (1) Due to national laws, regulations and policies and other reasons, any commercial properties and real estate development projects appropriated or allocated through oriented protocols by the government to SEG Group and any enterprises invested by it; or (2) When the general conditions of tender, transfer or assignment of specific commercial properties and real estate development projects have specific requirements on the bidder or assignee, Shenzhen SEG is not qualified but SEG Group is qualified. Commercial property and real estate development projects that are same as the main business of Shenzhen SEG or result in horizontal competition subject to the above exclusions may be invested and built by SEG Group at first. If Shenzhen SEG thinks that			
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			such assets are eligible to be injected into Shenzhen SEG, upon receipt of the written acquisition notice from Shenzhen SEG, SEG Group will negotiate on acquisition and transfer such projects to Shenzhen SEG. (3) Guarantee that after completion of this restructuring, the Company and other companies, enterprises, other economic organizations or other related parties under control of the Company will reduce connected transactions with Shenzhen SEG and subject company and other companies, enterprises, other economic organizations or other related parties under their control; for any connected transactions which are indeed necessary and unavoidable, guarantee to carry out fair operation following market principle at fair price and fulfill relevant approval procedure and information disclosure obligations according to the provisions of relevant laws, regulations and normative documents. 5. The Company will guarantee the financial independence of Shenzhen SEG and the subject company: (1) After completion of the restructuring, Shenzhen SEG and the subject company will establish an independent financial department, independent financial accounting system, and standard and independent financial accounting rules. (2) After completion of the restructuring, Shenzhen SEG and the subject company will separately open an account in banks, and do not share accounts with the Company and related parties, such as other companies, enterprises, or other economic organizations controlled by the Company. (3) After completion of the restructuring, financial personnel of Shenzhen SEG and the subject company will not hold a part-time job in the Company or related parties, such as other companies, enterprises, or other economic organizations controlled by the Company. (4) After completion of the restructuring, Shenzhen SEG and the subject company will independently make financial decisions, and the Company will not interfere with fund usage of Shenzhen SEG and the subject company. (5) After completion of the restructuring, Shenzhen SEG and the subject company will pay taxes independently according to laws. In case of breach of the foregoing commitments, the Company will bear all losses thus incurred to Shenzhen SEG, and the subject company."			
	Shenzhen SEG Group Co., Ltd.	Other commitment	1. The Company does not exist any of the following situations as specified in Clause 6, Administrative Measures On Acquisition Of Listed Companies: (1) Damage legitimate rights and interests of the company acquired and its shareholders utilizing acquisition of listed company; (2) With large amount of outstanding debts and this in-debt status has lasted for a certain period of time; (3) Has actual or alleged serious illegal activities in recent three years; (4) Has serious behaviors of breaching promises in securities market in recent three years; (5) Other situations in which no acquisition of listed companies are allowed according to laws and administrative regulations and in the opinions of CSRC. 2. The Company and its main managers have not suffered from any administrative punishment (administrative punishment obviously unrelated to security market excluded), criminal punishment, major civil lawsuit or arbitration related to economic disputes within the last five years. In case of breach of the foregoing commitments, the Company will bear all losses thus incurred to Shenzhen SEG, and the subject company."	August 3, 2016	Before completion of restructuring	The assets have been transferred and this commitment has been fulfilled.
	Shenzhen SEG Group Co., Ltd.	Other commitment	"1. The Company is an enterprise incorporated in China that owns the full capacity for civil conduct and has the legal body qualification for participating in the restructuring, signing agreements with Shenzhen SEG, and performing rights and obligations under the agreement.	August 3, 2016	Before completion of restructuring	The assets have been transferred and this

			2. Except that the property located at 4F, Block 2, SEG Industrial Building of SEG Property Investment funded by the Company is to handle the transfer formality (with no legal impediment), the Company has fulfilled the obligation of contributing capital to the subject company, and has no acts against its obligations and responsibilities as a shareholder, such as false contribution, deferred investment, or withdrawal of capital. There are no circumstances that may affect the legal existence of the subject company. 3. There is no dispute or potential dispute over ownership of equities of the subject company. There are no circumstances that may affect the legal existence of the subject company. 4. The equities held by the Company in the subject company are actually legally owned. There is no dispute or potential dispute over ownership of equities, no trust, shareholding under entrustment or similar arrangement, no commitment or arrangement of forbidden transfer or limited transfer, no pledge, freezing, seals up, property preservation or other limitation of rights, and no lawsuit, arbitration or other forms of dispute which would affect the restructuring. Meanwhile, the Company guarantees that the equities it held in the subject company will maintain the status until the equities are registered under Shenzhen SEG after change of registration. 5. The equities held by the Company in the subject company are assets with clear ownership. The Company undertakes that there are no legal obstacles to stock transfer after the restructuring of Shenzhen SEG is approved by CSRC, and no credit and debt disputes. The Company promises to complete formalities for ownership transfer of these equities within the agreed period. 6. Before the equities are registered under Shenzhen SEG after change of registration, the Company undertakes that the subject company will maintain normal, orderly, and legitimate operation, and will not take actions irrelevant to normal production and management, such as disposal of assets, external guarantee, or additional major debts, or illegally transfer or conceal assets and business. If the foregoing actions are indeed necessary, provided that national laws, regulations, and normative documents are not violated, these actions can be taken only after written approval of Shenzhen SEG. 7. The Company undertakes that there are not any ongoing or potential litigation, arbitration, or dispute that may affect the Company's equity transfer, and all agreements or contracts do not contain restrictive clauses that may affect the Company's equity transfer. The articles of association, internal management system documents, and contracts or agreements do not contain restrictive clauses that may affect the Company's equity transfer. In case of breach of the foregoing commitments, the Company will bear all losses thus incurred to Shenzhen SEG."			commitment has been fulfilled.
	Shenzhen SEG Group Co., Ltd.	Other commitment	"The Company has not disclosed any insider information about the restructuring or utilized such insider information for insider trading. In case of breach of the foregoing commitments, the Company will bear all losses thus incurred to Shenzhen SEG."	August 3, 2016	Before completion of restructuring	Fulfilled
	Shenzhen SEG Group Co., Ltd.	Other commitment	"1. Shares of Shenzhen SEG subscribed by the Company in the restructuring will be locked up for 36 months from the date of listing. Shares of Shenzhen SEG acquired in the restructuring shall not be traded or transferred or managed by others under entrustment or	August 3, 2016	Long-term	In progress

			repurchased by Shenzhen SEG within 36 months from the date of completion of the offering. After the completion of this offering, additional shares held due to bonus shares and converted equity capital shall be also subject to the foregoing agreement. When the foregoing lockup period expires, share transfer and transaction will be subject to the valid laws, regulations, and provisions, rules, and requirements of China Securities Regulatory Commission and Shenzhen Stock Exchange. 2. If the closing price of Shenzhen SEG stocks is lower than the initial offer price for consecutively 20 trading days within 6 months after the completion of the restructuring or the closing price of Shenzhen SEG stocks is lower than the initial offer price at the end of 6 months after the completion of the restructuring, the lockup period of Shenzhen SEG stocks will be automatically extended for 6 months. 3. If the information provided or disclosed in the restructuring is suspected of false representations, misleading statements, or material omissions and the judicial authority or China Securities Regulatory Commission investigates and places the case on file, shares of Shenzhen SEG held by the Company will not be transferred. 4. Before the restructuring, all stocks of Shenzhen SEG held by the Company shall not be transferred within 12 months after the completion of the restructuring. 5. If relevant laws, regulations, and normative documents have special requirements on the lockup period of shares, these laws, regulations, and normative documents shall prevail. 6. If the foregoing lockup period is not consistent with the latest regulation requirement of the security regulatory authority, the Company agrees to adjust it according to the latest regulation opinion of the regulation suggestion of the security regulatory authority and implement the relevant provision of China Securities Regulatory Commission and Shenzhen Stock Exchange after the lockup period expires.			
	Shenzhen SEG Group Co., Ltd.	Other commitment	"1. In the recent 5 years, the Company has not been subject to any administrative penalty (except those not related to the securities market) or criminal penalty. 2. In the recent 5 years, except for those cases that have been concluded, such as the case of Hainan SEG International Trust and Investment Company, Zhongshi case, GTJA case and Dasheng case, the Company is not involved in other major civil proceedings or arbitration (the subject in dispute of 10 million yuan) related to economic disputes. 3. The Company has never been suspected of insider trading related to major asset restructuring and placed on file for investigation or placed on file with the case not settled. In the recent 5 years, the Company has never failed to repay large debts or fulfill commitments, or been subject to administrative supervision measures by the CSRC or disciplinary action by the Stock Exchange due to insider trading related to major assets restructuring, or been held criminally liable by the judicial authorities according to law. In case of breach of the foregoing commitments, the Company will bear all losses thus incurred to Shenzhen SEG."	August 3, 2016	Before completion of restructuring	Fulfilled
	Bo Hongxi, Cao Xiang, Fan Zhiqing, Li Luoli, Liu	Other commitment	"1. I have not been subject to any administrative penalty by the CSRC in recent 36 months, or public censure by the Stock Exchange in the recent 12 months. 2. I have not been investigated by judicial authorities due to alleged crimes or by CSRC	August 3, 2016	Before completion of restructuring	Fulfilled

	Fusong, Liu Zhijun, Ru Guiqin, Song Pingping, Tang Chongyin, Wang Li, Xu Ning, Yu Qian, Zhang Guangliu, Zhang Haifan, Zheng Dan, Zhu Longqing		due to alleged irregularities. In case of breach of the following commitments, I will bear all losses thus incurred to Shenzhen SEG."			
	Directors, supervisors, and senior executives of Shenzhen SEG Group Co., Ltd.	Other commitment	"1. In the recent 5 years, the Company has not been subject to any administrative penalty or criminal penalty or involved in other major civil proceedings or arbitration related to economic disputes. 2. The Company has never been suspected of insider trading related to major asset restructuring and placed on file for investigation or placed on file with the case not settled. In the recent 5 years, the Company has never failed to repay large debts or fulfill commitments, or been subject to administrative supervision measures by the CSRC or disciplinary action by the Stock Exchange due to insider trading related to major assets restructuring, or been held criminally liable by the judicial authorities according to law. In case of breach of the following commitments, I will bear all losses thus incurred to Shenzhen SEG."	August 3, 2016	Before completion of restructuring	Fulfilled
	SegMaker, SEG Recreation, SEG Property Development, SEG Property Investment, SEG New City Construction, SEG Property Management, Huizhou Qunxing, Xi'an SEG, Beijing	Other commitment	"1. In the recent 3 years, the Company has not been subject to any major administrative punishment or criminal punishment or involved in other major civil proceedings or arbitration related to economic disputes. 2. The Company has never been suspected of insider trading related to major asset restructuring and placed on file for investigation or placed on file with the case not settled. In the recent 5 years, the Company has never failed to repay large debts or fulfill commitments, or been subject to administrative supervision measures by the CSRC or disciplinary action by the Stock Exchange due to insider trading related to major assets restructuring, or been held criminally liable by the judicial authorities according to law. In case of breach of the following commitments, I will bear all losses thus incurred to Shenzhen SEG."	August 3, 2016	Before completion of restructuring	Fulfilled
	Shenzhen SEG Group Co., Ltd.	Other commitment	"1. SEG Group has legal ownership of lands, properties, and equities transferred to SegMaker without compensation before the restructuring, and there is no dispute over the ownership of transferred assets. Except for some mortgaged properties that require the consent of the mortgagee, there is no legal obstacle to the registration of ownership change. 2. The Company undertakes to complete the formalities of ownership registration change	August 3, 2016	Before completion of restructuring	Fulfilled

			of assets transferred to SegMaker before the Board of Directors reviews the restructuring draft. The Company will compensate SegMaker in full if SegMaker is held responsible or punished, or suffer any other loss due to the Company's violation of the foregoing commitment or defects of the transferred assets."			
	Shenzhen SEG Group Co., Ltd.	Other commitment	"As of the date of issuance of the commitment letter, SEG Recreation owns 9 properties with the total construction area of 12,941.28 m². The actual proprietor of the property located at 1F, Block 1, SEG Industrial Building with an area of 902 m² is SEG Group. Due to the provision that industrial buildings in Shenzhen shall be transferred as a whole, the transfer registration formality for the property has not been handled. The actual proprietor of Room 508, Block 4, SEG Residential Quarter is SEG Recreation, but the property is registered under SEG Group and the transfer formality for the property has not been handled. The Company undertakes that all parties have no disputes over the ownership of the foregoing property whose registered proprietor is SEG Recreation but whose actual proprietor is SEG Group and the property whose registered proprietor is SEG Group but whose actual proprietor is SEG Recreation. SEG Group will assist SEG Recreation in completing the division and transfer registration formalities for the foregoing properties. After the restructuring, if Shenzhen SEG suffers any losses due to ownership of such properties, SEG Group will compensate Shenzhen SEG in full. 2. The construction in process-assembly workshop that SEG Group uses to contribute capital to SEG Property Investment is 4F, Block 2, SEG Industrial Building (real estate proprietorship certificate No.: S. F. D. Zi. No. 3000759297) with the total area of 1,936.71 m². The property was delivered to SEG Property Investment upon capital contribution, but the transfer formality could not be handled without the certificate on capital contribution. Due to negligence of the handler, the property was registered under SEG Group together with other properties of SEG Industrial Building belonging to SEG Group. Due to the restriction of transfer of industrial buildings as a whole, the transfer formality has not been handled. SEG Property Investment has been occupying, using, and acquiring operating revenue from the property since capital contribution. The Company will assist SEG Property Investment in completing the transfer registration formality of the foregoing property. After the restructuring, if Shenzhen SEG suffers any losses due to ownership of such properties, SEG Group will compensate Shenzhen SEG in full. 3. The Company will help and propel the subject company and its subsidiaries to complete ownership registration of land and property assets and regulate the land purpose. 4. If due to land use rights and property assets existing before the completion of the restructuring, the subject company and its subsidiaries (1) fail to timely handle the land use rights and the proprietorship certificate (excluding results not caused by the subject company and its subsidiaries, such as force majeure, laws, policies, government management, and change in planned land purpose); or (2) cannot handle the relevant land use rights and real estate proprietorship certificate (excluding results not caused by the subject company and its subsidiaries, such as force majeure, laws, policies, government management, and change in planned land purpose); or (3) are subject to other circumstances of nonstandard land use rights and properties (excluding results not caused by the subject company and its subsidiaries, such as force majeure, laws, policies,	August 3, 2016	Before completion of restructuring	Fulfilled

			government management, and change in planned land purpose), and suffer actual losses including but not limited to compensation, fines, expenses, and interests damage, the Company will compensate the subject company and its subsidiaries in full.			
	Shenzhen SEG Group Co., Ltd.	Other commitment	Before issuance date of the restructuring report of Shenzhen SEG, SEG Group will finish formalities related to transfer of ownership of the property (4F, Block 2, SEG Industrial Building). If SEG Group fails to finish the formalities at expiration, SEG Group agrees to compensate SEG Property Investment RMB 1.5 million in currency, and allows SEG Property Investment to continue to use the property for free until SEG Group transfers the ownership of the property to SEG Property Investment. SEG Group agrees to compensate SEG Property Investment for any operating loss or other economic loss of SEG Property Investment caused by SEG Group's failure in transferring the ownership of the property.	August 3, 2016	Before completion of restructuring	Fulfilled
	Shenzhen SEG Group Co., Ltd.	Other commitment	"After updating and restructuring of SEG Industrial Building, SEG Economy Building, and SEG Recreation Industry Building, the area of added part that belongs to SegMaker, SEG Recreation and SEG Property is 2,855.20 m². SEG Group undertakes that the use of the temporary buildings belonged to SegMaker, SEG Recreation and SEG Property will be renewed after expiration of the two-year use duration. In case when, due to failure in renewal of use of temporary buildings, the listed company has any loss or the income during the period from expiration of the performance commitment period to expiration of the evaluated income expected period is lower than the expected compensation, or the listed company has any loss because the temporary buildings are required to be dismantled by governmental organs during the period from expiration of the performance commitment period to expiration of the evaluated income expected period, SEG Group will compensate the listed company timely and in full amount according to the following compensation methods: 1. SEG Group has made commitments for the performance of the subject company within three years after completion of major asset restructuring. Influence of the updating and restructuring project has been taken into account in the commitments. 2. The amount of compensation for the income that is lower than the expected income during the period from expiration of the performance commitment period to expiration of the evaluated income expected period = (the predicted accumulated income to the end of the report period - actual accumulated income to the end of the report period) - the compensated amount. 3. The loss caused when the temporary buildings are required to be dismantled by governmental organs during the period from expiration of the performance commitment period to expiration of the evaluated income expected period = the dismantling cost and compensation amount related - (the accumulated total income to the time the buildings are dismantled- predicted accumulated income during the predication period). Note: the predicted income refers to the net value remained after the predicted total income from the newly added temporary buildings in the evaluation reports of the subject companies minuses the allocated investment cost during the operating period and the amount influenced by permanent rent termination predicted in the evaluation report. Shenzhen SEG should employ an audit agency with security practice qualification recognized by SEG Group to provide a formal audit report on the compensation methods for the	August 3, 2016	Long-term	In progress

			property investment within the compensation scope of the report period within four months at the end of each accounting year during the compensation period. SEG Group should compensate in cash any property investment and compensation items within the compensation scope of the report period. Shenzhen SEG should calculate the payable compensation amount within 15 working days upon final specific review opinions provided by the audit agency, and send a written notice to SEG Group. Within 30 working days upon receipt of the written notice from Shenzhen SEG, SEG Group should pay the compensation in cash in full amount."			
	Shenzhen SEG Group Co., Ltd.	Other commitment	"1. In case when, after the restructuring, the land/property use should be changed based on the actual operating demands of the subject company or because the subject company is required by the relevant house property management organ or the land regulatory department to change the land/property use, SEG Group will assist the subject company in finishing the relevant formalities. 2. In case when the subject company suffers from administrative penalty by relevant land and/or house property management department because the actual use of the land/property is different from those recorded in the certificate, SEG Group will compensate the subject company for any expenditures and economic loss caused thereby."	August 3, 2016	Long-term	In progress
	Shenzhen SEG Group Co., Ltd.	Other commitment	"1. Since the issuance date of this commitment letter, SEG Group will assist SegMaker in restoring for business purpose the part currently functioning as a parking garage on the first floor of the podium of SEG Jingyuan Building within five years. 2. If the restoration work cannot be finished within the above mentioned period of time, SEG Group agrees to process the subject assets as follows: (1) paying in cash the evaluated value of the parking garage and the bank interest of the evaluated value in the same period from the restructuring closing date to the expiration of this commitment time; or (2) purchasing in cash the first floor of the podium of SEG Jingyuan Building at a price no less than the evaluated value of the building during this restructuring."	August 3, 2016	Within five years from the date of issue of the commitment letter	In progress
	Shenzhen SEG Group Co., Ltd.	Other commitment	"1. If after the restructuring, Shen SEG is requested to make a supplementary payment for land transfer and pay the overdue fine due to inconsistency between the actual use and the registered use of the above property, the Company undertakes to bear such expenses in full. 2. In case of breach of the foregoing commitments, the Company will bear all losses thus incurred to Shen SEG."	August 3, 2016	Long-term	In progress
Commitment made at the time of initial public offerings or refinancing	Shenzhen SEG Group Co., Ltd.	Commitment on horizontal competition, related transaction, and capital occupation	According to the Article Five of the <i>Equity Transfer Agreement</i> signed by the Company with SEG Group when the Company was listed, SEG Group agreed that the Company and its subsidiaries and associated companies to use the eight trademarks registered by SEG Group at the National Trademark Bureau; SEG Group agreed that the Company used the aforesaid trademarks or similar signs as the Company's logo and used the trademarks and signs during its operation; the Company need not pay any fee to SEG Group for using the aforesaid trademarks or signs.	July 1, 1996	Long-term	In progress
	Shenzhen SEG Group Co., Ltd.	Commitment on horizontal	As for the problem pointed out by Shenzhen Office of China Securities Regulatory Commission during on-site inspection in 2007 in the Company that the Company and	September 14, 2007	Long-term	In progress

	Ltd.	competition, related transaction, and capital occupation	SEG Group are competitive in the electronic business, the Company has received a written Commitment Letter from SEG Group on September 14, 2007. The content of the Commitment Letter is as follows: "The competition in electronic business between SEG Group and Shenzhen SEG Co., Ltd. occurs due to historical reasons and objective market development background. SEG Group hereby commits that, we will not separately operate businesses similar to those of Shenzhen SEG in the same city."			
	Shenzhen SEG Group Co., Ltd.	Commitment on horizontal competition, related transaction, and capital occupation	The 6th interim meeting of the 5th Board of Directors held on January 26, 2011 deliberated and adopted the Proposal of Solving the Horizontal Competition between the Company and Its Controlling Shareholder. After friendly consultation, SEG Group agreed to entrust the Company to operate and manage with full authority SEG Communications Market under direct management of SEG Group. Therefore, the two parties have signed the entrustment operation and management contract, and SEG Group will pay the Company RMB 200,000 Yuan as entrust management expenses.	January 26, 2011	From February 1, 2011 to January 31, 2017	As 100% of the equity of SegMaker that holds SEG Communication Market was transferred to the Company, the Company is no longer commissioned to operate SEG Communication Market, and has fulfilled this commitment.
Commitment on equity incentives	Not applicable					
Other commitments made to the medium and small shareholders of the Company	Some directors, supervisors, senior executives, and middle managers of Shenzhen SEG Group Co., Ltd.	Other commitment	Some directors, supervisors, senior executives, and middle managers of Shenzhen SEG Group Co., Ltd. that increase holdings undertakes not to reduce holding-shares of the Company or carry out insider trading, trading of shares in the sensitive period, or short-term trading according to relevant provisions in the period of increase in holdings, within the statutory period and for a period of 12 months after completion of the plan.	September 26, 2017	March 26, 2019	In progress
	Directors, supervisors, senior executives, middle managers, and managers of level-3 subsidiaries of Shenzhen SEG	Other commitment	Directors, supervisors, senior executives, middle managers, and managers of level-3 subsidiaries of the Company that increase holdings undertakes not to reduce holding-shares of the Company or carry out insider trading, trading of shares in the sensitive period, or short-term trading according to relevant provisions in the period of increase in holdings, within the statutory period and for 12 months after completion of the plan.	September 26, 2017	September 26, 2018	In progress

	Co., Ltd. that increase holdings					
	Shenzhen SEG Group Co., Ltd.	Commitment on increase in holdings	Due to confidence in the future development prospect of the Company and recognition of the Company's value, the holding shareholder of the Company, Shenzhen SEG Group Co., Ltd. plans to increase holding-shares of the Company according to relevant provisions of the CSRC and Shenzhen Stock Exchange, and undertakes not to reduce the newly-increased holding-shares of the Company in the period of increase in holdings and for 12 months after increase in holdings.	November 15, 2017	November 15, 2018	In progress
Whether commitments were fulfilled on time	Yes					

2. The attainment of forecasts for the assets or projects of the Company which were profitable and the description of the reasons with the reporting period remaining in the forecasting period

☐ Applicable ☒ Not applicable

IV. Non-operating Capital Occupation on the Listed Company by the Controlling Shareholders and Related Parties

☐ Applicable ☒ Not applicable

No non-operating capital occupation on the listed company by controlling shareholders and related parties is involved in the reporting period.

V. Explanations of the Board of Directors, the Board of Supervisors and Independent Directors (if any) to the "Non-standard Audit Report" made by the accounting firm in the reporting period

☐ Applicable ☒ Not applicable

VI. Information on changes in accounting policies, accounting estimates and accounting methods compared with the financial reports of the last year

☒ Applicable ☐ Not applicable

On May 10, 2017, the Ministry of Finance issued the *Revised Accounting Standards for Business Enterprises No. 16 — Government Subsidies (2017)* (C. K. [2017] No. 15), which is implemented from June 12, 2017.

The *Accounting Standards for Business Enterprises No. 42 — Non-Current Assets and Disposal Groups Held for Sale and Termination of Business Operation* specify the classification, measurement, and presentation of non-current assets and disposal groups held for sale and presentation of termination of business operation.

VII. Information on retroactive restatements in corrections of major accounting errors in the reporting period

☐ Applicable ☒ Not applicable

There is no retrospective restatement due to corrections on significant accounting errors in the reporting period.

VIII. Information on changes in the scope of consolidation compared with the financial report of the last year

☒ Applicable ☐ Not applicable

35 entities are included in the current consolidated financial statements, namely:

Company name	Type of subsidiary	Level	Proportion of shareholding (%)	Proportion of voting rights (%)
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	Holding subsidiary	I	66.58	66.58
Shenzhen Mellow Orange Business Hotel Management Co., Ltd	Holding subsidiary	II	66.58	66.58

Company name	Type of subsidiary	Level	Proportion of shareholding (%)	Proportion of voting rights (%)
Shenzhen SEG Industrial Investment Co., Ltd.	Wholly-owned subsidiary	I	100	100
Changsha SEG Development Co., Ltd.	Holding subsidiary	I	46	51
Shenzhen SEG Electronics Market Management Co., Ltd.	Share-controlled subsidiary	I	70	70
Shenzhen SEG Credit Co., Ltd.	Holding subsidiary	I	65	65
Shenzhen SEG Nanjing Electronics Market Management Co., Ltd.	Wholly-owned subsidiary	I	62	62
Xi'an Hairong SEG Electronics Market Co., Ltd.	Holding subsidiary	I	51	51
Wujiang SEG Electronics Market Co., Ltd.	Holding subsidiary	I	51	51
Shunde SEG Electronics Market Management Co., Ltd.	Wholly-owned subsidiary	I	100	100
Nanning SEG Electronics Market Management Co., Ltd.	Wholly-owned subsidiary	I	100	100
Nantong SEG Times Plaza Development Co., Ltd.	Wholly-owned subsidiary	I	100	100
Yantai SEG Times Plaza Development Co., Ltd.	Holding subsidiary	I	90	90
Nantong SEG Commercial Operation Management Co., Ltd.	Wholly-owned subsidiary	I	100	100
Suzhou SEG Digital Plaza Management Co., Ltd.	Wholly-owned subsidiary	I	100	100
Xi'an Fengdong New Town SEG Times Plaza Properties Co., Ltd.	Wholly-owned subsidiary	I	100	100
Suzhou SEG Intelligent Technology Co., Ltd.	Wholly-owned subsidiary	I	100	100
Shenzhen SEG Longyan New Energy Application and Development Co., Ltd.	Holding subsidiary	I	50	50
Shenzhen SEG Investment Management Co., Ltd.	Wholly-owned subsidiary	I	100	100
Shenzhen SEG Longyan Energy Technology Co., Ltd.	Holding subsidiary	I	50	50

Company name	Type of subsidiary	Level	Proportion of shareholding (%)	Proportion of voting rights (%)
Shenzhen-Shantou Cooperation Zone SEG Longyan Energy Technology Co., Ltd.	Wholly-owned subsidiary	II	100	100
Shenzhen SEG Lianzhong Internet Technology Co., Ltd.	Holding subsidiary	I	55	55
Shenzhen SEG Zhongtong Technology Co., Ltd.	Holding subsidiary	I	49	49
Shenzhen SegMaker Co., Ltd.	Wholly-owned subsidiary	I	100	100
Shenzhen SEG Recreation Enterprise Development Co., Ltd.	Holding subsidiary	I	55	55
Shenzhen SEG Property Development Co., Ltd.	Wholly-owned subsidiary	I	100	100
Shenzhen SEG Real Estate Investment Co., Ltd.	Holding subsidiary	I	79.02	79.02
Huizhou Stars Real Estate Development Co., Ltd.	Holding subsidiary	II	88	88
Shenzhen SEG Property Management Co., Ltd.	Holding subsidiary	II	45	45
Shenzhen SEG New Urban Construction Development Co., Ltd.	Holding subsidiary	II	72.05	72.05
Shenzhen SEG New Urban Commercial Operation Co., Ltd.	Wholly-owned subsidiary	III	100	100
Beijing SEG Property Development Co., Ltd.	Holding subsidiary	II	50	50
Xi'an SEG Kanghong Real Estate Co., Ltd.	Holding subsidiary	II	55	55
Shenzhen Hongge Cultural Development Co., Ltd.	Wholly-owned subsidiary	II	100	100

For reasons for the difference between the proportion of shareholding and the proportion of voting rights and the basis for control of the investee with half or less than half of the voting rights, see "(I) Equity in subsidiaries of Note VIII Equity in other entities".

14 new entities are incorporated in and two entities are removed from the scope of the consolidated financial statements in the current period, including:

1. Subsidiaries, special purpose entities, and business entities that gain control by way of commissioned management or renting newly incorporated in the consolidation scope in the current period

Name	Reason for change
Shenzhen-Shantou Cooperation Zone SEG Longyan Energy Technology Co., Ltd.	Newly established
Shenzhen SEG Lianzhong Internet Technology Co., Ltd.	Newly established
Shenzhen SEG Zhongtong Technology Co., Ltd.	Newly established
Shenzhen SegMaker Co., Ltd.	Business combination under common control
Shenzhen SEG Recreation Enterprise Development Co., Ltd.	Business combination under common control
Shenzhen SEG Property Development Co., Ltd.	Business combination under common control
Shenzhen SEG Real Estate Investment Co., Ltd.	Business combination under common control
Huizhou Stars Real Estate Development Co., Ltd.	Business combination under common control
Shenzhen SEG Property Management Co., Ltd.	Business combination under common control
Shenzhen SEG New Urban Construction Development Co., Ltd.	Business combination under common control
Shenzhen SEG New Urban Commercial Operation Co., Ltd.	Business combination under common control
Beijing SEG Property Development Co., Ltd.	Business combination under common control
Xi'an SEG Kanghong Real Estate Co., Ltd.	Business combination under common control
Shenzhen Hongge Cultural Development Co., Ltd.	Business combination under common control

2. Subsidiaries, special purpose entities, and business entities that lose control by way of commissioning management or leasing removed from the consolidation scope in the current period

Name	Reason for change
Suzhou SEG Electronics Market Management Co., Ltd.	Transfer of the management right
Wuxi SEG Electronics Market Co., Ltd.	Transfer of all the equity

IX. Engagement and dismissal of the accounting firm

Engaged accounting firm

Name of accounting firm engaged from China	Da Hua Certified Public Accountants (Special General Partnership)
Remuneration for the accounting firm engaged from China (RMB 10,000)	105
Duration of audit services offered by accounting firm engaged from China	6
Name of certified public accounts from the accounting firm engaged from China	Zhang Zhaocheng and Liu Guoping
Duration of audit services offered by CPAs of accounting firm engaged from China	3 years by Zhang Zhaocheng and 1 year by Liu Guoping
Name of accounting firm engaged from outside China (if any)	Not applicable
Remuneration for the overseas accounting firm (RMB 10,000)	0
Consecutive years of service offered by the overseas	Not applicable

accounting firm (if any)	
Name of certified public accounts from the overseas accounting firm	Not applicable

Is another accounting firm engaged in current period?

☐ Yes ☒ No

Engagement of internal control audit accounting firm, financial adviser or sponsor

☐ Applicable ☒ Not applicable

X. Information on Listing Suspension or Abortion after Disclosure of Annual Report

☐ Applicable ☒ Not applicable

XI. Bankruptcy and Reorganization

☐ Applicable ☒ Not applicable

No bankruptcy and reorganization matter is involved in the reporting period.

XII. Major lawsuits and arbitrations

√ Applicable □ Not applicable

Basic information about lawsuits and arbitrations	Amount (RMB: 10,000)	Estimated liabilities incurred or not	Progress	Judgment result and impact	Judgment execution	Disclosure date	Disclosure index
Case number: 2016 G. 0102 M. C. No. 3653 Dispute over the lease contract arose between Nanning Haiqi Real Estate Development Co., Ltd. and Shenzhen SEG Co., Ltd.	1026.3	Yes. The estimated liability of RMB 666,700.00 is accrued.	The second instance was decided. The Company has applied for retrial.	First instance judgment: Nanning SEG shall pay the liquidated damages of RMB 666,666.66 and pay the case acceptance fee of RMB 5,416. Second instance judgment: Nanning SEG shall pay the liquidated damages of RMB 8 million, pay the attorney fee of RMB 263,000 to Nanning Haiqi, and pay the case acceptance fee of RMB 134,238.	It is being executed. As of April 4, Nanning Xingning Court blocked two accounts of the Company and deducted RMB 8,476,600	September 26, 2016	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on Receipt of Court Summons and the Civil Complaint</i>
Case number: 2016 G. 0102 M. C. No. 3654 Dispute over the property service contract between Nanning Yuanpeng Property Service Co., Ltd. and Shenzhen SEG Co., Ltd.	246.98	No.	The first instance was decided. The counterparty has appealed.	1. The contract between the parties shall be terminated. 2. All other	Not executed	June 2, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on the Progress of the Lawsuit with Nanning</i>

				claims of Yuanpeng shall be dismissed.			<i>Yuanpeng Property Service Co., Ltd.</i>
2016 G. 0102 M. C. No. 4612 Nanning Haiqi Real Estate Development Co., Ltd. sued against Nanning SEG for compensation for the decoration loss.	104.19	Yes. The estimated liability of RMB 417,964.8 is accrued.	The second instance was decided.	Nanning SEG shall pay the decoration loss of RMB 394,964.8 and pay the attorney fee of RMB 23,000.	The Company has paid the executed money.	August 28, 2017	http://www.cninfo.com.cn <i>Semi-Annual Report 2017 of Shenzhen SEG Co., Ltd.</i>
(2016) J. Z. A. Zi. No. 2294 Arbitration case between Shenzhen SEG Co., Ltd. and Zongheng International Electronic Expo City (Suzhou) Co., Ltd.	2460	No	As the parties reached a settlement, the counterparty compensated for our losses of RMB 3,500,000, and we canceled the arbitration.	Not applicable	Not applicable	June 2, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on the Progress of the Lawsuit and Arbitration with Zongheng International Electronic Expo City (Suzhou) Co., Ltd.</i>
2016 S. 0505 M. C. No. 5176 Loan dispute between Suzhou SEG Electronics Market Management Co., Ltd. and Zongheng International Electronic Expo City (Suzhou) Co., Ltd.	1900.08	No	The parties reached a settlement. The counterparty repaid the loan interest to us. We the canceled arbitration.	Not applicable	Not applicable	June 2, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on the Progress of the Lawsuit and Arbitration with Zongheng International Electronic Expo City (Suzhou) Co., Ltd.</i>
(2017) Y. 0304 M. C. No. 5092 Dispute over the purchase and sales contract among Shenzhen Wonder Industry Co., Ltd., Liu Guiyun and Liu Yu	839.41	No	The properties have been preserved. The first instance was decided. The counterparty has appealed.	Our claims are substantially supported, except for the claim for the overdue fine.	Not applicable	January 5, 2018	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on the Progress of the Lawsuit Involving Holding Subsidiaries</i>
(2017) Y. 0304 M. C. No. 5088 Dispute over the purchase and sales contract among Shenzhen Yixin Zhongtian Technology Co., Ltd., Zhe Shaojun, and Zhao Xiaoyan	1480.57	No	The properties have been preserved. The first instance was decided. The counterparty has appealed.	Our claims are substantially supported, except for the claim for the overdue fine.	Not applicable	January 5, 2018	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on the Progress of the Lawsuit Involving Holding Subsidiaries</i>

(2017) Y. 0304 M. C. No. 7976 SEG Industrial sued against Shenzhen Comnet Technology Co., Ltd., Xiao Qingshan, Zhou Ronghua, Anhua Meishan Small Loan Co., Ltd., and Shenzhen Baiyide Technology Co., Ltd. for a dispute over the purchase and sales contract.	515.54	No	The properties has been heard and has not yet been adjudicated	Not applicable	Not applicable	August 28, 2017	http://www.cninfo.com.cn <i>Semi-Annual Report 2017 of Shenzhen SEG Co., Ltd.</i>
(2017) Y. 0304 M. C. No. 7977 SEG Industrial sued against Shenzhen Runneng Digital Technology Co., Ltd., Xiao Qingshan, Zhou Ronghua, Anhua Meishan Small Loan Co., Ltd., and Shenzhen Baiyide Technology Co., Ltd. for a dispute over the purchase and sales contract.	1534.5	No	T The properties has been heard and has not yet been adjudicated	Not applicable	Not applicable	August 28, 2017	http://www.cninfo.com.cn <i>Semi-Annual Report 2017 of Shenzhen SEG Co., Ltd.</i>
Case number: (2016) J. 0102. M. C. No. 21435 Plaintiff: Beijing SEG Property Development Co., Ltd. Defendant: Beijing Furao Real Estate Development Co., Ltd.	2004.74	No	The case has been settled.	After mediation by the court, the case has ended.	Executed	August 28, 2017	http://www.cninfo.com.cn <i>Semi-Annual Report 2017 of Shenzhen SEG Co., Ltd.</i>

XIII. Punishment and Rectification Issues

☐ Applicable ☒ Not applicable

No punishment and rectification is involved in the reporting period.

XIV. Integrity of the Company and its Controlling Shareholders and Actual Controllers

☐ Applicable ☒ Not applicable

XV. Implementation of Equity Incentive Plan, Employee Shareholding Plan or Other Employee Incentives

☐ Applicable ☒ Not applicable

No stock incentive plan and implementation is involved in the reporting period.

XVI. Major Connected Transactions

1. Transactions related to routine operation

√ Applicable □ Not applicable

Party of connected transaction	Association	Transaction type	Content of connected transaction	Pricing principle of connected transaction	Price of connected transaction	Amount of connected transaction (RMB 10,000)	Percentage in similar transactions	Approved transaction amount (RMB 10,000)	Exceeding the approved quota or not	Clearing form	Available similar market price	Disclosure date	Disclosure index
Shenzhen SEG Group Co., Ltd.	Controlling shareholder	Renting the property	1-416, Building 101, SEG Industrial Zone; 1F, Optical Fiber Building; 6F, Plant No. 2; 403, Qingyi Building, Nanyuan Road; 48 houses in Qing'an Building, No. 1705, covering 3,907.13 m ²	Determined by the market	40.57 Yuan/m ²	190.20	0.18%	200	not	According to the agreement		April 18, 2017	

Party of connected transaction	Association	Transaction type	Content of connected transaction	Pricing principle of connected transaction	Price of connected transaction	Amount of connected transaction (RMB 10,000)	Percentage in similar transactions	Approved transaction amount (RMB 10,000)	Exceeding the approved quota or not	Clearing form	Available similar market price	Disclosure date	Disclosure index
Shenzhen SEG Group Co., Ltd.	Controlling shareholder	Renting the property	1F, SEG Recreation Building; 8F, SEG Industrial Building; West Zone, 8F, Building 2, SEG Industrial Building; 3F, Building 101, Shangbu Industrial Zone; Room 506, Building 303, Pengji Shangbu Bachelor Apartment; 61 houses including the connecting corridor in 4F, Tower A & Tower B, 101 Zhenxing Road, covering 9,672.12 m ² .	Determined by the market	67.53 Yuan/m ²	783.73	0.74%	800	No	According to the agreement		April 18, 2017	
Shenzhen SEG Group Co., Ltd.	Controlling shareholder	Offering property management services	Offering property management services	Determined by the market	RMB 114,500	88.71	0.02%	80	No	According to the agreement			http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on 2017 Expected Daily Operating Connected Transactions</i>
Shenzhen SEG Talent Training Center	Subsidiary of its controlling shareholder	Offering property management services	Offering property management services	Determined by the market	RMB 102,400	31.5	0.02%	222	No	According to the agreement			
Shenzhen SEG High Technology Investment Co., Ltd.	Subsidiary of its controlling shareholder	Offering property management services	Offering property management services	Determined by the market	RMB 91,600	18.31	0.01%	200	No	According to the agreement			

Party of connected transaction	Association	Transaction type	Content of connected transaction	Pricing principle of connected transaction	Price of connected transaction	Amount of connected transaction (RMB 10,000)	Percentage in similar transactions	Approved transaction amount (RMB 10,000)	Exceeding the approved quota or not	Clearing form	Available similar market price	Disclosure date	Disclosure index
Shenzhen SEG Group Co., Ltd.	Controlling shareholder	Entrusting the management of the underground parking lot of SEG Plaza	Entrusting the management of the underground parking lot of SEG Plaza	Determined by the market	RMB 68,800	14.34	0.01%	30	No	According to the agreement	-		
Shenzhen SEG Group Co., Ltd.	Controlling shareholder	Leasing the property	61F & 62F of SEG Plaza	Determined by the market	RMB 786,900	157.38	0.13%	260	No	According to the agreement	-		
Total				--	--	1284.17	--		--	--	--	--	--
Details of returns on sold goods of large amount				Not applicable									
Actual implementation of routine connected transactions to occur in the current period with total amount estimated by category in the reporting period (if any)				Not applicable									
Reasons for a great difference (if applicable) between the transaction price and the market reference price				Not applicable									

2. Connected transactions arising from asset or equity sales and acquisition

√ Applicable □ Not applicable

Party of connected transaction	Association	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Book value of the transferred assets (RMB 10,000)	Estimated value of the transferred assets (RMB 10,000)	Price of transfer (RMB 10,000)	Clearing form	Transaction profit or loss (RMB 10,000)	Disclosure date	Disclosure index
Shenzhen SEG Group Co., Ltd.	Controlling shareholder	Stock purchase	55% of the equity of SEG	Fair market value	87,707.86	515,714.72	515,714.72	Issuance of shares and payment for	0	February 4, 2016	http://www.cninfo.com.cn Proposal of Shenzhen SEG Group Co., Ltd. for

			Recreation, 100% of the equity of SEG Property Development, 100% of the equity of SegMaker, and 79.02% of the equity of SEG Real Estate					considerations			<i>Share Issuance and Cash Payment to Acquire Assets and Raise Funds & Connected Transactions</i>
Reason for a great difference (if any) between the transfer price and book value or estimated value				The transfer price is consistent with the estimated value. Difference between the transfer price and book value is caused by appreciation in appraisal.							
Impact on the operating result and financial condition of the Company				1. In the reporting period, the operating income of SEG Real Estate is RMB 122,2751,800, and the net profit attributable to the parent company is RMB 120,198,700. 2. In the reporting period, the operating income of SEG Recreation is RMB 53,247,100, and the net profit attributable to the parent company is RMB 24,428,400. 3. In the reporting period, the operating income of SEG Property is RMB 59,405,600, and the net profit attributable to the parent company is RMB 13,320,000. 4. In the reporting period, the operating income of SegMaker is RMB 134,667,200, and the net profit attributable to the parent company is RMB 36,856,500.							
Fulfillment of agreed performance (if any)				In the reporting period, the total operating income of the four target companies is RMB 1,470,071,700, and the total net profit attributable to the parent company is RMB 194,803,600.							

3. Connected transactions arising from joint external investment

☐ Applicable ☒ Not applicable

There is no connected transaction arising from joint external investment in the reporting period.

4. Claim and debt with related parties

☒ Applicable ☐ Not applicable

Debt payable to related parties

Related party	Association	Cause	Opening balance (RMB 10,000)	Increased amount in the reporting period (RMB 10,000)	Recovered amount in the reporting period (RMB 10,000)	Interest rate	Interest in the reporting period (RMB 10,000)	Closing balance (RMB 10,000)
Shenzhen SEG Group Co., Ltd.	Controlling shareholder	Consideration for stock purchase	17,795.14	69,104.79	15,069.60	8%, 0%; There is no interest on the stock exchange price, and the other Seger Group's funding support rate for Seger Real Estate is 8 %	576.25	71,830.33

5. Other Important Transactions

☐ Applicable ☒ Not applicable

XVII. Important contracts and implementation**1. Trusteeship, Contracting, and Leasing Issues****(1) Trusteeship Issues**

☐ Applicable ☒ Not applicable

No trusteeship issue is involved in the reporting period.

(2) Contracting Issues

☐ Applicable ☒ Not applicable

No contracting issue is involved in the reporting period.

(3) Leasing Issues

☐ Applicable ☒ Not applicable

No leasing issue is involved in the reporting period.

2. Major guarantees

√ Applicable □ Not applicable

(1) Guarantee

Unit: ten thousand yuan

External guarantee of the Company and its subsidiaries (excluding guarantee for its subsidiaries)								
Name of guarantee object	Disclosure date of notices related to guarantee quota	Guarantee quota	Actual date of occurrence (date of signing the agreement)	Actual guarantee amount	Guarantee type	Guarantee period	Fulfilled or not	Guarantee for a related party or not
Mortgage guarantee clients of China CITIC Bank, SEG New City Branch	May 26, 2017	26000	2017.7.6	21,000.00	Joint liability guarantee	one year	No	No
Housing guarantee clients of China Construction Bank, Huizhou Stars Branch		45,000	2015.5.5	4,561.82	Joint liability guarantee	Three years	yes	No
Mortgage guarantee clients of China CITIC Bank, SEG New City Branch		30,000	2016.5.6	19,216.50	Joint liability guarantee	ten years	No	No
Clients purchasing the SEG New City house properties (Agricultural Bank of China)		50,000	2016.5.6	0.00	Joint liability guarantee	one year	No	No
Clients purchasing the SEG New City house properties (Bank of Agriculture and Commerce of China)		20,000	2016.7.4	1,582.00	Joint liability guarantee	three years	No	No
Clients purchasing the SEG New City house properties (China Merchants Bank)		50,000	2016.5.6	11,802.00	Joint liability guarantee	ten years	No	No
Clients purchasing the SEG New City house properties (Bank of China)		30,000	2016.5.6	15,609.00	Joint liability guarantee	ten years	No	No
Clients purchasing the SEG New City house properties (China Construction Bank)			2017.2.7	930.00	Joint liability guarantee	five years	Yes	No
Total amount of approved external guarantee quota in the reporting period (A1)		26,930.00		Total amount of actually occurred external guarantee in the reporting period (A2)		74,701.32		
Total amount of approved external guarantee quota by the end of the reporting period (A3)		201,000.00		Total amount of actual external guarantee balance by the end of the reporting period (A4)		74,701.32		

Guarantee of the Company for its subsidiaries								
Name of guarantee object	Disclosur e date of notices related to guarantee quota	Guarante e quota	Actual date of occurrence (date of signing the agreement)	Actual guarantee amount	Guarantee type	Guarantee period	Comple ted or not	Guaran teed for a related party or not
Total amount of approved guarantee quota for its subsidiaries in the reporting period (B1)				Total amount of actual guarantee incurred for its subsidiaries in the reporting period (B2)				
Total amount of approved guarantee quota for its subsidiaries by the end of the reporting period (B3)				Total amount of actual guarantee balance for its subsidiaries by the end of the reporting period (B4)				
Guarantee between subsidiaries								
Name of guarantee object	Disclosur e date of notices related to guarantee quota	Guarante e quota	Actual date of occurrence (date of signing the agreement)	Actual guarantee amount	Guarantee type	Guarantee period	Comple ted or not	Guaran teed for a related party or not
Shenzhen SEG New Urban Construction Development Co., Ltd.		50000	2015.10.30	50000	Joint liability guarantee	Two years	Yes	Yes
Total amount of approved guarantee quota for its subsidiaries in the reporting period (C1)		0		Total amount of actual guarantee incurred for its subsidiaries in the reporting period (C2)		50,000.00		
Total amount of approved guarantee quota for its subsidiaries by the end of the reporting period (C3)		50,000.00		Total amount of actual guarantee balance for its subsidiaries by the end of the reporting period (C4)		50,000.00		
Total guarantee amount of the Company (sum of the foregoing three items)								
Total amount of approved guarantee quota in the reporting period (A1+B1+C1)		26,930.00		Total amount of actual guarantee incurred in the reporting period (A2+B2+C2)		124,701.32		
Total amount of approved guarantee quota by the end of the reporting period (A3+B3+C3)		251,000.00		Total amount of actual guarantee balance by the end of the reporting period (A4+B4+C4)		124,701.32		
Percentage of the total actual guarantee amount (A4+B4+C4) in the Company's net assets				65.04%				
Including:								
Guarantee balance for shareholders, actual controllers, and other related parties (D)				0				
Debt guarantee balance directly or indirectly for guarantee objects with an asset-liability ratio higher than 70% (E)				0				
Amount of the total guarantee amount minus 50% of net assets (F)				28,839.90				
Sum of the foregoing three guarantee items (D+E+F)								
Note to guarantee not yet due with actual or potential guarantee responsibility in the reporting period (if any)								
Note to external guarantee against the prescribed procedure (if any)								

(2) Illegal external guarantee

☐ Applicable ☒ Not applicable

The Company has no illegal external guarantee in the reporting period.

3. Information on cash asset management entrusted to others**(1) Entrusted financing**

☒ Applicable ☐ Not applicable

Information on entrusted financing in the reporting period

Unit: ten thousand yuan

Type	Source of fund under entrusted financing	Amount of entrusted financing	Balance not yet due	Overdue amount unrecovered
Bank financial product	Self-owned fund	247,524.00	43,021.00	0
Total		247,524.00	43,021.00	0

Information on risky entrusted financing with a significant amount or featuring low security, poor liquidity, and no capital guarantee

Unit: ten thousand yuan

Name of trustee	Type of trustee	Product type	Amount	Fund source	Start date	End date	Fund usage	Remuneration confirmation method	Reference annual yield	Expected yield (if any)	Actual loss and gain amount in the reporting period	Actual return of gains and losses in the reporting period	Accrued provisions for impairment (if any)	Through legal procedures or not	Entrusted financing plan in the future or not	Summary and related query index (if any)
Industrial Bank	Bank	Jinxueqiu 2015 1st No. 3301C	2300		2016.11.28	2017.2.3		Floating income	4.10%		9.82	9.82		Yes	Yes	
Industrial Bank	Bank	Jinxueqiu 2015 1st No. 3301B	10000		2016.12.12	2017.1.10		Floating income	4.10%		32.58	32.58		Yes	Yes	
China Citic Bank	Bank	Interbank deposit	1000		2016.12.29	2017.1.3		Floating income	3.40%		0.47	0.47		Yes	Yes	
Shanghai Pudong Development Bank	Bank	Tiantianli No. 1 2301147031	8300		2017.4.7	2017.5.5		Floating income	3.05%		19.01	19.01		Yes	Yes	
Shanghai Pudong Development Bank	Bank	Yuetianli 2301137335	3000		2017.4.10	2017.5.11		Floating income	4.40%		10.85	10.85		Yes	Yes	
Shanghai Pudong Development Bank	Bank	Yuetianli 2301137335	5000		2017.6.22	2017.7.21		Floating income	5.15%		22.58	22.58		Yes	Yes	
Shanghai Pudong Development Bank	Bank	Fixed holding term of the Company JG901	4000		2017.6.22	2017.7.27		Fixed income	4.00%		15.55	15.55		Yes	Yes	
Shanghai Pudong Development Bank	Bank	Yuetianli 2301137335	8400		2017.9.26	2017.10.27		Floating income	5.00%		34.52	34.52		Yes	Yes	
Shanghai Pudong Development Bank	Bank	Yuetianli 2301137335	10000		2017.12.27	2018.1.26		Floating income						Yes	Yes	
Industrial and	Bank	ICBC financial	3000		2016.10.	2017.1.16		Floating	3.90%					Yes	Yes	

Commercial Bank of China		win-win and profit increase SZWL1550			15			income			29.81	29.81				
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZWL1560	1000		2016.12.6	2017.1.16		Floating income	3.70%		4.16	4.16		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZWL1550	2000		2017.1.4	2017.2.14		Floating income	3.70%		8.31	8.31		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZWL1560	2000		2017.1.4	2017.4.7		Floating income	3.90%		19.87	19.87		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZWL1560	3000		2017.1.17	2017.4.20		Floating income	3.90%		29.81	29.81		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZDL1301	2000		2017.2.15	2017.12.26		Floating income	3.50%		60.03	60.03		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZWL1550	1000		2017.1.19	2017.3.1		Floating income	3.70%		4.16	4.16		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZWL1550	1000		2017.3.7	2017.4.17		Floating income	3.70%		4.16	4.16		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZWL1560	2000		2017.4.10	2017.7.12		Floating income	4.20%		21.40	21.40		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZWL1560	3000		2017.4.25	2017.7.27		Floating income	4.20%		32.10	32.10		Yes	Yes	
Industrial and Commercial	Bank	ICBC financial win-win and profit	1000		2017.4.25	2017.6.5		Floating income	4.00%		4.49	4.49		Yes	Yes	

Bank of China		increase SZWL1550														
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZWL1550	1000		2017.6.5	2017.7.16		Floating income	4.20%		4.72	4.72		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZWL1560	2000		2017.7.15	2017.10.16		Floating income	4.40%		22.42	22.42		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZWL1550	1000		2017.7.25	2017.9.4		Floating income	4.20%		4.72	4.72		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZWL1560	3000		2017.8.2	2017.11.3		Floating income	4.40%		33.63	33.63		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZWL1550	1000		2017.9.27	2017.11.7		Floating income	4.40%		4.94	4.94		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZWL1560	2000		2017.10.17	2018.1.18		Floating income	4.70%		-	-		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZWL1561	3000		2017.11.3	2018.2.3		Floating income	4.70%		-	-		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZWL1550	1000		2017.11.10	2017.12.21		Floating income	4.40%		4.94	4.94		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZWL1550	1000		2017.12.26	2018.2.5		Floating income	4.40%		-	-		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase SZDL1301	2000		From 2017/12/27			Floating income	3.50%		-	-		Yes	Yes	

China																
Bank of China	Bank	BOC wealth accumulation plan			2016.12.5	2016.12.30		Floating income			1.3	1.3		Yes	Yes	
China Construction Bank	Bank	Qianyuan - Premium 2016 No. 86	500		2016.12.29	2017.3.31		Floating income	4.30%		5.36	5.36		Yes	Yes	
China Construction Bank	Bank	Qianyuan - Silu (Premium) 2017-01 financial product	500		2017.1.20	2017.5.18		Floating income	3.90%		6.3	6.3		Yes	Yes	
Bank of China	Bank	BOC wealth accumulation financial plan 2017 No. 017	200		2017.1.20	2017.4.7		Floating income	3.90%		1.65	1.65		Yes	Yes	
Bank of China	Bank	BOC wealth accumulation financial plan 2017 No. 018	500		2017.1.20	2017.5.12		Floating income	4.30%		6.6	6.6		Yes	Yes	
Bank of China	Bank	BOC wealth accumulation financial plan 2017 No. 033	50		2017.2.7	2017.5.16		Floating income	4.30%		0.58	0.58		Yes	Yes	
Bank of China	Bank	Accumulation day by day	50		2017.2.7	2017.3.31		Floating income	2.55%		0.21	0.21		Yes	Yes	
Bank of China	Bank	BOC wealth accumulation financial plan 2017 No. 079	100		2017.3.10	2017.9.5		Floating income	4.20%		2.06	2.06		Yes	Yes	
Bank of China	Bank	BOC wealth accumulation financial plan 2017 No. 119	800		2017.4.7	2017.6.20		Floating income	4.30%		6.97	6.97		Yes	Yes	
China Construction Bank	Bank	Qianyuan - Silu (Premium) 2017-22 financial product	500		2017.4.7	2017.10.8		Floating income	4.40%		11.09	11.09		Yes	Yes	
Bank of China	Bank	BOC wealth accumulation financial plan 2017 No. 142	250		2017.4.25	2017.6.6		Floating income	4.10%		1.18	1.18		Yes	Yes	
Bank of China	Bank	Accumulation day by day	550		2017.5.17	2017.6.30		Floating income	2.30%		1.53	1.53		Yes	Yes	

China Construction Bank	Bank	Qianyuan - Silu Tiantianying open financial product	500		2017.5.19	2017.6.2		Floating income			0.42	0.42		Yes	Yes	
China Construction Bank	Bank	Qianyuan - Silu Tiantianying open financial product	300		2017.6.5			Floating income	6.70%		11.33	11.33		Yes	Yes	
China Construction Bank	Bank	Qianyuan - Silu Tiantianying open financial product	200		2017.6.30	2017.12.27		Floating income	3.55%		3.5	3.5		Yes	Yes	
Bank of China	Bank	BOC stable financial plan - Zhihui series product	150		2017.7.6	2017.8.10		Floating income	4.10%		0.59	0.59		Yes	Yes	
China Construction Bank	Bank	Qianyuan - Silu Tiantianying open financial product	30		2017.8.2	2017.12.27		Floating income			0.43	0.43		Yes	Yes	
China Construction Bank	Bank	Qianyuan - Yangyi Sanqin financial product	500		2017.10.16	2018.1.16		Guaranteed income	3.70%					Yes	Yes	
Bank of China	Bank	BOC guaranteed financing - CNYAQKF	100		2017.10.25	2017.11.8		Guaranteed income	2.80%		0.1	0.1		Yes	Yes	
Bank of China	Bank	BOC guaranteed financing - CNYAQKF	400		2017.10.25	2017.11.15		Guaranteed income	3.30%		0.76	0.76		Yes	Yes	
Bank of China	Bank	BOC guaranteed financing - CNYAQKF	300		2017.10.25	2017.11.29		Guaranteed income	3.30%		0.95	0.95		Yes	Yes	
Bank of China	Bank	BOC guaranteed financing - CNYAQKF	150		2017.11.13	2017.12.19		Guaranteed income	3.30%		0.47	0.47		Yes	Yes	
Bank of China	Bank	BOC guaranteed financing - CNYAQKF	300		2017.11.24	2017.12.15		Guaranteed income	3.30%		0.57	0.57		Yes	Yes	
Bank of China	Bank	BOC guaranteed financing - CNYAQKF	300		2017.11.29	2017.12.20		Guaranteed income	3.30%		0.57	0.57		Yes	Yes	
Bank of China	Bank	BOC guaranteed financing - CNYAQKF	100		2017.11.30	2017.12.21		Guaranteed income	3.30%		0.19	0.19		Yes	Yes	

BOC SEG Plaza Sub-branch	Bank	BOC wealth accumulation financial plan 2016 No. 005	1,300		2016.1.8	2017.1.6		Promised income	4.15%		53.8	53.8		Yes	Yes	
BOC SEG Plaza Sub-branch	Bank	BOC wealth accumulation financial plan 2016 No. 100	1,600		2016.3.22	2017.3.24		Promised income	4.00%		64.35	64.35		Yes	Yes	
Industrial and Commercial Bank of China, Baohua Sub-branch	Bank	ICBC financial win-win and profit increase	2,500		2016.9.29	2016.12.30		Promised income	3.90%		25.64	25.64		Yes	Yes	
Industrial and Commercial Bank of China, Baohua Sub-branch	Bank	ICBC financial win-win and profit increase	1,000		2016.11.3	2017.2.3		Promised income	3.70%		9.43	9.43		Yes	Yes	
Industrial and Commercial Bank of China, Baohua Sub-branch	Bank	ICBC financial win-win and profit increase	1,500		2016.11.29	2017.3.1		Promised income	3.90%		14.91	14.91		Yes	Yes	
BOC SEG Plaza Sub-branch	Bank	BOC Zhihui financing plan 2017 No. [002-G]	2,500		2017.1.5	2017.4.13		Promised income	4.20%		28.19	28.19		Yes	Yes	
BOC SEG Plaza Sub-branch	Bank	BOC stable financing plan - Zhihui series	1,400		2017.1.9	2017.5.8		Promised income	4.20%		19.17	19.17		Yes	Yes	
BOC SEG Plaza Sub-branch	Bank	BOC stable financing plan - Zhihui series	1,000		2017.2.9	2017.5.18		Promised income	4.30%		11.55	11.55		Yes	Yes	
Industrial and Commercial Bank of China, Baohua Sub-branch	Bank	ICBC financial win-win No. 3 2017 No. 4 Type A (customer expansion product)	1,500		2017.3.15	2017.8.31		Promised income	4.60%		31.95	31.95		Yes	Yes	

BOC SEG Plaza Sub-branch	Bank	BOC wealth accumulation financial plan No. 2017-116-HQ	1,600		2017.3.31	2017.5.9		Promised income	4.40%		7.52	7.52		Yes	Yes	
Industrial and Commercial Bank of China, Baohua Sub-branch	Bank	ICBC financial win-win No. 3 2017 No. 8 Type B (customer expansion product)	3,000		2017.4.21	2017.10.16		Promised income	4.30%		62.91	62.91		Yes	Yes	
BOC SEG Plaza Sub-branch	Bank	BOC wealth accumulation financial plan No. 2017180	3,000		2017.5.16	2018.5.11		Promised income	4.50%					Yes	Yes	
Industrial and Commercial Bank of China, Baohua Sub-branch	Bank	ICBC financial win-win and profit increase SZWL1550	500		2017.6.12	2017.7.22		Promised income	4.20%		2.42	2.42		Yes	Yes	
Industrial and Commercial Bank of China, Baohua Sub-branch	Bank	ICBC financial win-win and profit increase SZDL1301	500		2017.7.6	2017.7.13		Promised income	2.60%		0.24	0.24		Yes	Yes	
Industrial and Commercial Bank of China, Baohua Sub-branch	Bank	ICBC financial win-win and profit increase SZDL1301	500		2017.7.6	2017.9.27		Promised income	3.40%		3.87	3.87		Yes	Yes	
Industrial and Commercial Bank of China, Baohua Sub-branch	Bank	ICBC financial win-win and profit increase SZDL1301	2,200		2017.9.13	2017.9.27		Promised income	3.20%		2.7	2.7		Yes	Yes	
Industrial and Commercial Bank of China,	Bank	ICBC financial win-win and profit increase SZWL1560	2,000		2017.9.29	2017.12.30		Promised income	4.70%					Yes	Yes	

Baohua Sub-branch																
BOC SEG Plaza Sub-branch	Bank	BOC wealth accumulation financial plan 2017 No. 406	3,000		2017.10.26	2018.4.23		Promised income	4.95%					Yes	Yes	
Industrial and Commercial Bank of China, Baohua Sub-branch	Bank	ICBC financial win-win and profit increase SZWL1560	500		2017.11.9	2018.2.9		Promised income	4.70%					Yes	Yes	
Bank of China, Nantong Gangzha Sub-branch	Bank	BOC accumulation day by day - daily plan product GSRJYL01	1,500.00		2016.11.25	2017.5.15		Promised income	2.25%		4.97			Yes	Yes	
Bank of China, Nantong Gangzha Sub-branch	Bank	BOC accumulation day by day - daily plan product GSRJYL01	1,000.00		2017.3.3	2017.5.27		Promised income	2.25%		3.56			Yes	Yes	
Bank of China, Nantong Gangzha Sub-branch	Bank	BOC accumulation day by day - daily plan product GSRJYL01	700.00		2017.4.12	2017.6.13		Promised income	2.50%		4.67			Yes	Yes	
Bank of China, Nantong Gangzha Sub-branch	Bank	BOC accumulation day by day - daily plan product GSRJYL01	1,000.00		2017.6.22	2017.6.30		Promised income	2.50%		1.50			Yes	Yes	
Bank of China, Nantong Gangzha Sub-branch	Bank	BOC accumulation day by day - daily plan product GSRJYL01	1,000.00		2017.7.5	2017.8.31		Promised income	2.50%		5.49			Yes	Yes	
Bank of China, Nantong Gangzha Sub-branch	Bank	BOC accumulation day by day - daily plan product GSRJYL01	700.00		2017.9.5	2017.10.31		Promised income	2.50%		1.10			Yes	Yes	

Bank of China, Nantong Gangzha Sub-branch	Bank	BOC accumulation day by day - daily plan product GSRJYL01	1,000.00		2017.11.9	2017.11.30		Promised income	2.50%		1.49			Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	"Rishengyueheng" corporate financing for income increase	30.00		2017.1.10	2017.8.21		Non-guaranteed and floating income	3.30%		0.599425	0.599425		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	"Rishengyueheng" corporate financing for income increase	30.00		2017.1.10	2017.8.21		Non-guaranteed and floating income	3.30%		0.599425	0.599425		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	"Rishengyueheng" corporate financing for income increase	30.00		2017.1.10	2017.8.21		Non-guaranteed and floating income	3.30%		0.599425	0.599425		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	"Rishengyueheng" corporate financing for income increase	30.00		2017.1.10	2017.8.21		Non-guaranteed and floating income	3.30%		0.599425	0.599425		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	"Rishengyueheng" corporate financing for income increase	30.00		2017.1.10	2017.8.21		Non-guaranteed and floating income	3.30%		0.599425	0.599425		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	"Rishengyueheng" corporate financing for income increase	30.00		2017.1.10	2017.8.21		Non-guaranteed and floating income	3.30%		0.599425	0.599425		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	Guaranteed 35-day stable income RMB corporate finance	30.00		2017.3.28	2017.5.2		Guaranteed and floating income	3.00%		0.086301	0.086301		Yes	Yes	
Industrial and	Bank	Guaranteed 35-day	30.00		2017.3.2	2017.5.2		Guaranteed	3.00%		0.08630	0.08630		Yes	Yes	

Commercial Bank of China, Sipailou Sub-branch		stable income RMB corporate finance			8			and floating income			1	1				
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	Guaranteed 35-day stable income RMB corporate finance	30.00		2017.3.28	2017.5.2		Guaranteed and floating income	3.00%		0.086301	0.086301		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	Guaranteed 35-day stable income RMB corporate finance	30.00		2017.3.28	2017.5.2		Guaranteed and floating income	3.00%		0.086301	0.086301		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	Guaranteed 35-day stable income RMB corporate finance	30.00		2017.3.28	2017.5.2		Guaranteed and floating income	3.00%		0.086301	0.086301		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	"Rishengyueheng" corporate financing for income increase	30.00		2017.5.8	2017.8.21		Non-guaranteed and floating income	3.30%		0.27937	0.27937		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	"Rishengyueheng" corporate financing for income increase	30.00		2017.5.8	2017.8.21		Non-guaranteed and floating income	3.30%		0.27937	0.27937		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	"Rishengyueheng" corporate financing for income increase	30.00		2017.5.8	2017.8.21		Non-guaranteed and floating income	3.30%		0.27937	0.27937		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	"Rishengyueheng" corporate financing for income increase	30.00		2017.5.8	2017.8.21		Non-guaranteed and floating income	3.30%		0.27937	0.27937		Yes	Yes	

Commercial Bank of China, Sipailou Sub-branch		corporate financing for income increase						ed and floating income								
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	"Rishengyueheng" corporate financing for income increase	30.00		2017.5.8	2017.8.21		Non-guaranteed and floating income	3.30%		0.27937	0.27937		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	"Rishengyueheng" corporate financing for income increase	30.00		2017.6.1	2017.8.21		Non-guaranteed and floating income	3.10%		0.201288	0.201288		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	"Rishengyueheng" corporate financing for income increase	30.00		2017.6.1	2017.8.21		Non-guaranteed and floating income	3.10%		0.201288	0.201288		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	Guaranteed 35-day stable income RMB corporate finance	30.00		2017.11.14	2017.12.19		Guaranteed and floating income	3.20%		0.092055	0.092055		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	Guaranteed 35-day stable income RMB corporate finance	30.00		2017.11.14	2017.12.19		Guaranteed and floating income	3.20%		0.092055	0.092055		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	Guaranteed 35-day stable income RMB corporate finance	30.00		2017.11.14	2017.12.19		Guaranteed and floating income	3.20%		0.092055	0.092055		Yes	Yes	
Industrial and	Bank	Guaranteed 35-day	30.00		2017.11.	2017.12.1		Guaranteed	3.20%		0.09205	0.09205		Yes	Yes	

Commercial Bank of China, Sipailou Sub-branch		stable income RMB corporate finance			14	9		and floating income			5	5				
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	Guaranteed 35-day stable income RMB corporate finance	30.00		2017.11.14	2017.12.19		Guaranteed and floating income	3.20%		0.092055	0.092055		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	Guaranteed 35-day stable income RMB corporate finance	30.00		2017.11.14	2017.12.19		Guaranteed and floating income	3.20%		0.092055	0.092055		Yes	Yes	
Industrial and Commercial Bank of China, Sipailou Sub-branch	Bank	Guaranteed 35-day stable income RMB corporate finance	20.00		2017.11.14	2017.12.19		Guaranteed and floating income	3.20%		0.06137	0.06137		Yes	Yes	
Bank of China	Bank	BOC stable financing plan - Zhihui series No. Q16301-G	400		2016.6.30	2017.6.22		Non-guaranteed and floating income	3.80%		14.87	14.87		Yes	Yes	
Bank of China	Bank	BOC wealth accumulation financial plan No. 2016.319	200		2016.8.26	2017.3.10		Non-guaranteed and floating income	3.45%		3.71	3.71		Yes	Yes	
Bank of China	Bank	BOC stable financing plan - Zhihui series No. Q16437-G	150		2016.9.8	2017.3.13		Non-guaranteed and floating income	3.45%		2.64	2.64		Yes	Yes	
Bank of China	Bank	BOC stable financing plan - Zhihui series No. Q16514-G	400		2016.10.24	2017.10.19		Non-guaranteed and floating income	3.60%		14.20	14.20		Yes	Yes	
Bank of China	Bank	BOC Zhihui financing plan 2016 No. 473-G	800		2016.12.1	2017.5.25		Non-guaranteed and floating	3.70%		14.19	14.19		Yes	Yes	

								income									
Bank of China	of	Bank	BOC Zhihui financing plan No. 2017.002-G	300		2017.1.5	2017.4.13		Non-guaranteed and floating income	4.20%		3.38	3.38		Yes	Yes	
Bank of China	of	Bank	BOC stable financing plan - Zhihui series No. Q17195-G	300		2017.3.16	2017.9.14		Non-guaranteed and floating income	4.20%		6.28	6.28		Yes	Yes	
Bank of China	of	Bank	BOC stable financing plan - Zhihui series No. Q17444-G	600		2017.6.1	2017.8.3		Non-guaranteed and floating income	4.10%		4.25	4.25		Yes	Yes	
Bank of China	of	Bank	BOC wealth accumulation financial plan No. 2017.229	640		2017.6.27	2017.12.8		Non-guaranteed and floating income	4.60%		13.23	13.23		Yes	Yes	
Bank of China	of	Bank	BOC wealth accumulation financial plan No. 2017.285	500		2017.8.8	2017.10.11		Non-guaranteed and floating income	4.00%		3.51	3.51		Yes	Yes	
Bank of China	of	Bank	BOC guaranteed financing - CNYAQKF	500		2017.10.12	2018.7.11		Guaranteed income	3.60%					Yes	Yes	
Bank of China	of	Bank	BOC guaranteed financing - CNYAQKF	300		2017.10.20	2018.10.22		Guaranteed income	3.50%					Yes	Yes	
Bank of China	of	Bank	BOC guaranteed financing - CNYAQKF	950		2017.12.11	2018.3.13		Guaranteed income	3.50%					Yes	Yes	
Bank of China, Nantong Gangzha Sub-branch	of	Bank	BOC accumulation day by day - daily plan product GSRJYL01	1000		2017.11.30			Promised income	2.25%		1.23			Yes	Yes	
Shanghai Pudong Development Bank		Bank	Product code - 2301137338 Product name - Caifubanche Jinqu No. 4	400		2016.9.29	2017.3.25		Floating income	3.65%		7.20			Yes	Yes	

Shanghai Pudong Development Bank	Bank	Product code - 2301137337 Caifubanche Jinqu No. 3	600		2016.11.4	2017.2.4		Floating income	3.55%		5.31			Yes	Yes	
Shanghai Pudong Development Bank	Bank	Product code - 2301137338 Caifubanche Jinqu No. 4	800		2016.12.7	2017.3.8		Floating income	3.80%		7.50			Yes	Yes	
Shanghai Pudong Development Bank	Bank	Product code - 2301137337 Caifubanche Jinqu No. 3	400		2017.2.10	2017.5.11		Floating income	4.25%		4.19			Yes	Yes	
Shanghai Pudong Development Bank	Bank	Product code - 2301137337 Caifubanche Jinqu No. 4	600		2017.3.15	2017.6.13		Floating income	4.25%		6.21			Yes	Yes	
Shanghai Pudong Development Bank	Bank	Product code - 2301137338 Caifubanche Jinqu No. 4	600		2017.4.7	2017.10.9		Floating income	4.65%		14.14			Yes	Yes	
Shanghai Pudong Development Bank	Bank	Product code - 2301137337 Caifubanche Jinqu No. 4	400		2017.5.17	2017.11.13		Floating income	4.50%		8.88			Yes	Yes	
Shanghai Pudong Development Bank	Bank	Product code - 2301177101 Bubugaosheng	600		2017.6.15	2017.6.29		Floating income	3.80%		0.94			Yes	Yes	
Shanghai Pudong Development Bank	Bank	Product code - 2301137337 Caifubanche Jinqu No. 3	600		2017.7.4	2017.10.9		Floating income	4.90%		7.81			Yes	Yes	
Shanghai Pudong Development Bank	Bank	Product code - 2301137337 Caifubanche Jinqu No. 3	600		2017.10.11	2018.1.8		Floating income	5.00%					Yes	Yes	
Shanghai Pudong Development Bank	Bank	Product code - 2301137338 Caifubanche Jinqu No. 4	200		2017.10.11	2018.4.8		Floating income	5.00%					Yes	Yes	
Shanghai	Bank	Product code -	400		2017.11.	2018.2.14		Floating	5.00%					Yes	Yes	

Pudong Development Bank		2301137337 Caifubanche Jinqu No. 3			16			income								
Bank of Communications	Bank	Yuntong fortune - daily profit increase 0191120108	1100		2017.1.17	2017.5.10		Promised income	2.95%		10.5			Yes	Yes	
Bank of Communications	Bank	Yuntong fortune - daily profit increase 2171171686	1100		2017.5.12	2017.7.14		Promised income	3.70%		7.02			Yes	Yes	
China Merchants Bank	Bank	Suiyueliu jin 51457	200		2017.3.14	2017.7.26		Promised income	3.30%		2.42			Yes	Yes	
China Merchants Bank	Bank	Suiyueliu jin 51460	100		2017.4.6	2017.8.18		Promised income	3.50%		1.28			Yes	Yes	
China Merchants Bank	Bank	Suiyueliu jin 51466	1000		2017.5.16	2017.8.17		Promised income	3.50%		8.92			Yes	Yes	
China Merchants Bank	Bank	Suiyueliu jin 51470	150		2017.6.12	2017.9.11		Promised income	3.70%		1.38			Yes	Yes	
China Merchants Bank	Bank	Suiyueliu jin 51472	150		2017.6.26	2017.9.11		Promised income	4.00%		1.26			Yes	Yes	
China Merchants Bank	Bank	Suiyueliu jin 51475	1100		2017.7.17	2017.10.9		Promised income	4.00%		10.12			Yes	Yes	
China Merchants Bank	Bank	Suiyueliu jin 51477	350		2017.8.4	2017.11.9		Promised income	3.80%		3.53			Yes	Yes	
Bank of Communications	Bank	Yuntong fortune - daily profit increase 2171173527	1200		2017.8.28	2017.11.27		Promised income	3.90%		11.67			Yes	Yes	
China Merchants Bank	Bank	Suiyueliu jin 51482	350		2017.9.12	2017.12.18		Promised income	3.80%		3.53			Yes	Yes	
China Merchants Bank	Bank	Suiyueliu jin 51485	1200		2017.10.10	2018.1.18		Promised income	3.80%					Yes	Yes	
China	Bank	Suiyueliu jin 51490	380		2017.11.	2018.2.22		Promised	4.00%					Yes	Yes	

Merchants Bank					14			income								
Bank of Communications	Bank	Yuntong fortune - daily profit increase 2171175231	1200		2017.12.4	2018.3.5		Promised income	4.30%					Yes	Yes	
China Merchants Bank	Bank	Suiyueliujin 51494	100		2017.12.12	2018.3.23		Promised income	4.20%					Yes	Yes	
China Merchants Bank	Bank	Suiyueliujin 51495	300		2017.12.19	2018.4.12		Promised income	4.20%					Yes	Yes	
Bank of China	Bank	BOC stable and smart financial product	400		2016.11.24	2017.3.2		Promised income	3.60%		3.88	3.88		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase	1500		2016.9.6	2016.12.8		Promised income	3.90%		14.91	14.91		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase	1500		2016.11.23	2017.1.3		Promised income	3.50%		5.9	5.9		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase	700		2016.11.28	2017.1.8		Promised income	3.70%		2.82	2.82		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase	1000		2016.12.9	2017.1.19		Promised income	3.70%		4.15	4.15		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase	1300		2016.10.25	2017.1.26		Promised income	3.70%		12.26	12.26		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase	1300		2016.11.3	2017.2.3		Promised income	3.70%		12.26	12.26		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit	600		2016.12.29	2017.2.8		Promised income	3.70%		2.49	2.49		Yes	Yes	

China		increase														
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase	400		2017.1.3	2017.2.13		Promised income	3.70%		1.66	1.66		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase	1000		2017.1.4	2017.2.14		Promised income	3.70%		4.15	4.15		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase	800		2017.1.11	2017.2.21		Promised income	3.70%		3.32	3.32		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	1000		2016.8.2	2017.7.11		Floating income	3.2-3.5 %		26.58	26.58		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	1000		2017.1.21			Floating income						Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase	2000		2017.2.9	2017.3.2		Promised income	3.70%		8.3	8.3		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	800		2017.2.9	2017.3.24		Floating income	3.2-3.5 %		0.97	0.97		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	1800		2017.3.9	2017.12.29		Floating income	2.2-3.5 %		41.13	41.13		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	300		2017.3.9	2017.6.19		Floating income	2.2-3.5 %		2.33	2.33		Yes	Yes	
Bank of China	Bank	BOC stable and smart financial product	400		2017.3.6	2017.5.23		Promised income	3.90%		3.32	3.32		Yes	Yes	

Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	100		2017.3.29	2017.6.19		Floating income	2.2-3.5 %		1.17	1.17		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	300		2017.3.29	2017.5.24		Floating income	2.2-3.5 %		3.4	3.4		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	400		2017.4.1	2017.5.24		Floating income						Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	200		2017.5.2	2017.5.10		Floating income	2.2-3.5 %		0.1	0.1		Yes	Yes	
Bank of China	Bank	BOC stable and smart financial product	400		2017.5.25	2017.8.24		Promised income	4.30%		4.28	4.28		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase	500		2017.8.2	2017.11.3		Promised income	4.40%		6	6		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	300		2017.8.9	2017.12.29		Floating income	2.2-3.5 %		6.46	6.46		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	100		2017.8.16	2017.8.29		Floating income	2.2-3.5 %		0.09	0.09		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	150		2017.8.16	2017.12.29		Floating income	2.2-3.5 %		4.7	4.7		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	150		2017.8.16	2017.9.6		Floating income	2.2-3.5 %		0.26	0.26		Yes	Yes	
Bank of China	Bank	BOC Zhifu Ronghui series	400		2017.8.28	2017.11.26		Promised income	4.60%		4.6	4.6		Yes	Yes	

Bank of China	Bank	BOC guaranteed financing	250		2017.9.29	2017.12.29		Promised income	3.09%		1.94	1.94		Yes	Yes	
Bank of China	Bank	BOC accumulation day by day	350		2017.9.30			Floating income	3.00%		1.78	1.78		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	100		2017.10.9	2017.11.8		Floating income	2.2-3.5%		0.25	0.25		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	100		2017.10.9	2017.10.26		Floating income	2.2-3.5%		0.14	0.14		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase	200		2017.10.24	2017.12.4		Promised income	4.40%		0.99	0.99		Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase	500		2017.11.7	2017.12.18		Promised income	4.40%		2.47	2.47		Yes	Yes	
Bank of China	Bank	Ronghui series financial plan	400		2017.11.29	2018.1.31		Promised income	4.40%					Yes	Yes	
Bank of China	Bank	Ronghui series financial plan	500		2017.12.4	2017.12.31		Promised income	4.50%					Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	150		2017.12.5	2017.12.29		Floating income	0-3.5%		0.04	0.04		Yes	Yes	
	Bank							Floating income						Yes	Yes	
Bank of China	Bank	BOC guaranteed financing	500		2017.12.20	2018.1.16		Promised income	3.05%					Yes	Yes	
Bank of China	Bank	BOC guaranteed financing	750		2017.12.22	2018.1.18		Promised income	3.05%					Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	350		2017.12.25			Floating income	0-3.5%					Yes	Yes	
Industrial and Commercial	Bank	ICBC financial win-win and stable	300		2017.12.	2017.12.2		Floating	0-3.5%		6.46	6.46		Yes	Yes	

Bank of China		profit increase			27	9		income								
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	100		2017.12.31			Floating income	0-3.5%					Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and profit increase	1000		2017.12.31	2018.4.6		Promised income	4.70%					Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win and stable profit increase	1550		2017.12.31			Floating income	0-3.5%					Yes	Yes	
Bank of China	Bank	Ronghui series financial plan	250		2017.12.29	2018.1.29		Promised income	4.75%					Yes	Yes	
CGB	Bank	"Xinjiaxin No. 16" XJXSLJ4829	1,000.00		2016.11.4	2017.2.8		Floating income	2.60%		8.02			Yes	Yes	
Bank of China	Bank	BOC accumulation day by day - daily plan GSRJYL01	1,550.00		2016.11.16	2017.9.8		Floating income	2.68%		19.42			Yes	Yes	
CGB	Bank	"Penman Boying" Ririyang	500.00		2016.12.5	2017.1.9		Floating income	2.60%		1.94			Yes	Yes	
CGB	Bank	"Penman Boying" Ririyang	900.00		2016.12.5	2017.1.5		Floating income	2.60%		2.53			Yes	Yes	
Bank of China	Bank	BOC accumulation day by day - daily plan GSRJYL01GSRJYL01	1,000.00		2016.12.26	2017.1.14		Floating income	2.25%		4.40			Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win Yuetianli SZYL1401	2,200.00		2017.1.1	2017.1.26		Floating income	3.60%		4.91			Yes	Yes	
CGB	Bank	"Xinjiaxin No. 16" XJXSLJ5225	1,500.00		2017.1.6	2017.4.12		Floating income	2.60%		13.81			Yes	Yes	
CGB	Bank	"Xinjiaxin No. 16" XJXSL5319	2,300.00		2017.1.12	2017.4.12		Floating income	2.60%		20.13			Yes	Yes	
Bank of China	Bank	CNYAQKFTPO	700.00		2017.1.24	2017.2.8		Floating income	2.68%		0.77			Yes	Yes	

Industrial and Commercial Bank of China	Bank	ICBC financial win-win Yuetianli SZYL1401	2,200.00		2017.2.1	2017.2.28		Floating income	3.60%		5.47			Yes	Yes	
CGB	Bank	"Xinjiaxin No. 16" XJXSLJ5237	1,000.00		2017.2.10	2017.5.11		Floating income	2.60%		9.12			Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win Yuetianli SZYL1401	500.00		2017.2.17	2017.2.28		Floating income	3.60%		0.55			Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win Yuetianli SZYL1401	3,250.00		2017.3.1	2017.3.31		Floating income	3.60%		8.80			Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win Yuetianli SZYL1401	3,250.00		2017.4.1	2017.4.30		Floating income			8.65			Yes	Yes	
China Citic Bank	Bank	Gongying Bubugaosheng B160C0184	348.00		2017.3.10			Floating income						Yes	Yes	
CGB	Bank	"Xinjiaxin No. 16" XJXSLJ5272	2,300.00		2017.4.14	2017.7.14		Floating income	4.05%		23.22			Yes	Yes	
CGB	Bank	Ririyong PMBYTJ0002	1,500.00		2017.4.14	2017.4.19		Floating income	1.60%		0.31			Yes	Yes	
CGB	Bank	"Xinjiaxin No. 16" XJXSLJ5983	1,500.00		2017.4.19	2017.5.19		Floating income	3.85%		4.75			Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win Yuetianli SZYL1401	750.00		2017.5.2	2017.5.31		Floating income	3.60%		2.48			Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win Yuetianli SZYL1401	500.00		2017.5.18	2017.5.31		Floating income	3.60%		0.65			Yes	Yes	
CGB	Bank	"Xinjiaxin No. 16" XJXSLJ6159"	2,000.00		2017.5.4	2017.8.2		Floating income	4.10%		20.22			Yes	Yes	
CGB	Bank	"Xinjiaxin No. 16" XJXSLJ5285"	1,000.00		2017.5.12	2017.8.10		Floating income	3.85%		9.62			Yes	Yes	

CGB	Bank	"Xinjiaxin No. 16" XJXCKJ0059"	1,500.00		2017.5.1 9	2017.8.17		Floating income	4.10%		15.16			Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win Yuetianli SZYL1401	950.00		2017.6.2	2017.6.30		Floating income	3.60%		2.72			Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win Yuetianli SZYL1401	950.00		2017.7.4	2017.7.31		Floating income	3.60%		2.72			Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win Yuetianli SZYL1401	500.00		2017.7.6	2017.7.31		Floating income	3.60%		1.13			Yes	Yes	
CGB	Bank	"Xinjiaxin No. 16" XJXSLJ6903"	560.00		2017.7.7	2017.10.9		Floating income	4.15%		5.99			Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win Yuetianli SZYL1401	500.00		2017.7.2 0	2017.7.31		Floating income	3.60%		0.55			Yes	Yes	
CGB	Bank	CGB "Minglishuangshou" XJXCKJ0292	2,800.00		2017.7.1 4	2017.10.1 2		Floating income	4.10%		28.31			Yes	Yes	
Industrial and Commercial Bank of China	Bank	ICBC financial win-win Yuetianli SZYL1401	1,950.00		2017.8.1	2017.8.28		Floating income	3.60%		5.77			Yes	Yes	
CGB	Bank	"Xinjiaxin No. 16" XJXSLJ6911"	2,500.00		2017.8.4	2018.11.2		Floating income	4.15%		25.58			Yes	Yes	
CGB	Bank	"Xinjiaxin No. 16" XJXSLJ6762"	2,300.00		2017.8.1 8	2017.11.1 7		Floating income	4.30%		24.66			Yes	Yes	
Industrial and Commercial Bank of China	Bank	Suixin E "SXE17BBX"	1,000.00		2017.9.1 3	2017.12.1 5		Floating income	3.50%					Yes	Yes	
Bank of China	Bank	CNYAQKF	700.00		2017.9.3 0	2017.12.2 9		Floating income	3.40%					Yes	Yes	
CGB	Bank	"Penman Boying" Ririyng PMBYTJ0002	2,665.00		2017.10. 13	2017.11.6		Floating income	1.00%		1.75			Yes	Yes	

CGB	Bank	"Xinjiabin No. 16" XJXSLJ7159"	1,000.00		2017.10. 13	2017.12.1 3		Floating income	4.20%					Yes	Yes	
CGB	Bank	"Xinjiabin No. 16" XJXSL7336"	5,191.00		2017.11. 6	2018.2.6		Floating income	4.45%					Yes	Yes	
CGB	Bank	"Xinjiabin No. 16" XJXCKJ0840"	2,300.00		2017.11. 17	2018.5.16		Floating income	4.45%					Yes	Yes	
Total			247,524. 00	--	--	--	--	--	--	0	1,556.0 3	--	0	--	--	--

Circumstances where the principal of entrusted financing cannot be recovered or that may otherwise cause impairment

☐ Applicable ☒ Not applicable

(2) Entrusted loaning

☐ Applicable ☒ Not applicable

4. Other Important Contracts

☒ Applicable ☐ Not applicable

Contracting party	Counterparty	Contract subject	Date of signing	Book value of assets involved in the contract (RMB 10,000) (if any)	Appraisal value of assets involved in the contract (RMB 10,000) (if any)	Appraisal agency (if any)	Base date of appraisal (if any)	Pricing principle	Transaction price (RMB 10,000)	Connected transaction or not	Association	Implementation as of the end of the reporting period	Disclosure date	Disclosure index
Shenzhen SEG Co., Ltd.	Shenzhen SEG Credit Co., Ltd.	Short-term financing	January 13, 2016	3,000		None		Market price		None	Holding subsidiary	Fulfilled	Shenzhen SEG Co., Ltd.	Shenzhen SEG Credit Co., Ltd.
Shenzhen SEG Co., Ltd.	Shenzhen SEG Credit Co., Ltd.	Short-term financing	April 12, 2017	3,000		None		Market price		None	Holding subsidiary	Fulfilled	Shenzhen SEG Co., Ltd.	Shenzhen SEG Credit Co., Ltd.
Shenzhen SEG Co., Ltd.	Shenzhen SEG Credit Co., Ltd.	Short-term financing	April 14, 2017	3,000		None		Market price		None	Holding subsidiary	Being fulfilled	Shenzhen SEG Co., Ltd.	Shenzhen SEG Credit Co., Ltd.
Shenzhen SEG Co., Ltd.	Shenzhen SEG Credit Co., Ltd.	Short-term financing	April 20, 2017	4,500		None		Market price		None	Holding subsidiary	Being fulfilled	Shenzhen SEG Co., Ltd.	Shenzhen SEG Credit Co., Ltd.

Shenzhen SEG Co., Ltd.	Shenzhen SEG Credit Co., Ltd.	Short-term financing	May 17, 2017	6,000		None		Market price		None	Holding subsidiary	Being fulfilled	Shenzhen SEG Co., Ltd.	Shenzhen SEG Credit Co., Ltd.
Shenzhen SEG Co., Ltd.	Shenzhen SEG Credit Co., Ltd.	Short-term financing	May 19, 2017	3,500		None		Market price		None	Holding subsidiary	Being fulfilled	Shenzhen SEG Co., Ltd.	Shenzhen SEG Credit Co., Ltd.
Shenzhen SEG Co., Ltd.	SPDB Shenzhen Branch Tairan Sub-branch	Financial management	April 7, 2017	8,300		None		Market price		None	None	Fulfilled	Shenzhen SEG Co., Ltd.	SPDB Shenzhen Branch Tairan Sub-branch
Shenzhen SEG Co., Ltd.	SPDB Tairan Sub-branch, Shenzhen	Financial management	April 10, 2017	3,000		None		Market price		None	None	Fulfilled	Shenzhen SEG Co., Ltd.	SPDB Tairan Sub-branch, Shenzhen
Shenzhen SEG Co., Ltd.	Agricultural Bank of China Co., Ltd. Shenzhen Branch	Borrowing	May 11, 2017	18,000		None		Market price		None	None	Being fulfilled	Shenzhen SEG Co., Ltd.	Agricultural Bank of China Co., Ltd. Shenzhen Branch
Shenzhen SEG Co., Ltd.	Agricultural Bank of China Shenzhen Branch	Credit	April 27, 2017	25,000		None		Market price		None	None	Being fulfilled	Shenzhen SEG Co., Ltd.	Agricultural Bank of China Shenzhen Branch
Shenzhen SEG Co., Ltd.	SPDB Tairan Sub-branch, Shenzhen	Financial management	June 22, 2017	5,000		None		Market price		None	None	Fulfilled	Shenzhen SEG Co., Ltd.	SPDB Tairan Sub-branch, Shenzhen
Shenzhen SEG Co., Ltd.	SPDB Tairan Sub-branch, Shenzhen	Structured deposit	June 22, 2017	4,000		None		Market price		None	None	Fulfilled	Shenzhen SEG Co., Ltd.	SPDB Tairan Sub-branch, Shenzhen
Shenzhen SEG Co., Ltd.	Agricultural Bank of China Shenzhen Branch	Mortgage	April 27, 2017	32,943	32,943	Cushman & Wakefield		Fair value	32,943	None	None	Being fulfilled	Shenzhen SEG Co., Ltd.	Agricultural Bank of China Shenzhen Branch
Shenzhen SEG Co., Ltd.	Shenzhen Hongtu SEG	Partnership agreement	March 15, 2017	9,000		None		Market price		None	None	Being fulfilled	Shenzhen SEG Co., Ltd.	Shenzhen Hongtu SEG

Ltd.	Investment Management Co., Ltd. and Shenzhen Guiding Fund Investment Co., Ltd.												Ltd.	Investment Management Co., Ltd. and Shenzhen Guiding Fund Investment Co., Ltd.
Shenzhen SEG Co., Ltd.	Shenzhen SEG Industrial Investment Co., Ltd.	Borrowing	August 1, 2014	4,200		None		Free of interest		None	Holding subsidiary	Being fulfilled	Shenzhen SEG Co., Ltd.	Shenzhen SEG Industrial Investment Co., Ltd.
Shenzhen SEG Co., Ltd.	Suzhou SEG Digital Plaza Management Co., Ltd.	Borrowing	June 8, 2015	1,000		None		Free of interest		None	Holding subsidiary	Being fulfilled	Shenzhen SEG Co., Ltd.	Suzhou SEG Digital Plaza Management Co., Ltd.

XVIII. Social Responsibility

1. Fulfillment of the social responsibility for targeted poverty alleviation

(1) Overview of annual targeted poverty alleviation

According to the national decision to fight against poverty and the work arrangements of the CPC Committee of Guangdong Province, People's Government of Guangdong Province, CPC Committee of Shenzhen, People's Government of Shenzhen, State-owned Assets Supervision and Administration Commission of Shenzhen, and SEG Group on three-year targeted poverty alleviation, SEG Group was designated to provide poverty alleviation aid for Zishi Village, Zishi Town, Longchuan County, Heyuan. In recent years, the CPC Committee and leaders of the Company have attached great importance to and carried out poverty alleviation, subjected thoughts and actions to the spirits conveyed by important talks of Xi Jinping, CPC General Secretary, and decisions and arrangements on targeted poverty alleviation of government at all levels and the upper CPC committee. SEG Group arranged for special personnel to stay at the village for poverty alleviation. The Company and its controlling subsidiaries aided 20 low-income families and 44 impoverished persons.

In 2017, the Company organized "targeted poverty alleviation on campus and study assistance". In March, the Company donated caring materials to the Central Primary School of Zishi Town, Heyuan and brought STEAM creative programs to students. In May, the Company arranged for merchants to visit Zishi Village and consoled low-income families. In December, under the leadership of the Secretary of the CPC Committee of the Company, some middle managers of the Company, heads of enterprises in Shenzhen and party workers went to Zishi Village, visited poverty-stricken families, and sent consolation money and gifts for the Spring Festival.

(2) Overview of subsequent targeted poverty alleviation

1. The Company will work on the PV power generation project. 2. The Company will increase efforts on industrial projects for targeted poverty alleviation, and promote the pigeon eco-breeding program in the form of enterprises + farmers according to the uniform arrangement of Longchuan CPC Committee. 3. The Company will promote infrastructure construction and complete the villager cultural activity plaza, road hardening project, and drinking water purification transformation.

2. Environmental protection

Are the listed company and its subsidiaries key polluters publicized by the environmental protection department?
No

XIX. Notes on Other Major Events

√ Applicable □ Not applicable

Overview of Major Events	Disclosure Date	Inquiry Index for the Websites Disclosing the Temporary Reports
1. Progress of major assets restructuring	January 18, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on Transfer of Underlying Assets for Share Issuance and Cash Payment to Acquire Assets and Raise Funds & Connected Transactions</i>
	January 18, 2017	http://www.cninfo.com.cn <i>Report of Shenzhen SEG Co., Ltd. on Transfer of Underlying Assets for Share Issuance and Cash Payment to Acquire Assets and Raise Funds & Connected Transactions (Draft)</i>
	January 25, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on Transfer of Underlying Assets for Share Issuance and Cash Payment to Acquire Assets</i>

		<i>and Raise Funds & Connected Transactions</i>
	March 4, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on Transfer of Underlying Assets for Share Issuance and Cash Payment to Acquire Assets and Raise Funds & Connected Transactions & Public Offering of New Shares</i>
2. Extension of the lockup period by the controlling shareholder SEG Group	May 17, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on Extension of the Lockup Period by the Controlling Shareholder</i>
3. Investment and establishment of Shenzhen SEG Zhongtong Technology Co., Ltd. and participation in the Wi-Fi project of China Railway Corporation	April 7, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on Investment and Establishment of Shenzhen SEG Zhongtong Technology Co., Ltd. and Participation in the Wi-Fi Project of China Railway Corporation</i>
4. 2016 annual equity distribution of the Company	July 6, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on the Profit Distribution Proposal and the Proposal for Transfer of Capital Reserves into Share Capital in 2016</i>
	August 11, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on 2016 Annual Equity Distribution</i>
5. Changes in directors and supervisors	July 6, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on Resignation of Directors and Supervisors</i>
	July 21, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on the 4th Extraordinary General Meeting in 2017</i>
	August 31, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on Resignation of the Chairman</i>
	September 26, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on the 5th Extraordinary General Meeting in 2017</i>
6. Investment and establishment of Shenzhen SEG Yicheng Science and Technology Co., Ltd. and construction and operation of SEG maker education and technology experience museum	August 11, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on the Establishment of Shenzhen SEG Yicheng Science and Technology Co., Ltd. and Construction & Operation of SEG Maker Education and Technology Experience Museum</i>
7. Adjustment of the price and number of shares involved in share issuance and cash payment to acquire assets and raise funds after 2016 annual equity distribution	August 22, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on Adjustment of the Price and Number of Shares Involved in Share Issuance and Cash Payment to Acquire Assets and Raise Funds after 2016 Annual Equity Distribution</i>
8. Reduction of holding-shares of Shenzhen Huakong SEG Co., Ltd.	September 9, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on Reduction of Holding-shares of Shenzhen Huakong SEG Co., Ltd.</i>
9. Increase in holding-shares of the Company by	September 26, 2017	http://www.cninfo.com.cn

some directors, supervisors, senior executives, and middle managers of the controlling shareholder and some directors, supervisors, and senior executives of the Company		<i>Announcement of Shenzhen SEG Co., Ltd. on Increase in holding-shares of the Company by Some Directors, Supervisors, Senior Executives, and Middle Managers of the Controlling Shareholder and Some Directors, Supervisors, and Senior Executives of the Company</i>
10. Equity transfer of Wuxi SEG Electronics Market Co., Ltd.	October 7, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on the Progress of Equity Transfer of Wuxi SEG Electronics Market Co., Ltd.</i>
11. Financial aid to affiliates	October 18, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on Financial Aid to Affiliates</i>
12. Increase in holding-shares of the Company by the controlling shareholder	November 15, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on the Controlling Shareholder's Plan to Increase Holding-shares of the Company</i>
	November 27, 2017	http://www.cninfo.com.cn <i>Announcement of Shenzhen SEG Co., Ltd. on the Progress of Increase in Holding-shares of the Company by the Controlling Shareholder and Persons Acting in Concert</i>

Chapter 6 Changes in Share Capital and Information on Shareholders

I. Information on Changes in Share Capital

1. Changes in shares

Unit: Share

	Before the change		Increase/decrease by (+, -)					After the change	
	Quantity	Percentage	New share offering	Bonus share	Capitalization of public reserve	Others	Subtotal	Quantity	Percentage
I. Restricted shares	77,439	0.01%	450,857,239	0	0	112,500	450,969,739	451,047,178	36.50%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
(2) State-owned legal person's shares	0	0.00%	450,857,239	0	0	0	450,857,239	450,857,239	36.49%
3. Other domestic shares	77,439	0.01%	0	0	0	112,500	112,500	189,939	0.01%
Including: Shares held by overseas legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	77,439	0.01%	0	0	0	112,500	112,500	189,939	0.01%
4. Shares held by foreign units	0	0.00%	0	0	0	0	0	0	0.00%
Including: Shares held by overseas legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Unrestricted shares	784,721,571	99.99%	0	0	0	-112,500	-112,500	784,609,071	63.49%
1. RMB ordinary shares	538,260,253	68.59%	0	0	0	-112,500	-112,500	538,147,753	43.55%
2. Domestically listed foreign shares	246,461,318	31.40%	0	0	0	0	0	246,461,318	19.95%
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	784,799,010	100.00%	450,857,239	0	0	0	450,857,239	1,235,656,249	100.00%

Reason for change

☒ Applicable ☐ Not applicable

(1) On January 17, 2017, the Company received the Approval on Shenzhen SEG Co., Ltd.'s Issuing Shares to Shenzhen SEG Group Co., Ltd. to Acquire Assets and Raise Supporting Funds (Z. J. X. K. [2017] No. 21) issued by the CSRC. Shenzhen SEG was approved to issue 450,857,239 shares to Shenzhen SEG Group for asset purchase. The said shares were issued on March 6, 2017, and the total share capital of the Company is increased to 1,235,656,249 shares.

(2) The Company completed the general election of the Board of Directors and the Board of Supervisors in July 2016. The number of restricted shares held by directors, supervisors, and senior executives are changed due to changes in directors and supervisors of the Company in July and August 2017.

Approval of changes in share capital

☐ Applicable ☒ Not applicable

Share transfer

☐ Applicable ☒ Not applicable

Impact of changes in share capital on such financial indicators as basic EPS, diluted EPS, and net asset per share attributable to common shareholders of the Company in the last year and previous reporting period

☒ Applicable ☐ Not applicable

Considering the *Announcement of Shenzhen SEG Co., Ltd. on Transfer of Underlying Assets for Share Issuance and Cash Payment to Acquire Assets and Raise Funds & Connected Transactions* disclosed by the Company on January 25, 2017, according to the *Accounting Standards for Enterprises*, the asset acquisition and share issuance of the Company in 2017 is business combination under common control. In the consolidated financial statements of 2017, both the profit in the same period of the last year and the profit this year include the annual profit of the underlying assets acquired by major assets restructuring and share issuance of the Company. As a result, it has no significant impact on the basic earnings per share and diluted earnings per share of the Company. As the Company had to pay the consideration of RMB 670 million to SEG Group after asset acquisition and share issuance in January 2017, the net assets at the end of year and net assets attributable to common shareholders of the Company decreased year on year.

Other contents as deemed necessary by the Company or required by the securities regulatory authority to be disclosed

☐ Applicable ☒ Not applicable

2. Information on changes in restricted shares

☒ Applicable ☐ Not applicable

Unit: Share

Name of shareholder	Restricted shares at period beginning	Restricted shares released in the current period	Restricted shares increased in the current period	Restricted shares at period end	Reason for restricted trade	Date for releasing restricted trade
Shenzhen SEG Group Co., Ltd.	0	0	450,857,239	450,857,239	Secondary public offering	2020.9.5
Wang Bao	0	0	17,250	17,250	Senior executive-targeted	Lock-up or circulation

					share	according to rules
Zhang Guangliu	0	0	15,750	15,750	Senior executive-targeted share	based on changes in holding shares of directors, supervisors and senior executives
Liu Zhijun	7,500	0	15,000	22,500	Senior executive-targeted share	
Zhu Longqing	12,000	0	15,750	27,750	Senior executive-targeted share	
Bo Hongxi	0	0	3,750	3,750	Senior executive-targeted share	
Tang Chongyin	0	0	14,250	14,250	Senior executive-targeted share	
Zhang Haifan	0	0	7,500	7,500	Senior executive-targeted share	
Lu Guiqin	0	0	13,500	13,500	Senior executive-targeted share	
Zheng Dan	31,939	0	15,750	47,689	Resignation of the director	The shares transferred per year shall not exceed 25% of the total holding shares of the Company for the term and for six months upon expiration of the term determined at appointment.
Ying Huadong	10,000	10,000	0	0	Removal of the supervisor after election	2017.1.16
Tian Jiliang	1,000	1,000	0	0	Removal of the supervisor after election	2017.1.16
Xu Ning	15,000	0	5000	20,000	Resignation of the supervisor	The shares transferred per year shall not exceed 25% of the total holding shares of the Company for the term and for six months upon expiration of the term determined at appointment.
Total	77,439	11,000	450,980,739	451,047,178	--	--

II. Issuance and listing of shares

1. Issuance of securities (preferential shares excluded) in the reporting period

√ Applicable □ Not applicable

Name of stock and derivative securities	Date of issuance	Offering price (or rate)	Number of shares	Listing date	Shares approved for listed transaction	Termination date of transaction	Disclosure index	Disclosure date
Stock								
000058	March 6, 2017	9.94	450,857,239	March 6, 2017	450,857,239	March 6, 2017	http://www.cninfo.com.cn Announcement of Shenzhen SEG Co., Ltd. on Transfer of Underlying Assets for Share Issuance and Cash Payment to Acquire Assets and Raise Funds & Connected Transactions & Public Offering of New Shares	March 4, 2017

Note to issuance of securities (preferential shares excluded) in the reporting period

2. Explanations to changes in the sum of shares and the shareholder structure as well as changes in the asset and debt structure of the company.

√ Applicable □ Not applicable

On January 17, 2017, the Company received the *Approval on Shenzhen SEG Co., Ltd.'s Issuing Shares to Shenzhen SEG Group Co., Ltd. to Acquire Assets and Raise Supporting Funds* (Z. J. X. K. [2017] No. 21) issued by China Securities Regulatory Commission (CSRC), which approved the Company to issue 450,857,239 shares to SEG Group to acquire relevant assets. The shares were issued on March 6, 2017. The total share capital of the Company increased from 784,799,010 shares to 1,235,656,249 shares. The four target companies, SEG Real Estate, SEG Entertainment, SegMaker, and SEG Property Development completed the asset transfer formalities on January 19, 2017. As of December 2017, the business income is RMB6,922,590,000, the asset-liability ratio is 63.09%.

3. Information of existing staff shares

□ Applicable √ Not applicable

III. Information on Shareholders and Actual Controllers

1. Information on the number of shareholders and their shareholding status

Unit: Share

Total number of ordinary shareholders at the end of the reporting period	71,481	Total number of ordinary shareholders at the end of the month immediately before the disclosure of the	69,900	Total number of preferred shareholders restored with the voting rights (if any) (see Note 8)	0	Total number of preferred shareholders restored with the	0
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		annual report					voting rights at the end of the month immediately before the disclosure of the annual report (if any) (see Note 8)	
Information on the shareholders holding more than 5% shares or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Shares held by the end of the reporting period	Share increase/decrease in the reporting period	Quantity of restricted shares held	Quantity of unrestricted shares held	Information on pledged or frozen shares	
							Share status	Quantity
Shenzhen SEG Group Co., Ltd.	State-owned legal person	56.70%	237,359,666	+463,269,093	450,857,239	12,411,854		
Liu Guocheng	Domestic natural person	0.55%	6,891,302	+86,800	0	6,891,302		
Zhang Jiao	Domestic natural person	0.33%	4,046,989	0	0	4,046,989		
Liu Guohong	Domestic natural person	0.25%	3,069,939	-230,649	0	3,069,939		
Gong Qianhua	Overseas natural person	0.24%	2,940,000	0	0	2,940,000		
China Securities Finance Corporation Limited	Domestic non-state-owned legal person	0.18%	2,271,900	0	0	2,271,900		
Bian Xueping	Domestic natural person	0.17%	2,184,100	+2,184,100	0	2,184,100		
Shanghai Juzhang Investment Management Co., Ltd.	Domestic non-state-owned legal person	0.16%	1,974,641	+1,336,220	0	1,974,641		
China Hi-tech Group Corporation	State-owned legal person	0.12%	1,500,000	0	0	1,500,000		
Zeng Ying	Domestic natural person	0.10%	1,300,000	-1,000,000	0	1,300,000		
Strategic investors or general legal entities who became one of the top ten shareholders by participating in rights issue (If any)	N/A							
Explanations on the association relationship or concerted action among	Shenzhen SEG Group Co., Ltd has no association relationship with other shareholders, nor it is a concerted action unit as described by the <i>Management Methods for Disclosure of</i>							

the above-mentioned shareholders	Information on Changes in Shareholding Status of Shareholders of Listed Companies It is unknown whether other shareholders have an association relationship or are concerted action units or not.		
Unrestricted Tradable Shares Held by Top Ten Shareholders			
Name of shareholder	Unrestricted shares held at the period end	Type of share	
		Type of share	Quantity
Shenzhen SEG Group Co., Ltd.	12,411,854	RMB ordinary shares	12,411,854
Liu Guocheng	6,891,302	Domestically listed foreign shares	6,891,302
Zhang Jiao	4,046,989	RMB ordinary shares	4,046,989
Liu Guohong	3,069,939	Domestically listed foreign shares	3,069,939
Gong Qianhua	2,940,000	Domestically listed foreign shares	2,940,000
China Securities Finance Corporation Limited	2,271,900	RMB ordinary shares	2,271,900
Bian Xueping	2,184,100	RMB ordinary shares	2,184,100
Shanghai Juzhang Investment Management Co., Ltd.	1,974,641	RMB ordinary shares	1,974,641
China Hi-tech Group Corporation	1,500,000	RMB ordinary shares	1,500,000
Zeng Ying	1,300,000	Domestically listed foreign shares	1,300,000
Explanations on the association relationship or concerted action among the top ten shareholders of unrestricted shares, and between the top ten shareholders of unrestricted shares and the top ten shareholders	Shenzhen SEG Group Co., Ltd has no association with other shareholders, nor it is a concerted action unit as described by the <i>Management Methods for Disclosure of Information on Changes in Shareholding Status of Shareholders of Listed Companies</i> It is unknown whether other shareholders have an association relationship or are concerted action units or not.		
Information of top ten ordinary shareholders participating in financing business (if any) (see Note 4)	Among the above top 10 shareholders, Zhang Jiao holds 0 shares of the Company in an ordinary account and 4,046,989 shares in a margin trading investor credit account, totaling 4,046,989 shares of the Company. Bian Xueping holds 0 share of the Company in an ordinary account and 2,184,100 shares in a margin trading investor credit account, totaling 2,184,100 shares of the Company.		

Do the top ten ordinary shareholders of the Company or top ten ordinary shareholders of non-restricted shares conduct agreed repurchase transactions in the reporting period?

☐ Yes ☒ No

The top ten ordinary shareholders of the Company or top ten ordinary shareholders of non-restricted shares did not conduct agreed repurchase transactions in the reporting period.

2. Information about controlling shareholders of the Company

Nature of controlling shareholder: local state-owned control

Type of controlling shareholder: legal person

Name of controlling shareholder	Legal representative/ Company manager	Date of incorporation	Organization code	Main business
Shenzhen SEG Group	Wang Bao	August 23, 1984	9144030019218	Electronic products, household appliances, toys, electronic and telecommunications

Name of controlling shareholder	Legal representative/ Company manager	Date of incorporation	Organization code	Main business
Co., Ltd.			0930F	facilities and equipment, instrument, automobile and motorcycle accessories, computers and accessories, office automation equipment and supplies, production research of electronic chemical projects (the license of the production site to be separately applied for); electronic system engineering projects; electronics and telecommunications markets; talent training; real estate development (on the land with legally acquired land use rights); real estate brokerage; freight forwarding; logistics and warehousing; sightseeing and catering, shopping mall and exhibition business of Shenzhen SEG Plaza; development and maintenance of network and information engineering technology; import and export business; paid use license of SEG registered trademark; investment consulting; investment management; agency accounting; business registration agency.

Equity of other overseas listed companies in which the controlling shareholders have a controlling share and hold shares

No.	Company name	Abbreviations of held stock and securities code	Number of shares held (Unit: Share)	Proportion of shareholding (%)
1	Shenzhen SEG Group Co., Ltd.	Huakong SEG 000068	58,325,983	5.79
2	SEG (HONGKONG) Company Limited	Shen Huafa B200020	16,569,560	5.85
3	GOOD HOPE CORNER INVESTMENTS LTD	Shen Huafa 200020	12,700,000	4.49
4	SEG (HONGKONG) Company Limited	NewOcean Energy 0342	100,000	0.01

Changes in controlling shareholders in the reporting period

☐ Applicable ☒ Not applicable

In the reporting period, the controlling shareholders of the Company are not changed.

3. Actual controller of the Company

Nature of actual controller: local state-owned assets management institution

Type of actual controller: legal person

Name of actual controller	Legal representative/ Company manager	Date of incorporation	Organization code	Main business
Shenzhen State-owned Assets	Peng Haibin		Not applicable	Not applicable

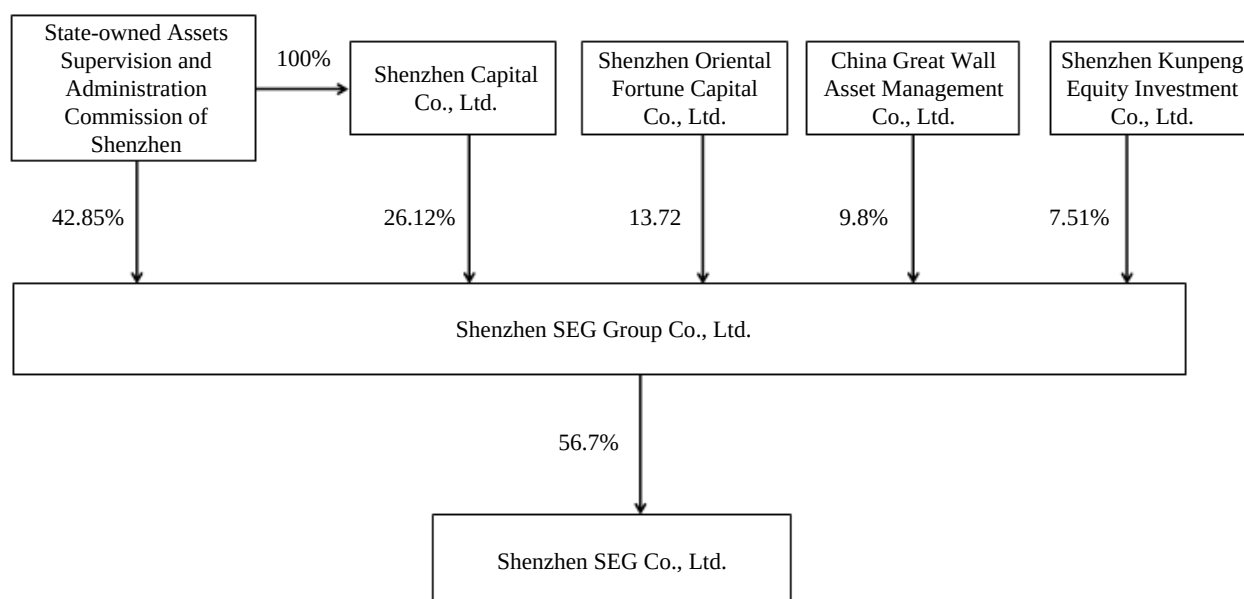
Supervision and Administration Commission				
Equities of other listed companies at home or abroad controlled by the actual controller in the reporting period	Not applicable			

Changes in the actual controllers in the reporting period

☐ Applicable ☒ Not applicable

In the reporting period, controlling shareholders of the Company remain unchanged.

The following is the block diagram of the property rights and controlling relationship between the Company and controlling shareholders as of the disclosure date of the report:



The actual controllers control the Company by trust or other asset management methods.

☐ Applicable ☒ Not applicable

4. Other legal-person shareholders who hold more than 10% shares

☐ Applicable ☒ Not applicable

5. Limited unloading of shares by controlling shareholder, actual controller, restructured entity and other commitment makers

☐ Applicable ☒ Not applicable

Chapter 7 Preferred Shares

☐ Applicable ☒ Not applicable

No preferred share is involved in the reporting period.

Chapter 8 Information on Directors, Supervisors, Senior Executives and Employees

I. Changes in Shares Held by Directors, Supervisors and Senior Executives

Name	Title	Employment status	Gender	Age	Beginning date of office term	Ending date of office term	Shares held at period beginning (share)	Increase of shares held in the reporting period (share)	Decrease of shares held in the reporting period (share)	Increase or decrease (Share)	Shares held at period end (share)
Wang Bao	Chairman	Incumbent	Male	53	September 25, 2017	July 15, 2019	0	23,000	0	0	23,000
Xu Laping	Director	Incumbent	Male	39	July 21, 2017	July 15, 2019	0	0	0	0	0
Zhang Guangliu	Director	Incumbent	Male	55	July 15, 2016	July 15, 2019	0	21,000	0	0	21,000
Yu Qian	Director	Incumbent	Male	49	July 15, 2016	July 15, 2019	0	0	0	0	0
Liu Zhijun	Director/ General Manager	Incumbent	Male	49	July 15, 2016	July 15, 2019	10,000	20,000	0	0	30,000
Li Luoli	Independent Director	Incumbent	Male	70	July 15, 2016	July 15, 2019	0	0	0	0	0
Song Pingping	Independent Director	Incumbent	Female	50	July 15, 2016	July 15, 2019	0	0	0	0	0
Fan Zhiqing	Independent Director	Incumbent	Male	68	July 15, 2016	July 15, 2019	0	0	0	0	0
Wang Li	Chairman	Retired	Male	56	July 15, 2016	August 30, 2017	0	0	0	0	0
Cao Xiang	Director	Retired	Male	49	July 15, 2016	July 4, 2017	0	0	0	0	0
Zheng Dan	Director/Vice General Manager/Secretary of the Board of Directors	Retired	Female	52	July 15, 2016	December 20, 2017	42,586	21,000	0	0	63,586

Liu Rongzhi	Chairman of the Board of Supervisors	Incumbent	Male	59	July 21, 2017	July 15, 2019	0	0	0	0	0
Tang Chongyin	Supervisor	Incumbent	Male	57	July 15, 2016	July 15, 2019	0	19,000	0	0	19,000
Liu Fusong	Supervisor	Incumbent	Male	47	July 15, 2016	July 15, 2019	0	0	0	0	0
Ru Guiqin	Supervisor	Incumbent	Female	53	July 15, 2016	July 15, 2019	0	18,000	0	0	18,000
Zhang Haifan	Supervisor	Incumbent	Female	44	July 15, 2016	July 15, 2019	0	10,000	0	0	10,000
Xu Ning	Chairman of the Board of Supervisors	Retired	Male	52	July 15, 2016	July 4, 2017	20,000	0	0	0	20,000
Zhu Longqing	Vice General Manager	Incumbent	Male	56	August 1, 2016	July 15, 2019	12,000	20,000	0	0	33,000
Bo Hongxi	Vice General Manager	Incumbent	Male	59	August 1, 2016	July 15, 2019	0	5,000	0	0	5,000
Total	--	--	--	--	--	--	84,586	157,000	0	0	242,586

II. Changes in Directors, Supervisors, and Senior Executives

Name	Position	Type	Date	Reason
Cao Xiang	Director	Retired	July 4, 2017	Resignation
Wang Li	Director/Chairman	Retired	August 30, 2017	Resignation
Zheng Dan	Director/Secretary of the Board of Directors	Retired	December 20, 2017	Resignation
Xu Ning	Supervisor/Chairman of the Board of Supervisors	Retired	July 4, 2017	Resignation

III. Information on Position

Professional background, work experience and main responsibility of current directors, supervisors, and senior executives

(I) Members of the Board of Directors

1. Wang Bao, male, born in 1964, Master, is Chairman of the Board of Directors of the Company, Secretary of the CPC Committee & Chairman of SEG Group and Vice Chairman of STMicroelectronics. He was former Secretary of the CPC Committee, Chairman and General Manager of Shenzhen SDG Information Co., Ltd., Deputy General Manager of Shenzhen SDG Liming Group Co., Ltd., Economist of Department of Trade and Industry of Shenzhen Construction Investment Holding Co., Ltd., Office Director of Shenzhen Luohu District Tianbei Industrial Co., Ltd., and Officer of the People's Government of Huainan, Anhui.
2. Yu Qian, male, born in 1968, Bachelor, economist, is Director of the Company, Vice General Manager of Guangxi Zhuang Autonomous Region Branch of China Orient Asset Management Co., Ltd. and Director of SEG Group. He was former Section Chief & Deputy Director of Credit Bureau of Bank of China Hunan Branch, Director of Changsha Office & Senior Manager of China Orient Asset Management Co., Ltd., and Assistant General Manager and Deputy General Manager of Dong Yin Development (Holdings) Limited.
3. Xu Laping, male, born in 1968, Ph.D, is Director of the Company and Director of Strategic Research Department of Shenzhen Capital Co., Ltd. He was former Deputy Director and Senior Manager of Strategic Research Department of Shenzhen Capital Co., Ltd., specially-appointed researcher of the Capital Operation Division of State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen, researcher of Development Research Center of Bao'an District, Shenzhen, and assistant researcher of Peking University Shenzhen Graduate School and Nankai University Top Human SME Research Center.
4. Zhang Guangliu, male, born in 1962, Bachelor, is Director of the Company, Vice General Manager of SEG Group, Chairman of SEG Recreation and Chairman of the Board of Supervisors of Shenzhen Si Semiconductors Co., Ltd. He was former Chairman of the Board of Supervisors of Huakong SEG, Chairman of SEG (HONGKONG) Company Limited, and Finance Chief and Director of Shenzhen Building Materials Group Co., Ltd., Shenzhen Pharmaceutical Production and Supply Corporation, and Shenzhen Hua Sheng Enterprise Group Company Limited.
5. Liu Zhijun, male, born in 1968, Master, is Secretary of the CPC Committee, Director & General Manager of the Company, Chairman of Nantong SEG, Chairman of Longgang SEG, Chairman of Xi'an SEG, Chairman of Xi'an Hairong SEG, Chairman & General Manager of SEC Investment, Director of SEG Credit, Director

of SEG Lianzhong, member of Hongtu SEG Investment Decision-making Commission, Supervisor of Kashgar Shenzhen City Co., Ltd, and General Manager of CEEC. He was former Deputy Secretary of the CPC Committee of the Company, Chairman & General Manager of Longyan Application, Chairman of SEG E-commerce, Chairman of Shanghai SEG, Manager of Business Department of SEG Group, and Vice General Manager of SEG Baohua.

6. Fan Zhiqing, male, born in December 1949, Master, senior accountant & senior economist, is Independent Director of the Company and Independent Director of Shenbao Industrial Co., Ltd. He was former Independent Director of Shenzhen Universal Group, Shahe Industrial Co., Ltd., Ocean's King and Kingsigna, Senior Executive accredited by the Ministry of Electronics Industry to large enterprises and state-owned enterprises in Shenzhen, judge and review expert of Guangdong senior titles, review expert of Shenzhen government projects, and visiting professor of Shenzhen University and Shenzhen Managers' College.
7. Li Luoli, male, born in 1947, Master, a professor & doctoral supervisor of Nankai University, is Independent Director of the Company, Vice Chairman of China Development Institute, Vice President of China Society of Economic Reform, and Chairman of Shenzhen Ma Hong Foundation for Economic Improvement Research. He was former Deputy Director of the Institute of Economics of Nankai University, Deputy Director of the Price Institute of the State Administration for Commodity Prices, Deputy Director of the Office of the People's Government of Shenzhen, Director of Shenzhen Information Center, Deputy Secretary-General & Director of the Reception Office of Shenzhen CPC Committee, Vice Chairman & Secretary-General of China Development Institute, and President of China Opening Journal.
8. Song Pingping, female, born in March 1967, Master, is Independent Director of the Company, partner of Shenzhen Oriental Fortune Capital Co., Ltd., arbitrator of South China International Economic and Trade Arbitration Commission, and Independent Director of Shenzhen Yantian Port Group Co., Ltd. She was former partner of King & Wood Mallesons.

(II) Members of the Board of Supervisors

1. Liu Rongzhi, male, born in 1958, junior college, is Chairman of the Board of Supervisors of the Company and Director & CFO of SEG Group. He was former Chairman of the Board of Supervisors of Shenzhen Bus Group Co., Ltd., Director & CFO of Shenzhen Capital Group Co., Ltd., Director & CFO of Shenzhen Yantian Port Group Co., Ltd., Director & CFO of Shenzhen Great Bay Port Investment Development Co., Ltd., Chairman of the Board of Supervisors of Shenzhen Laiyingda Group Co., Ltd., Director of General Department, Director of Audit Department, Deputy Director of Assets Verification Office & Principal Staff Member of Industry and Communications Department of Shenzhen Investment Management Company, and Principal Staff Member of Shenzhen Finance Bureau.
2. Liu Fusong, male, born in 1970, Bachelor, is Supervisor of the Company, Member of the CPC Committee & Vice General Manager of Shenzhen Office of China Great Wall Asset Management Co., Ltd. He was former Section Member of Hebei Branch of Agricultural Bank of China, Deputy Senior Staff Member of Asset Management Department of Shijiazhuang Office of China Great Wall Asset Management Co., Ltd., Deputy Leader of the Manager Team of Changzhou Project, Deputy Senior Manager of Asset Management Department No. 3, Deputy Senior Manager of Investment Management Department, Deputy Senior Manager of Investment Banking Department, and Senior Manager and General Manager Assistant of Appraisal Business Department.

3. Tang Chongyin, male, born in 1960, Ph.D, is Supervisor of the Company, Director of Capital and Property Management Department, Chairman of Shenzhen Si Semiconductors Co., Ltd., Chairman of Shenzhen Daming Electronics Co., Ltd., Director of Shenzhen SEG Hi-tech Investment Co., Ltd., Director of Tianjin SEG Haijing Co., Ltd., Director of Shenzhen SEG Yuren Technology Co., Ltd., and Chairman of the Board of Supervisors of SEG Credit. He was former Director of Property Right Management Department, Director of Property Right Department, Chief Legal Adviser, Director of Audit Department & Director of Legal Affairs Office of SEG Group, Secretary of the Board of Gemdale Group Co., Ltd., Director of SEG E-commerce and Vice Chairman of Shenzhen Zhongheng Hwafa Co., Ltd.
4. Ru Guiqin, female, born in 1964, Bachelor, is Employee Supervisor, Director of General Affairs Department, and Chairman of Immediate Labor Union of the Company, Director of Longgang SEG, and Director of SEG Baohua. She was former Director, Deputy Director, and Director Assistant of the Office of the Company, Business Assistant of Joint-stock System Preparation Office of SEG Group, and Business Assistant of Marketing Department of SEG Group.
5. Zhang Haifan, female, born in 1973, Master, is Employee Supervisor and Business Manager of Finance and Asset Management Department of the Company. She was former accountant responsible for consolidating financial statements of Finance and Asset Management Department, auditor of Audit Department, audit manager of Shenzhen Zhongqing Certified Public Accountants, and technician of Technology Department of Chengdu 745 Plant.

(III) Senior executives

1. Liu Zhijun is General Manager. For details, see the above introduction to directors.
2. Zheng Dan, female, born in 1965, Master, senior economist, is Vice Secretary of the CPC Committee, Secretary of the Committee for Discipline Inspection & Vice General Manager of the Company, Standing Committee Member of the Second Committee of Secretaries of China Association for Public Companies, a joint member of Hong Kong Institute of Chartered Secretaries, Chairman of SEG Baohua, Chairman of SEG Lianzhong, Director of Suzhou SEG, Director of SEG Investment, Chairman of the Board of Supervisors of Changsha SEG, Chairman of the Board of Supervisors of SEG Yicheng, Chairman of the Board of Supervisors of Huakong SEG, and Supervisor of Hongtu SEG. She was former Chairman of Wujiang SEG, Chairman of Suzhou SEG, Chairman of Suzhou SEG Digital, Chairman of Suzhou SEG Intelligent, Director of Nantong SEG, Director of Nantong SEG Commercial Operation, Director of SEG Zhongtong, Director & Chairman of the Board of Supervisors of SEG Credit, Director of Huakong SEG, Chairman of the Board of Supervisors of SEG Baohua, Chairman of the Board of Supervisors of SEG Storage and Transportation, and Chairman of the Board of Supervisors of SEG Navigations.
3. Zhu Longqing, male, born in 1961, MBA, is Vice General Manager of the Company, Chairman of SEG Industrial, Chairman of Changsha SEG, Chairman of Nanjing SEG, Chairman of Nanning SEG, Chairman of Shanghai SEG, Director of SEG Credit, Director of Nantong SEG, Director of Nantong SEG Operation, Director of SEG Navigations, and Chairman of the Board of Supervisors of SEG Baohua. He was former Director of the Company, Chairman of Wuxi SEG, Chairman of the Board of Directors & Chairman of the Board of Supervisors of Shenzhen SEG Storage and Transportation, Director of Longyan Application, Director of SEG Baohua, Director & General Manager of SEG Industrial, and Director of SEG E-commerce.
4. Bo Hongxi, male, born in 1958, Bachelor, senior accountant, is Vice General Manager of the Company, Director and General Manager of SEG Baohua, and Chairman of Nantong SEG Operation.

Information about directors, supervisors and senior executives serving in shareholders' units

√ Applicable □ Not applicable

Name	Name of shareholders' units	Position in shareholders' units	Beginning date of office term	Ending date of office term	Receiving remuneration from shareholders' units or not
Wang Bao	SEG Group	Chairman	August 21, 2017		Yes
Yu Qian	SEG Group	Director	October 1, 2012	November 1, 2017	No
Xu Laping	SEG Group	Director	June 1, 2017		No
Zhang Guangliu	SEG Group	Vice General Manager	March 1, 2003		Yes
Liu Rongzhi	SEG Group	CFO	March 1, 2011		No
Liu Fusong	SEG Group	Director	July 1, 2016	-	No
Tang Chongyin	SEG Group	Director of Capital and Property Management Department	April 1, 2003		Yes
Position at shareholders		None			

Information about directors, supervisors and senior executives serving in other units

√ Applicable □ Not applicable

Name	Name of other units	Position in other units	Beginning date of office term	Ending date of office term	Receiving remuneration from other units or not
Wang Bao	Shenzhen SDG Information Co., Ltd.	Chairman Secretary of the CPC Committee	September 1, 2010	August 1, 2017	Yes
	STMicroelectronics	Vice Chairman	September 1, 2017		No
Yu Qian	Shenzhen Office of China Orient Asset Management Co., Ltd.	Vice General Manager	November 1, 2009	May 1, 2017	Yes
	Guangxi Zhuang Autonomous Region Branch of China Orient Asset Management Co., Ltd.	Head	May 1, 2017		Yes
Xu Laping	Shenzhen Capital Co., Ltd.	Director of Strategic Research Department	January 1, 2014		Yes
Zhang Guangliu	SEG Recreation Enterprise Development Co., Ltd.	Chairman	August 1, 2011		No
	Shenzhen Si Semiconductors Co., Ltd.	Chairman of the Board of Supervisors	July 1, 2010		No
Liu Zhijun	Nantong SEG	Chairman	January 1, 2013		No
	Longgang SEG	Chairman	June 1, 2010		No
	Xi'an SEG	Chairman	May 1, 2013		No
	Xi'an Hairong SEG	Chairman	May 1, 2013		No

Name	Name of other units	Position in other units	Beginning date of office term	Ending date of office term	Receiving remuneration from other units or not
	SEG Investment	Chairman, General Manager	November 1, 2015		No
	SEG Credit	Director	September 1, 2011		No
	SEG Lianzhong	Director	December 1, 2016		No
	Hongtu SEG	Member of Decision-making Commission	May 1, 2016		No
	Kashgar Shenzhen City Co., Ltd.	Supervisor	October 1, 2012		No
	Longyan Application	Director, General Manager	May 1, 2016	March 1, 2017	No
	CEEC	General Manager	May 1, 2016		No
Li Luoli	China Development Institute	Vice Chairman	December 1, 1993	Up to now	No
	Shenzhen Ma Hong Foundation for Economic Improvement Research	Chairman	November 1, 2011	Up to now	No
	Eternal Asia Supply Chain Management Co., Ltd.	Independent Director	June 22, 2016	Up to now	Yes
	Nankai University	Professor & Doctoral Supervisor	September 1, 1994	Up to now	No
	China Society of Economic Reform	Vice President	June 1, 1999	June 26, 2017	No
	Shenzhen Charity Federation	Chief Executive	September 1, 2016	Up to now	No
Fan Zhiqing	Shenbao Industrial Co., Ltd.	Independent Director	October 12, 2012	Up to now	Yes
	Shahe Industrial Co., Ltd.	Independent Director	April 1, 2011	April 1, 2017	Yes
Song Pingping	Shenzhen Oriental Fortune Capital Co., Ltd.	Partner	October 1, 2011	December 1, 2017	Yes
	Shenzhen Yantian Port Group Co., Ltd.	Independent director	September 19, 2014		Yes
	China Merger & Acquisition Fund Co., Ltd.	Secretary-General of the Risk Control Commission	October 1, 2014	December 1, 2017	Yes
Liu Rongzhi	Shenzhen Bus Group Co., Ltd.	Chairman of the Board of Supervisors	April 1, 2015	November 1, 2017	No
Liu Fusong	Shenzhen Office of China Great Wall Asset Management Co., Ltd.	Member of the CPC Committee & Vice General Manager	February 1, 2015		Yes
Tang Chongyin	Shenzhen Si Semiconductors Co., Ltd.	Chairman	October 1, 2017		No
	Shenzhen Daming Electronics Co., Ltd.	Chairman	July 1, 2006		No
	Shenzhen SEG Hi-tech Investment Co., Ltd.	Director	July 1, 2006		No

Name	Name of other units	Position in other units	Beginning date of office term	Ending date of office term	Receiving remuneration from other units or not
	Tianjin SEG Haijing Co., Ltd.	Director	December 1, 2006		No
	Shenzhen SEG Yuren Technology Co., Ltd.	Director	May 1, 2015		No
	SEG Credit	Chairman of the Board of Supervisors	May 1, 2014		No
Ru Guiqin	SEG Baohua	Director	April 1, 2013		No
	Longgang SEG	Director	May 1, 2014		No
Zheng Dan	Second Committee of Directors and Secretaries of China Association for Public Companies	Standing committee member	November 1, 2015		No
	Wujiang SEG	Chairman	June 1, 2012	November 1, 2017	No
	SEG Baohua	Chairman	April 1, 2013	January 1, 2018	No
	Suzhou SEG Digital	Chairman	August 1, 2014	November 1, 2017	No
	SEG Intelligent	Chairman	January 1, 2016	November 1, 2017	No
	SEG Lianzhong	Chairman	December 1, 2016	January 1, 2018	No
	Suzhou SEG	Director	July 1, 2016	January 1, 2018	No
	SEG Credit	Director	September 1, 2011	September 1, 2017	No
	Nantong SEG	Director	January 1, 2013	September 1, 2017	No
	Nantong SEG Operation	Director	May 1, 2014	September 1, 2017	No
	SEG Zhongtong	Director	May 1, 2017	September 1, 2017	No
	SEG Investment	Director	November 1, 2015	January 1, 2018	No
	Changsha SEG	Chairman of the Board of Supervisors	March 1, 2009	January 1, 2018	No
	SEG Yicheng	Chairman of the Board of Supervisors	September 1, 2017	January 1, 2018	No
	Huakong SEG	Chairman of the Board of Supervisors	March 1, 2014	January 1, 2018	No
	Hongtu SEG	Supervisor	May 1, 2016	January 1, 2018	No
Zhu Longqing	SEG Industrial	Chairman	May 1, 2013		No
	Changsha SEG	Chairman	June 1, 2010		No
	Nanjing SEG	Chairman	April 1, 2011		No

Name	Name of other units	Position in other units	Beginning date of office term	Ending date of office term	Receiving remuneration from other units or not
	Wuxi SEG	Chairman	August 1, 2012	October 1, 2017	No
	Nanning SEG	Chairman	April 1, 2013		No
	Shanghai SEG	Chairman	June 1, 2014		No
	SEG Credit	Director	September 1, 2017		No
	Nantong SEG	Director	January 1, 2013		No
	Nantong SEG Operation	Director	May 1, 2014		No
	SEG Navigations	Director	February 1, 2012		No
	Longyan Application	Director	May 1, 2016	March 1, 2017	No
	SEG Baohua	Chairman of the Board of Supervisors	April 1, 2013		No
Bo Hongxi	SEG Baohua	General Manager	March 1, 2005	February 1, 2018	Yes
	SEG Baohua	Director	March 1, 1999		Yes
	Nantong SEG Operation	Chairman	May 1, 2014		No
Position in other organizations	None				

Information on punishment of the current and former directors, supervisors and senior executives in the reporting period by the securities regulatory authority in the recent three years

☐ Applicable ☒ Not applicable

IV. Information about Remuneration of Directors, Supervisors and Senior Executives

Decision-making procedure and establishment criteria for the remuneration to the directors, supervisors and senior executives, and actual payment

The Company implements the position wage system. The annual remuneration of Senior Executives comprises three parts, namely, the wage (the position wage and allowance), year-end bonus, and legal welfare. The wage is decided and monthly paid by the Board of Directors in accordance with the functions of a position and the position wage system of the Company; the year-end bonus is decided based on the completing of annual operation targets and work tasks laid out in the General Meeting of Shareholders, and is implemented after being approved by the Board of Directors.

According to the Articles of Association, the remuneration of directors and supervisors is determined by the General Meeting of Shareholders, but, at present, the Company has not implemented the remuneration system for non-independent directors and supervisors except for independent directors. The directors and supervisors of the Company only receive the wages corresponding to their administrative positions. In the reporting period, four

current directors (including independent directors), two current supervisors (including employee supervisors) and two senior executives received total remuneration of RMB 3,278,800 (tax included) from the Company. The Company shall issue RMB 100,000 (pre-tax) per year as the subsidies for independent directors according to the resolution passed at the seventeenth General Meeting of Shareholders (2011) on April 20, 2012. The travel and accommodation expenses of Independent Directors due to attendance of the meetings of the Board and the General Meeting of Shareholders as well as the expenses incurred by Independent Directors due to exercising of their powers according to the *Articles of Association* are reimbursed by the Company according to the actual expenses.

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

Unit: RMB 10,000

Name	Title	Gender	Age	Employment Status	Total pre-tax remuneration from the Company	Remuneration acquired from associates
Wang Bao	Chairman	Male	53	Incumbent	0	Yes
Yu Qian	Director	Male	49	Incumbent	0	Yes
Xu Laping	Director	Male	39	Incumbent	0	Yes
Zhang Guangliu	Director	Male	55	Incumbent	0	Yes
Liu Zhijun	Director	Male	49	Incumbent	79.48	No
Wang Li	Chairman	Male	56	Retired	0	Yes
Cao Xiang	Director	Male	49	Retired	0	Yes
Fan Zhiqing	Independent Director	Male	68	Incumbent	10	No
Li Luoli	Independent Director	Male	70	Incumbent	10	No
Song Pingping	Independent Director	Female	50	Incumbent	10	No
Liu Rongzhi	Chairman of the Board of Supervisors	Male	59	Incumbent	0	Yes
Liu Fusong	Supervisor	Male	47	Incumbent	0	Yes
Tang Chongyin	Supervisor	Male	57	Incumbent	0	Yes
Ru Guiqin	Employee Supervisor	Female	53	Incumbent	53.39	No
Zhang Haifan	Employee Supervisor	Female	44	Incumbent	30.33	No
Xu Ning	Chairman of the Board of Supervisors	Male	52	Former	0	Yes
Zheng Dan	Vice General Manager	Female	52	Incumbent	67.34	No
Zhu Longqing	Vice General	Male	56	Incumbent	67.34	No

	Manager					
Bo Hongxi	Vice General Manager	Male	59	Incumbent	0	No
Total	--	--	--	--	327.88	--

Information on equity incentives bestowed to directors and senior executives in the reporting period

☐ Applicable ☒ Not applicable

V. Information on Employees of the Company

1. Number, profession composition and education background of on-the-job employees

Number of on-the-job employees in the parent company	140
Number of on-the-job employees in the major subsidiaries	2623
Total number of on-the-job employees	2763
Total number of paid employees in the current period	2763
Number of retired workers to whom the Company pays pension benefits assumed by parent company and major subsidiaries	2
Profession composition	
Profession composition	Number of employees
Production staff	1544
Sales staff	353
Technical staff	379
Financial staff	152
Administrative staff	335
Total	2763
Education background	
Education background	Number of employees
Doctor	0
Master	49
Bachelor	432
Junior college graduate	494
Technical secondary school (Polytechnic school) graduate	207
Senior high school and below	1581
Total	2763

2. Remuneration policy

Priority to effectiveness: Remuneration structure and level are related to operation performance. Rationally set up salary differences based on value of position as well as individual performance and competence, and incline to core positions to reflect effective incentives of remuneration.

Performance and capability orientation: Correlate remuneration adjustment and payment to organization performance, employee performance and employee capability to reflect value of organization of individuals.

Salary varying with position: The remuneration system supports employee career development; remuneration is strictly matched to position.

Dynamic adjustment: Based on development strategy and operation strategy as well as industrial development, when business model and organization structure are significantly changed, organization functions and positions change, and remuneration structure, payment and adjustment process must be dynamically adjusted for business development.

3. Training plan

To build a knowledge-based organization, develop a mobile training system, share learning resources, optimize training costs, expand the coverage of training in depth and breadth, and further improve the comprehensive abilities of employees, the Company has promoted Zhi-niao Mobile Learning Platform in all departments of the headquarters and invested and holding enterprises in 2017.

1. Pushing recommended courses regularly: The Company regularly pushes general courses to all employees, utilizes the existing general micro-courses on the Zhi-niao platform and practice courses shared by famous enterprises in the industry, and offers training on management, leadership and know-how to employees, innovating in ways of thinking and work.

2. Organizing examinations: The Company has set up different test question banks and organized tests.

4. Labor outsourcing

☐ Applicable ☒ Not applicable

Chapter 9 Corporate Governance

I. Basic information on corporate governance

(I) In the reporting period, the Company strictly abides by the *Company Law*, the *Security Law*, *Administrative Regulations on Listed Companies*, and the *Regulations on Stock Listing of Shenzhen Securities Exchange*, and relevant laws and regulations of China Securities Regulatory Commission, continuously improves the structure for company legal person management, establishes and improves internal control system, makes further efforts on Company management, so that the Company may further standardize its operation, increase information disclosure, and actively engage in the management of investor relationships. As of the end of the reporting period, the Company generally meets the specifications set forth in the regulation documents on listed companies as published by China Securities Regulatory Commission. The followings are particulars on the Company's management:

1. Information on the Company and controlling shareholders

Controlling shareholders of the Company, exercising shareholder's rights through the General Meeting of Shareholders, imposes rules on shareholder's behaviors in strict compliance with *Administrative Regulations on Listed Companies*, the *Regulations on Stock Listing of Shenzhen Securities Exchange*, and the *Articles of Association* of the Company. Controlling shareholders are not found to have directly intervened the Company's business and decision-making by acting without consulting with the General Meeting of Shareholders and the Board of Directors. The Company is capable of independent business operation, and is independent from the controlling shareholders in respect of its business, asset, personnel, organization and finance. The Board of Directors, the Board of Supervisors, and the internal organizations can work independently.

2. Shareholders and the General Meeting of Shareholders

The Company convened and held the General Meeting of Shareholders in strict compliance with the *Guidance of the Articles of Association* and the *Rules of Procedure of the Board of Directors*. No proposal to hold the interim meeting of shareholders was put forward by shareholders representing more than 10% of the Company's voting shares in the reporting period, nor is there a meeting of shareholders held at the proposal of the Board of Supervisors. In the reporting period, the Company complied with the *Company Law* and the *Articles of Association* by making decisions subject to the deliberation at the general meeting of shareholders without overriding the general meeting of shareholders or implementation before deliberation.

3. Directors and the Board of Directors

The Company elected its directors in strict compliance with the *Articles of Association*. The Board of Directors comprised of 9 directors, including 3 independent directors. The number and composition of personnel in the Board of Directors was in compliance with laws and regulations. The Board of Directors had three special committees under its management. The Board of Directors conscientiously fulfilled its obligations in strict compliance with the *Articles of Association*, *Regulations on Work of Independent Directors*, and the *Rules of Procedure of the Board of Directors*. All directors of the Company attended the meeting of directors and general meeting of shareholders, and actively took part in relevant trainings, and studies relevant laws and regulations. Independent directors protected the overall interests of the Company by performing their obligations in an

independent manner, and by paying special attention to the lawful interests of medium and small shareholders. Also, independent directors expressed their independent opinions on matters of importance and significance.

4. Supervisors and the Board of Supervisors

The Company elected supervisors in strict compliance with the *Company Law* and the *Articles of Association*. The number and composition of the Board of Supervisors complied with laws and regulations. The Company formulated *Rules of Procedure of the Board of Supervisors*; the eligibility and election of supervisors complied with regulations. All supervisors of the Company attended the meeting of supervisors, and reviewed the regular reports prepared by the Board of Directors and gave written opinions by attending the general meeting of shareholders as non-voting members, attending the meeting of the Board of Directors and holding the meeting of the Board of Supervisors. The supervisors were effective at supervising matters of importance, connected transactions and finance status of the Company, and at overseeing the legality and regulation compliance of the Company's directors and senior executives in performing their duties.

5. Management

The management of the Company performs duties strictly according to provisions of the *Articles of Association*, carries out resolutions of the Board of Directors, and does not act beyond its authority. Matters beyond the authority of the management are submitted to the Board of Directors for review. There is no tendency of "insider control". The management is diligent and dedicated to work, strengthens normative operation with honesty during daily operation, and does not unfaithfully perform duties or breach faith.

6. Information disclosure and transparency

The Company designates the works on information disclosure, shareholder visitation and consultation reception to the Secretary's Office of Board of Directors of the Company in strict compliance with the *Management Methods for Disclosure of Information* and the *System on Investor Relationship Management*. The Company appoints *China Securities Journal*, *Securities Times*, *Securities Daily*, *Hong Kong Commercial Daily*, and the Cninfo Website as the newspapers and website on which the Company discloses its information. In the reporting period, the Company published 76 public announcements in total, disclosing information on the Company's business activities and major issues in a truthful, accurate, complete and timely manner. The Company imposed strict, sufficient and effective internal control on information disclosure without violating regulations of relevant supervisory organs. In the future, the Company will further strengthen communication and information exchange with the supervisory organs by pro-actively reporting Company issues and by having a better understanding of disclosure requirements.

(II) Non-compliance in the reporting period

1. The controlling shareholders exert the "Property Right Representatives Report System" for managing the Company. The Company's controlling shareholder SEG Group is a state-controlled corporation in Shenzhen and Shenzhen State-owned Assets Supervision and Administration Bureau is a controlling shareholder of SEG Group. It must implement the Property Right Representatives Report System for state-owned assets management according to the management methods of Shenzhen for state-owned assets.
2. In the respect of personnel rating, our controlling shareholder SEG Group evaluates the annual operation performance of the general manager based on the accomplishment of indexes of its annual operation plan and other indexes.
3. The company reports the non-public information to the major shareholders and the actual controllers.

The company reports the non-public information to the major shareholders and the actual controls based on the property right representative reporting system and requirements of the national statistical departments. In accordance with the requirements of state-owned assets supervision department, the Company has been submitting monthly flash reports to the majority shareholder and the actual controller and reporting important issues to the majority shareholder and the actual controller before they are disclosed. The Company submitted the *Undisclosed Information Provided by Listed Companies for the Majority Shareholder or Actual Controller* and *Letter of Commitment* to Shenzhen Securities Regulatory Bureau on October 18, 2007. SEG Group offered the *Letter of Commitment on Strengthening Management of Undisclosed Information* to Shenzhen Securities Regulatory Bureau. Meanwhile, the Company has established and implemented the *Non-public Information Insider Reporting System* and the *Confidentiality System of Shenzhen SEG Co., Ltd for Insiders of Non-public Information* and has monthly reported to Shenzhen Securities Regulatory Bureau about its reports of unpublicized information. Senior executives and all employees at the headquarters signed a Confidentiality Agreement with the Company on July 15, 2009. The Confidentiality Agreement clearly stipulates that all employees are obligated to hold confidential the business secrets and undisclosed information of the Company.

The unpublicized information the Company offered to the Company's majority shareholder and actual controller in the reporting period is as follows:

No.	Organization to which information is reported	Relationship between the organization and the Company	Type of information	Procedure of report	Time or period of report	Basis for report	Procedure of approval
1	SEG Group	Controlling shareholder	The flash report of main financial indicators of the Company registered in Shenzhen	The invested corporation of the Company and the financial staff at the Headquarters prepare the report and consolidate the statements, which are reviewed by the leadership of the Financial Department and reported through the <i>State-owned Asset Management Information System</i> .	Monthly	The document <i>Notice about Formulation of the Monthly Flash Report of Enterprises Supervised by Stated-owned Assets Supervision and Administration Commission of the State Council</i> (SASAC [2003] 23)	Approved by the Board of Directors
2	SEG Group	Controlling shareholder	Summary sheet of implementation of monthly expense budget	The invested corporation of the Company and the financial staff at the Headquarters prepare the sheet and consolidate the statements, which are reported through the <i>State-owned Asset Management Information System</i> .	Monthly	The document <i>Notice about Formulation of the Monthly Flash Report of Enterprises Supervised by Stated-owned Assets Supervision and Administration Commission of the State Council</i> (SASAC [2003] 23)	Approved by the Board of Directors
3	SEG Group	Controlling shareholder	Summary sheet of monthly	The invested corporation of the Company and the	Monthly	The document <i>Notice about Formulation of the</i>	Approved by the

No.	Organization to which information is reported	Relationship between the organization and the Company	Type of information	Procedure of report	Time or period of report	Basis for report	Procedure of approval
			cash flow	financial staff at the Headquarters prepare the sheet and consolidate the statements, which are reported through the <i>State-owned Asset Management Information System</i> .		<i>Monthly Flash Report of Enterprises Supervised by Stated-owned Assets Supervision and Administration Commission of the State Council</i> (SASAC [2003] 23)	Board of Directors
4	SEG Group	Controlling shareholder	Summary sheet of deposits, financing, and loans of the Headquarters	The financial personnel at the Headquarters prepare the sheet that is reported through the <i>State-owned Asset Management Information System</i> .	Quarterly	The document <i>Notice about Formulation of the Monthly Flash Report of Enterprises Supervised by Stated-owned Assets Supervision and Administration Commission of the State Council</i> (SASAC [2003] 23)	Approved by the Board of Directors
5	SEG Group	Controlling shareholder	Summary sheet of quarterly non-operating gains and losses of the Company registered in Shenzhen	The invested corporation of the Company and the financial staff at the Headquarters prepare the sheet and consolidate the statements, which are reported through the <i>State-owned Asset Management Information System</i> .	Quarterly	The document <i>Notice about Formulation of the Monthly Flash Report of Enterprises Supervised by Stated-owned Assets Supervision and Administration Commission of the State Council</i> (SASAC [2003] 23)	Approved by the Board of Directors
6	SEG Group	Controlling shareholder	Summary sheet of quarterly information on investment properties of the Company registered in Shenzhen	It has been reported since June 2009. The invested corporation of the Company and the financial staff at the Headquarters prepare the sheet and consolidate the statements, which are reported through the <i>State-owned Asset Management Information System</i> .	Quarterly	The document <i>Notice about Formulation of the Monthly Flash Report of Enterprises Supervised by Stated-owned Assets Supervision and Administration Commission of the State Council</i> (SASAC [2003] 23)	Approved by the Board of Directors
7	SEG Group	Controlling shareholder	Monthly consolidated	They should be reported every month after being	Monthly	The <i>Notice of Shenzhen SEG Co., Ltd</i> on	Approved by the

No.	Organization to which information is reported	Relationship between the organization and the Company	Type of information	Procedure of report	Time or period of report	Basis for report	Procedure of approval
			statements (including the Balance Sheet, the Profit Statement, the Cash Flow Statement, the Notes to Preparation of the Statements and the Financial Statements)	printed, signed and sealed and reported every quarter through the State-owned Asset Management Information System. They have been reported on line from July 2008.		<i>Submitting of Monthly Statements</i> issued by Shenzhen SEG Group Co., Ltd.	Board of Directors
8	SEG Group	Controlling shareholder	Statistical survey on the statements or monthly and annual reports of the production of electronics information industry	Sealed by the Company	Monthly and annually	It was provided by Article Three of the <i>Statistics Law of the People's Republic of China</i> that state organs, social organizations, corporations, public institutions and privately or individually owned businesses, on which statistical survey is implemented, must comply with the Statistics Law and the regulations of the state and provide statistical data faithfully but not make a false report, conceal data, refuse to report, delay the report, or fabricate or falsify data. Self-governing mass organizations at the grass roots level and citizens have the obligation to provide truthfully the information required by the statistical survey of the state.	Approved by the Board of Directors
	Shenzhen Statistics Bureau	Government branch					

No.	Organization to which information is reported	Relationship between the organization and the Company	Type of information	Procedure of report	Time or period of report	Basis for report	Procedure of approval
9	SEG Group	Controlling shareholder	Summary sheet of quarterly financial assets	Sealed by the Company	Quarterly	The document <i>Notice about Formulation of the Monthly Flash Report of Enterprises Supervised by Stated-owned Assets Supervision and Administration Commission of the State Council</i> (SASAC [2003] 23)	Approved by the Board of Directors
10	Shenzhen SASAC	Actual controller	Register of top 100 A and B shareholders in 2017	The hard copy of the official website of Shenzhen Branch of China Securities Depository and Clearing Corporation Limited	Quarterly	Requirements from 2016 Shenzhen state-owned enterprise capital operation meeting	The Board of Directors agrees to report.

Is there any significant variance between the actual governance of the Company and normative documents on listed companies released by China Securities Regulatory Commission?

☐ Yes ☒ No

II. Description about the Company's independence from controlling shareholders in terms of business, personnel, asset, organization and finance

The controlling shareholders of the Company execute rights of contributors through the general meeting and do not interfere in decision-making and operating activities of the Company in ways other than exercise of the rights of making motions and voting. The Board of Directors, Board of Supervisors, and internal management organs operate independently. The Company has basically achieved independence from controlling shareholders in respect of business, personnel, assets, organs, and finance.

(I) In the aspect of business, Shenzhen Securities Regulatory Bureau pointed out that there was horizontal competition between the Company and SEG Group in regard to the electronics market business. The Company received a written commitment letter from SEG Group on September 14, 2007, saying "We have similar business to Shenzhen SEG Co., Ltd. (hereinafter referred to as Shenzhen SEG) in regard to the electronics market of Shenzhen because of historical reasons with an objective market development background. We hereby promise that we will not individually operate a market in a same city whose business is similar with that of Shenzhen SEG. The aforesaid matter was disclosed on *Securities Times*, *China Securities Journal* and Hong Kong *Wen Wei Po* and the Cninfo Website on September 18, 2007. In order to solve the issue of horizontal competition between the Company and its controlling shareholder, SEG Group, due to historical reasons, the 6th temporary meeting of the 5th Board of Directors held on January 26, 2011 deliberated and adopted the Proposal of Solving the Horizontal Competition between the Company and Its Controlling Shareholder. After friendly consultation, SEG Group agreed to entrust the Company to operate and manage with full authority SEG Communications Market

under direct management of SEG Group. Therefore, the two parties have signed the entrustment operation and management contract:

(1) SEG Group has the ownership and the income right of SEG Communication Market and assumes all creditor's rights and liabilities occurring during the operation of SEG Communications Market. (2) The management representative from the Company shall operate and management SEG Communications Market during the period of entrustment operation and management, who has a sufficient authority in operation and management of SEG Communications Market. (3) In accordance with the provisions of the Company on entrustment management of the electronics market and with full consideration to the maturity of the entrusted market and whether the market is located in a primary business area, the Company shall collect from SEG Group the management fee and profit fee as follows based on the market sound value: the total income of SEG Communications Market in 2010, RMB 20,000,000 Yuan, shall be regarded as the base number; the Company shall collect a management fee of RMB 200,000 Yuan should the total income of the market in the current year is equal to or less than RMB 20,000,000 Yuan; the Company shall take 20% from the part beyond the base number apart from the management fee that is RMB 200,000 Yuan should the total income in the current year exceed RMB 20,000,000 Yuan. The detailed information about the above-mentioned matter may be referred to in the Public Notice on Shenzhen SEG Co., Ltd on the Connected Transaction for the Purpose of Solving the Issue of Horizontal Competition between the Company and the Controlling Shareholder that was disclosed on the *China Securities Journal*, the *Securities Times*, the *Hong Kong Commercial Daily* and the Cninfo Website on January 28, 2011. Till the disclosure date of this report, the Company had received the timely payment of the management fee of 2011-2016, RMB 200,000 Yuan, from SEG Group. In the reporting period, as 100% of the equity of SegMaker that holds SEG Communication Market was transferred to the Company, the Company is no longer commissioned to operate SEG Communication Market, and has fulfilled relevant commitments to SEG Group.

In the reporting period, the Company has finished major assets restructuring and reduced horizontal competition to the largest extent. After major assets restructuring, the majority of property assets of the controlling shareholder SEG Group, which are engaged in the operation of the electronics market, have been injected into the Company. However, the information registered in the proprietorship certificate is inconsistent with the actual ownership. Some property assets are owned by other external actual proprietors not included in the real estate proprietorship certificate or have no proprietorship certificate. These problems cannot be resolved in the short term. The company will take all necessary measures to address flaws of such properties.

To eliminate the remaining small-scale horizontal competition with the Company, SEG Group made a commitment to reduce horizontal competition on August 3, 2016. For details, see Section 5 - III. Fulfillment of Commitments.

In the reporting period, SEG Group and SegMaker (a wholly-owned subsidiary of the Company now) entered into the *House Lease Contract*. SEG Group leased 61 properties without proprietorship certificates to SegMaker, which was also an effective way to eliminate the remaining horizontal competition between the parties.

(II) In respect of personnel, the Company's Senior Executives including General Manager, Vice General Manager and Secretary of the Board of Directors take full-time posts; they receive wages from the Company and do not take concurrent posts in the Company's first majority shareholder enterprise; the Company has a complete management system for labor, human resources and wages, which can keep the independence of the personnel.

(III) In respect of assets, at the beginning of the Company's establishment, the equity of the eight enterprises separated from SEG Group to the Company was already audited and evaluated by domestic and overseas

accounting firms, which was acknowledged by the state-owned assets management departments of the state and Shenzhen Municipality. The controlling shareholder of the eight enterprises was changed from SEG Group to the Company, which was registered at the Industrial and Commercial Administration. The Company independently makes registration, establishes accounts, and implements accounting and management so as to maintain the completeness and independence of the assets. According to the Article Five of the Equity Transfer Agreement signed by the Company with SEG Group when the Company was listed, SEG Group agreed that the Company and its subsidiaries and associated companies to use the eight trademarks registered by SEG Group at the National Trademark Bureau; SEG Group agreed that the Company used the aforesaid trademarks or similar signs as the Company's logo and used the trademarks and signs during its operation; the Company need not pay any fee to SEG Group for using the aforesaid trademarks or signs.

(IV) In respect of organization, the Company has set up organizations and arranged corresponding personnel fully in accordance with its own demand of operation and management; its production and administrative departments are totally independent from the majority shareholder.

(V) In respect of finance, as a legal entity that implements independent operation and accounting and assumes sole responsibility for its profits and losses, the Company has set up an independent financial and audit department, an independent accounting system and an financial management system, has its independent bank account, pays taxes independently according to law, and keeps absolute independence in its financial work.

III. Horizontal Competition

☐ Applicable ☒ Not applicable

IV. Annual meeting of shareholders and interim meeting of shareholders held in the reporting period

1. Annual general meeting of shareholders in the reporting period

Meeting No.	Meeting Type	Percentage of Investor Participation	Date	Disclosure Date	Disclosure Index
First Interim Meeting of Shareholders in 2017	Interim general meeting of shareholders	30.55%	March 2, 2017	March 3, 2017	http://www.cninfo.com.cn Announcement on Resolutions of the First Interim General Meeting of Shareholders (2017) of Shenzhen SEG Co., Ltd.
Second Interim Meeting of Shareholders in 2017	Interim general meeting of shareholders	55.89%	March 16, 2017	March 17, 2017	http://www.cninfo.com.cn Announcement on Resolutions of the Second Interim General Meeting of Shareholders (2017) of Shenzhen SEG Co., Ltd.
22nd General Meeting of Shareholders (2016)	Annual general meeting of shareholders	56.05%	May 9, 2017	May 10, 2017	http://www.cninfo.com.cn Announcement on Resolutions of the 22nd General Meeting of Shareholders (2016) of Shenzhen SEG Co., Ltd.
Third Interim Meeting of Shareholders in 2017	Interim general meeting of shareholders	55.90%	June 12, 2017	June 13, 2017	http://www.cninfo.com.cn Announcement on Resolutions of the Third Interim General Meeting of Shareholders (2017) of Shenzhen SEG Co., Ltd.

Fourth Interim Meeting of Shareholders in 2017	Interim general meeting of shareholders	55.92%	July 21, 2017	July 22, 2017	http://www.cninfo.com.cn Announcement on Resolutions of the Fourth Interim General Meeting of Shareholders (2017) of Shenzhen SEG Co., Ltd.
Fifth Interim Meeting of Shareholders in 2017	Interim general meeting of shareholders	55.87%	September 25, 2017	September 25, 2017	http://www.cninfo.com.cn Announcement on Resolutions of the Fifth Interim General Meeting of Shareholders (2017) of Shenzhen SEG Co., Ltd.

2. Preferred shareholders restored with the voting rights proposed to hold interim general meeting of shareholders

☐ Applicable ☒ Not applicable

V. Performance of independent directors in the reporting period

1. Attendance of independent directors in meetings of the Board of Directors and the general meeting of shareholders

Attendance of independent directors in meetings of the Board of Directors of the Company							
Name of independent director	Number of meetings to be attended in the reporting period	Times of presence in person	Times of presence by communication	Times of presence by proxy	Times of absence	Absence from the meeting in person in two consecutive times	Times of presence at the general meeting
Li Luoli	17	2	15	0	0	No	3
Song Pingping	17	2	15	0	0	No	3
Fan Zhiqing	17	1	15	1	0	No	4

Explanation for failure to attend the meeting of the Board of Directors for two consecutive times

Not applicable

2. Objections raised by independent directors against relevant matters of the Company

Have independent directors raised objections against relevant matters of the Company

☐ Yes ☒ No

3. Other descriptions about the performance of independent directors

Do independent directors accept proposals of the Company?

☒ Yes ☐ No

Explanation of independent directors for proposals accepted or unaccepted

In the reporting period, three independent directors have adequately exercised powers specified by national regulations and the *Articles of Association*, given play to professional expertise, fulfilled their obligations with reasonable care and diligence, promoted scientific decisions and decision-making process of the Board of Directors, and protected the overall interests of the Company, particularly legal rights and interests of small and medium-sized shareholders.

(I) Attended the meeting of the Board of Directors on time, and actively fulfilled obligations of independent directors. Independent directors deeply understood and investigated resolutions deliberated on by the Board of Directors, actively participated in discussions, and gave rational suggestions. Besides, they always paid attention to important matters of the Company, independently fulfilled obligations without being affected by controlling shareholders, actual controllers or units or individuals having interest in the Company and its controlling shareholders or actual controllers, objectively and cautiously deliberated on self-evaluation reports on connected transactions, financial aid and internal control, expressed independent opinions and fulfilled the obligation of supervision.

(II) Actively cooperated with the professional committees of the Board of Directors. Independent directors were members of Development Strategy Committee, Audit Committee and Wage and Assessment Committee of the Board of Directors. In compliance with the working rules of the professional committees, they actively participated in daily work of the committees, gave professional opinions and suggestions on the Company development planning, feasibility study of major projects, and major assets restructuring, and supported scientific and cautious decision making of the Board of Directors.

(III) Paid attention to internal control of the Company. Independent directors communicated repeatedly with the management and relevant departments over construction and evaluation of the internal control system, and gave suggestions based on their professional experience. In this way, they played the role of supervisors, supervised and urged the Company to continuously perfect corporate management structure, perfect the internal control system, continuously and deeply carry out corporate management activities and improve normalized operation.

(IV) Deeply understood the Company. In 2017, independent directors took advantage of the Company meetings and specially took time to conduct field investigation of the Company and its investors to deeply understand the Company's daily operation and project construction. Meanwhile, independent directors kept in close touch with other directors, senior executives and personnel by means of phone and e-mails, always paid attention to influences of changes in the external environment and market on the Company, and timely understood the progress of important matters of the Company. In addition, independent directors always paid attention to information disclosure, supervised and check such disclosure, and ensure fair and timely disclosure of the Company information so that public shareholders could be timely updated about the development of the Company.

(V) Proposals raised by independent directors in regard to normalized development and the adoption of proposals

Proposal raised by	Proposal content	Form	Adoption status
Li Luoli, Song Pingping, and Fan Zhiqing	Proposal for business transformation and upgrading	Oral	Adopted
Li Luoli, Song Pingping, and Fan Zhiqing	Proposal for the emerging strategic cooperation business	Oral	Adopted
Li Luoli, Song Pingping, and Fan Zhiqing	Proposal for business development of the new energy project of SEG Longyan	Oral	Adopted
Song Pingping and Fan Zhiqing	Proposal for available capital operation modes for the Company	Oral	Adopted
Li Luoli and Song Pingping	Proposal for the rolling operation plan in 2017-2019	Oral	Adopted

(VI) Independent directors' on-the-spot work, on-the-spot inspection, time and specific information

Name of independent director	Work location	Work time	On-the-spot inspection
Li Luoli	Meeting room of the Company	January 17, 2017, 15:00-16:00 pm	Ask the Office of the Secretary to the Chairman about the subsequent progress of major assets restructuring and offer opinions and suggestions.
	Meeting room of the Company	August 4, 2017, 11:30-12:00 am	Ask the Finance and Asset Management Department about the operating result of the first half of the year.
	Meeting room of the Company	November 15, 2017, 15:00-17:00 pm	Ask the Company about the operation result of SEG e-sports stadium after opening and offer opinions and suggestions.
Song Pingping	Meeting room of the Company	January 9, 2017, 15:00-16:00 pm	Ask the Office of the Secretary to the Chairman about the subsequent progress of major assets restructuring and offer opinions and suggestions.
	Meeting room of the Company	August 1, 2017, 11:30-12:00 am	Ask the Finance and Asset Management Department about the operating result of the first half of the year.
	Meeting room of the Company	October 19, 2017, 9:00-10:00 am	Ask the Office of the Secretary about the progress of the project of SEG Longyan.
	Meeting room of the Company	November 14, 2017, 15:00-17:00 pm	Ask about the operating condition of Nantong SEG Times Plaza after opening and offer opinions and suggestions.
Fan Zhiqing	Meeting room of the Company	March 17, 2017, 15:00-16:00 pm	Ask the Risk Control Department about the audit progress of 2016 annual report.
	Meeting room of the Company	August 7, 2017, 11:30-12:00 am	Ask the Finance and Asset Management Department about the operating result of the first half of the year.
	Meeting room of the Company	November 20, 2017, 15:00-16:00 pm	Ask the Secretary about the reception of investors.

VI. Performance of duties by special committees of the Board of Directors

In the reporting period, the Audit Committee, Wage and Assessment Committee, and Development Strategy Committee under the Board of Supervisors conscientiously performed their duties in compliance with the *Code of Corporate Governance for Listed Companies*, the *Articles of Association*, the *Rules of Procedure of the Board of Directors*, and functions, powers and obligations conferred by implementation rules of the special committees.

(I) Performance of duties by the Audit Committee of the Board of Directors

In accordance with the requirements of the *Working Rules of the Audit Committee of Shenzhen SEG Co., Ltd* and the *Working Procedures of the Audit Committee of Shenzhen SEG Co., Ltd for the Annual Report*, the Audit Committee, in the reporting period, performed its duty in a serious way, implemented supervision and inspection on the establishment and improvement of the internal control system of the Company and a comprehensive inspection on the annual financial audit.

1. The review opinion of the Audit Committee on the 2017 Financial Statements of the Company

In the reporting period, the Audit Committee reviewed the annual financial statements and issued opinions for twice in accordance with relevant provisions of CSRC.

(1) Before the entrance of the certified public accountant for annual audit, the Audit Committee reviewed the financial statements to be audited and issued the first opinion in writing. The Audit Committee believed that the Company formulated reasonable accounting policies and appropriate accounting estimates in accordance with relevant requirements of the accounting standard and based on the actual conditions of the Company; the financial statements prepared by the Company truthfully reflected the financial status of the Company as of December 31, 2017 and the operating results and cash flow of the Company in 2017. The Committee approved the use of these financial statements as the basis for implementation of the audit work for 2017.

(2) After the completing of the first draft by the CPA, the Audit Committee read the draft in time and communicated with the CPA. There was no dispute on the important issues mentioned by the 2017 Financial

Statements between the Committee and the CPA. The financial statements comply with the provisions of the Accounting Standard for Business Enterprises and relevant laws and regulations. The Audit Committee approved the use of these financial statements as the basis for the preparation of the 2017 Annual Report and Report Summary.

2. Supervision on and impelling over the audit work of the accounting firm

After consultation with Da Hua Certified Public Accountants Co., Ltd., the audit institution of 2017, the arrangement for 2017 audit was decided by the Company in December 2017, which was reported to the Audit Committee in time. After communication with the audit institution, the Audit Committee believed that the Company had made preparations in advance based on the actual situation and its time arrangement for the annual audit was appropriate. The Audit Committee approved the annual audit plan formulated by the audit institution. After the entrance of the audit institution, the Audit Committee communicated with the main responsible person of the project, the CPA whose signature was provided and relevant personnel, got known about the progress of the audit and the issues concerned about by the CPA, and reported the progress and the issues to relevant department of the Company in time.

3. The work summary of the Audit Committee for the 2017 audit conducted by Da Hua Certified Public Accountants Co., Ltd.

In order to conduct timely and accurate audit on the financial status and business results of 2017 of the Company, Da Hua Certified Public Accountants Co., Ltd. carried out preliminary investigation and pre-audit in December 2017, and completed the audit work in March 2018.

The audit committee exchanged ideas with the CPAs on December 29, 2017, and continued the communication during audit. Also, the audit committee reviewed the draft of the annual audit report issued by the CPAs. The Audit Committee believed that the CPA could perform his duty in strict accordance with audit laws, regulations and principles, focused on the Company's operating environment, understood the establishment, improvement and implementation of the internal control system of the Company, had a strong awareness of risks, and could finish the audit work in time in accordance with the arranged audit schedule. The CPA was capable of being independent and discreet, well finished auditing the Financial Statements and internal control of the Company for the Year 2017, and issued an objective and fair audit report.

4. The Audit Committee implemented supervision and inspection on the establishment and improvement of the internal control system and the defect rectification status, and listened to the report about the establishment of the internal control standardization system.

5. Two meetings were held by the Audit Committee of the Board of Directors in the reporting period and the details were as follows:

(1) At the first meeting of 2017 held by means of voting communication on March 27, 2017, the Audit Committee of the Company deliberated and adopted the *Work Summary for 2016 and Work Plan for 2017 of the Audit Committee*, *Opinions of the Audit Committee on 2016 Financial Statements*, and *Summary of the Audit Committee on 2016 Audit Work of Da Hua Certified Public Accountants (Special General Partnership)*.

(2) At the second meeting of 2017 held by means of voting communication on December 31, 2017, the Audit Committee of the Company deliberated and adopted the *Audit Work Plan for 2017 of Shenzhen SEG Co., Ltd.*

(II) Performance of duties by the Wage and Assessment Committee of the Board of Directors

The review opinion of the Wage and Assessment Committee on the disclosed remuneration of the current directors, supervisors and senior executives of the Company: Liu Zhijun (managing director & finance chief),

Zheng Dan (director, vice general manager & secretary of the Board of Directors), Zhu Longqing (vice general manager), Ru Guiqin (supervisor), and Zhang Haifan (supervisor) only received the wages corresponding to their respective administrative positions in the Company; independent directors Li Luoli, Song Pingping, and Fan Zhiqing received allowances for independent directors; other directors and supervisors did not receive wages from the Company. The Company has not implemented a remuneration system for non-independent directors and supervisors.

Two meetings were held by the Wage and Assessment Committee of the Board of Directors in the reporting period and the details were as follows:

1. At the first meeting of 2017 held by means of communication on April 7, 2017, the Wage and Assessment Committee of the Company deliberated and adopted the *Proposal of Shenzhen SEG Co., Ltd. on the Implementation of 2016 Budget for Directors, Supervisors, and Senior Executives*.
2. At the second meeting of 2017 held by means of communication on December 31, 2017, the Wage and Assessment Committee of the Company deliberated and adopted the *Proposal of Shenzhen SEG Co., Ltd. on 2018 Budget for Directors, Supervisors, and Senior Executives*.

(V) Performance of duties by the Development Strategy Committee of the Board of Directors

Two meetings were held in the reporting period by the Development Strategy Committee of the Board of Directors and the details were as follows:

1. At the first meeting of 2017 held by means of communication on December 30, 2017, the Development Strategy Committee of the Company deliberated and adopted the *Rolling Business Plan for 2018-2020 of Shenzhen SEG Co., Ltd.*
2. At the second meeting of 2017 held by means of communication on December 31, 2017, the Development Strategy Committee of the Company deliberated and adopted the *2017 Operation Analysis Report Proposal of Shenzhen SEG Co., Ltd.*

VII. Performance of the Board of Supervisors

Has the Board of Supervisors found any risk in the Company during supervision in the reporting period?

☐ Yes ☒ No

The Board of Supervisors raised no objections against the supervised matters in the reporting period.

VIII. Assessment and incentive system for senior executives

Principles on performance management of senior executives of the Company

- (I) Target management principle: the target management over senior executives is carried out in light of enterprise annual target and enterprise management requirements.
- (II) Categorized assessment principle: categorized assessment is carried out in accordance with the industry engaged in by the enterprise and the industrial characteristics.
- (III) The principle of coupling incentives with restrictions: senior executives were rewarded or punished in accordance with the completion of annual targets, and the assessment system is carried out where incentives are coupled with restrictions.

IX. Internal control

1. Information about the major defects discovered in the reporting period in the internal control self-assessment report

☐ Yes ☒ No

2. Internal Control Self-assessment Report

Disclosure date of the internal control self-assessment report	April 24, 2018	
Disclosure index of the internal control self-assessment report	Cninfo Website: http://www.cninfo.com.cn	
Proportion of total assets of enterprises included in the assessment scope to total assets in the consolidated financial statement of the Company	99.28%	
Proportion of operating income of enterprises included in the assessment scope to operating income in the consolidated financial statement of the Company	98.53%	
Defect Identification Standard		
Category	Financial Statements	Non-financial statements
Identification standards	Major defect: malpractice by directors, supervisors and senior executives; correction to major errors in published financial report; current financial report included major faults, and internal control failed to detect such faults in the process; the internal control and supervision by the Audit Committee and Internal Audit Division on the internal control of the financial report is invalid. Important defects: failure in selecting and applying accounting policies according to publicly recognized accounting standards; failure in establishing anti-malpractice procedures and control measures; failure in establishing corresponding control mechanism or implementing corresponding compensatory control on non-conventional or special transaction accounting treatments; one or more defects in the process of controlling closing financial report, and failure in ensuring the truthfulness and accuracy of the financial statements prepared.	Major defects: extremely negative impact due to the lack of scientific decision-making procedures, the intended result being in contrary to the result achieved, or extremely low decision-making efficiency, rendering the Company impossible to grasp market opportunities; major miscalculation due to the Company's decision-making procedures; the Company is given warnings from the securities agency or the securities exchange; serious loss of medium and high level management and senior technical staff; frequent negative news on media, with widespread negative influence and long-term impact; lack of systematic control over major business or failure of the system; failure in correcting major or significant internal control defects of the Company. Important defects: serious negative impact due to a lack of scientific decision-making procedure, the result achieved is far from the intended target, or the decision-making efficiently is very low, with frequent cases where market

		opportunities are lost; general miscalculation in the Company's decision-making procedures; failure in correcting important or general defects in the Company's internal control; serious loss of personnel in important positions; regional impact of negative news on media; defects in institution or system for important business.
Quantification	Major defects: satisfying one or more conditions as follows: erroneous reporting $\geq$ 10% of total profit; erroneous reporting $\geq$ 1% of total asset; erroneous reporting $\geq$ 2% of business income; erroneous reporting $\geq$ 1% of owner's equity. Important defects: satisfying one or more conditions as follows: 5% of total profit $\leq$ erroneous reporting < 10% of total profit; 0.5% of total assets $\leq$ erroneous reporting < 1% of total asset; 1% of business income $\leq$ erroneous reporting < 2% of total business income; 0.5% of owner's equity $\leq$ erroneous reporting < 1% of owner's equity.	Major defects: absolute value of direct property loss $\geq$ 10% of total profit. Important defects: absolute value of direct property loss $\geq$ 5% of total profit but <10% of total profit.
Number of major defects in financial report		0
Number of major defects in non-financial report		0
Number of important defects in financial report		0
Number of important defects in financial report		0

X. Internal Control Audit Report

√ Applicable ☐ Not applicable

Opinion paragraph in the internal control audit report	
Da Hua Certified Public Accountants thinks that the Company has maintained effective internal financial control in every major aspect in accordance with the Basic Standard for Enterprise Internal Control and relevant rules and regulations on December 31, 2017.	
Disclosure on internal audit report	Disclosure
Disclosure date of the internal control audit report	April 24, 2018
Disclosure index of the internal control audit report	Cninfo Website: http://www.cninfo.com.cn Announcement on Internal Control Report (2017) of Shenzhen SEG Co., Ltd.
Type of advice on disclosure on internal audit report	No conservation in standard

Whether or not major defects exist in non-financial report	No
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Chapter 10 Corporate Bonds

Has the Company issued and listed on the stock exchange corporate bonds that are not due or due but cannot be repaid in full on the approved release data of the annual report?

No

Chapter 11 Financial Report

I. Auditor's Report

Type of auditor's opinion	Standard unqualified opinion
Signing date of Audit Report	April 20, 2018
Name of audit firm	Da Hua Certified Public Accountants (Special General Partnership)
Auditor's Report Document No.	Da Hua Shen Zi [2018] No. 006253

Shenzhen SEG Co., Ltd.
Audit Report and Financial Statements
From January 1, 2016 to December 31, 2016

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Audit Report

D. H. S. Zi. [2018] No. 006253

All Shareholders of Shenzhen SEG Co., Ltd.,

I. Auditor's opinions

We have audited the Financial Statements of Shenzhen SEG Co., Ltd. (hereinafter referred to as "Shen SEG"), including the Consolidated Balance Sheet Statement and the Balance Sheet Statement of the Parent Company as of December 31, 2017, the Consolidated Profit Statement, the Profit Statement of the Parent Company, the Consolidated Cash Flow Statement, the Cash Flow Statement of the Parent Company, the Consolidated Statement of Changes in Owners' Equity, the Statement of Changes in Owners' Equity of the Parent Company, and Notes to Financial Statements for the year 2017.

We believe that the attached Financial Statements have been prepared in accordance with the provisions of the Accounting Standard for Business Enterprises in all major aspects, which fairly reflect the consolidated and the parent company's financial condition as of December 31, 2017 as well as the consolidated and the parent company's operating results and cash flow for the year 2017.

II. Basis for auditor's opinions

Our audit work was conducted in accordance with China Auditing Standards for Certified Public Accountants. "Responsibilities of the CPAs for financial statements" herein further explains our responsibility under such standards. According to the Professional Ethics Code of China Certified Public Accountants, we are independent of Shen SEG and have performed other responsibilities for professional ethics. We believe that we have obtained adequate and appropriate auditing evidences, which serve as the basis for us to express auditing opinions.

III. Key audit items

Key audit items are the most important items in this financial statement audit according to our professional judgment. These items shall be handled provided that financial statements are audited and auditor's opinions are given. We do not express opinions on such items separately.

We confirm that the following are key audit items to be included in the audit report:

1. Major assets restructuring
 2. Income recognition of real estate development projects
- (I) Major assets restructuring
1. Item description

For the accounting policies and amount of major assets restructuring, see Note IV (V) and Note VII (I) of the notes to consolidated financial statements.

Shen SEG purchased 100% of the equity of SegMaker, 55% of the equity of SEG Recreation, 100% of the equity of SEG Property Development, and 79.02% of the equity of SEG Real Estate held by the controlling shareholder SEG Group by share issuance and cash payment. This connected transaction has great impacts on the business structure and net profit of Shen SEG.

As such major assets restructuring is a connected transaction, incorporation of the target companies into the consolidation scope has a great impact on the business structure, current profit and loss, and net assets of Shenzhen SEG. As the price of the connected transaction is subject to the estimation and judgment of the management, we take major assets restructuring as a key audit item.

2. Audit response

Our major audit procedures for major assets restructuring include:

- (1) We access, appraise and test the design and operating effectiveness of key internal control related to related parties and connected transactions.
- (2) We check the consideration of each equity transaction adopted by the management, book value at the consolidation date, and percentage of identifiable net assets at the acquisition date.
- (3) We check the equity purchase or sales agreement, approval documents of relevant departments, and payment for the equity, and review the conclusion of the management's control right of the equity.
- (4) Based on terms of contracts or agreement and other factors, we judge whether the determination of the consolidation date by the management conforms to the Accounting Standards for Enterprises No. 20 – Business Combination and relevant provisions.
- (5) According to the Accounting Standards for Enterprises No. 33 – Consolidated Financial Statements, we audit major accounting policies of companies in the consolidation scope and verify them against accounting policies of Shen SEG.

According to our audit procedures, we conclude that the management's judgment and handling of major assets restructuring are acceptable.

(II) Income recognition of real estate development projects

1. Item description

For accounting policies on income recognition of Shen SEG and information on the carrying amount, see Note V (XXVII) and Note VI (39).

The income from real estate development projects of Shen SEG in 2017 is RMB 883,601,000, accounting for 43.52% of the operating income. Shen SEG has received the full payment for house after conclusion of the purchase and sales contract with customers. After giving the occupation notice or announcement, Shen SEG has

delivered the property or recognized the income from real estate development projects upon expiration of the delivery date agreed in the contract.

Considering that the income from real estate development projects is important to financial statements of Shen SEG, the compliance of the income recognition criteria with accounting policies is subject to the judgment of the management, and incompliance may affect the entry of income in the proper financial report period and result in misstatement, we take income recognition of real estate development projects as a key audit item.

2. Audit response

- (1) We access and appraise the design and operating effectiveness of key internal control related to income recognition of real estate development projects.
- (2) We select sample real estate sales contracts and interview the management to determine whether the income recognition policies on real estate development projects of Shen SEG conform to accounting standards.
- (3) We select real estate sales samples, check the sales contract and supporting documents proving that a property is qualified for delivery to determine whether the property sales income has been recognized according to the income recognition policies of Shen SEG.
- (4) We obtain the sales schedule control table, sales account, and statements from business departments and filing information with the real estate management department, and watch the occupation procedures on site to judge the actual sales and consistency with financial data.
- (5) We select samples for the property sales income recognized this year, and compare the average price per square meter with the price per square available to the public.
- (6) We conduct cut-off test of the income from real estate development projects, and check the sales income recognized before or after the balance sheet date against the delivery procedures and other supporting documents to determine the income is recognized in the proper period.
- (7) We assess whether the management properly discloses income in financial statements.

According to our audit procedures, we conclude that the management's recognition of the income from real estate development projects conforms to accounting policies of Shen SEG.

IV. Other information

The management of Shen SEG shall be responsible for other information, including information in 2017 annual report but excluding financial statements and our audit report.

The auditor's opinions do not cover other information. We do not make authentication conclusions in any form on other information.

Based on our audit of financial statements, our responsibility is to read other information and find major inconsistency between other information and financial statements or our findings during audit or any misstatement.

Based on our existing work, if we confirm any misstatement of other information, we shall report such fact. In this respect, we have nothing to report.

V. Responsibilities of the management and the governance for financial statements

It is the responsibility of the management of Shen SEG to prepare and fairly present financial statements, and design, implement and maintain necessary internal control in order to avoid major misstatements resulting from fraud or errors.

It is the responsibility of the governance of Shen SEG to assess the going-concern ability of Shen SEG, disclose matters related to going concern (if applicable), and use the going concern assumption unless the management plans to liquidate Shen SEG or cease business operation or has no other realistic options.

It is the responsibility of the governance to supervise the financial statements throughout the process.

VI. Responsibilities of CPAs for financial statement audit

Our responsibility is to obtain reasonable assurance for no major misstatements resulting from fraud or errors in financial statements and issue an audit report with auditor's opinions. Reasonable assurance ensures expertise, but it cannot be always obtained during audit according to audit standards in case a major misstatement exists. Misstatements may result from fraud or errors. If it is reasonably expected that misstatements may separately or collectively affect the economic decisions made by financial statement users, such misstatements are major misstatements.

During audit according to audit standards, we use professional judgment and maintain professional skepticism. We also perform the following tasks:

1. We identify and assess major misstatements resulting from fraud or errors in financial statements, design and implement audit procedures to deal with such risks, and obtain adequate and appropriate auditing evidence as a basis for auditor's opinions. As fraud may involve collusion, falsification, intentional omission, misrepresentation or precedence over internal control, the risk of failure to find misstatements resulting from fraud is higher than that of failure to find misstatements resulting from errors.
2. We learn internal control related to audit to design appropriate audit procedures.
3. We assess the appropriateness of accounting policies and the rationality of accounting estimates and related disclosure made by the management.
4. We draw a conclusion on the appropriateness of the going concern assumption used by the management. At the same time, according to the audit evidence obtained, we may draw a conclusion on whether material uncertainty exists for events or circumstances casting substantial doubt on the going-concern ability of Shen SEG. If we conclude that material uncertainty exists, we are required to advise users to pay attention to such disclosure in financial statements in the audit report according to audit standards. If such disclosure is inadequate, we shall express unqualified opinions. Our conclusions are based on the information available as of the date of the audit report. However, future events or circumstances may result in the failure of Shen SEG to continue operations.
5. We assess the overall presentation, structure and content (including disclosure) of financial statements, and assess whether financial statements fairly reflect relevant transactions and events.

6. We obtain adequate and appropriate auditing evidence for financial information on entity or business activities of Shen SEG as a basis for opinions on consolidated financial statements. It is our responsibility to guide, supervise and implement audit for the Group. We are solely responsible for auditor's opinions.

We communicate with the governance about the contemplated audit scope, schedule and major audit findings, including internal control defects we identify during audit.

We also made representations to the management on compliance with professional ethics requirements related to independence, and communicate with the governance on all relationships and other matters that may reasonably be deemed to affect our independence, as well as related preventive measures (if applicable).

Among matters that we have communicated with the governance about, we take matters that are the most important to financial statements of 2017 as key audit items. We describe such items in the audit report unless it is prohibited to disclose such matters by law or in rare circumstances, if it is reasonably expected that the negative consequences of communicating an item in the audit report will outweigh the benefits for the public interest, we determine that such item should not be communicated in the audit report.

Da Hua Certified Public Accountants (Special
General Partnership)

Certified Public Accountant:

(Project partner)

Beijing, China

Certified Public Accountant:

April 20, 2018

II. Financial Statements

Unit in the notes to financial statements: RMB/Yuan

1. Consolidated Balance Sheet Statement

Prepared by: Shenzhen SEG Co., Ltd.

December 31, 2017

Unit: Yuan

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	951,482,605.92	1,131,523,641.19
Deposit reservation for balance		
Loans to other banks		40,000,000.00
Financial assets measured by fair value with changes recognized in current profit or loss		
Derivative financial assets		
Notes receivable	0.00	100,792.00
Accounts receivable	61,934,101.56	58,949,389.88
Prepayment	34,718,079.54	56,142,960.81
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance deposit receivable		
Interest receivable	0.00	287,698.63
Dividends receivable	2,000,000.00	0.00
Other accounts receivable	94,057,159.50	117,036,077.02
Redemptory monetary capital for resale		
Inventory	3,551,100,320.71	3,378,533,067.95
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	565,577,916.34	460,229,847.59
Total current assets	5,260,870,183.57	5,242,803,475.07
Non-current assets:		
Loans and prepayment issued	399,387,108.14	480,405,158.45
Available-for-sale financial assets	34,161,311.32	34,478,683.41
Held-to-maturity investment		
Long-term receivables		
Long-term equity investment	211,973,322.32	203,657,322.71
Investment properties	676,888,184.90	708,470,470.81

Item	Closing balance	Opening balance
Fixed assets	62,404,988.93	52,029,921.10
Construction in progress	71,745,514.32	37,092,227.51
Engineering materials		
Disposal of fixed assets		
Productive biological assets		
Oil & gas assets		
Intangible assets	31,831,783.09	2,681,527.40
Development expenses		
Goodwill	10,328,927.82	10,328,927.82
Long-term expenses to be amortized	109,813,025.95	109,009,684.16
Deferred income tax assets	29,898,440.39	28,511,034.74
Other non-current assets	93,287,630.00	13,804,660.46
Total non-current assets	1,731,720,237.18	1,680,469,618.57
Total assets	6,992,590,420.75	6,923,273,093.64
Current liabilities:		
Short-term borrowing	534,792,000.00	355,000,000.00
Loans from central bank		
Deposits from customers and interbank		
Loans from other banks		
Financial liabilities measured by fair value with changes recognized in current profit or loss		
Derivative financial liabilities		
Notes payable	0.00	
Accounts payable	470,088,158.63	31,010,953.20
Prepayment from customers	707,031,729.23	923,965,168.05
Financial assets sold for repurchase		
Service charges and commissions payable		
Payroll payable	41,014,602.99	35,464,329.86
Taxes payable	243,477,530.43	254,715,544.38
Interest payable	3,599,878.48	3,357,745.13
Dividends payable	3,340,969.82	15,132,970.78
Other payables	1,290,431,866.37	798,082,723.93
Reinsurance accounts payable		
Insurance deposit		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Held-for-sale liabilities		

Item	Closing balance	Opening balance
Non-current liabilities due within one year	258,414,693.92	491,561,661.33
Other current liabilities		
Total current liabilities	3,552,191,429.87	2,908,291,096.66
Non-current liabilities:		
Long-term borrowing	754,750,000.00	1,030,000,000.00
Bonds payable		
Preferred stock		
Perpetual capital securities		
Long-term payables		
Payroll payable		
Special payables		
Estimated liabilities	1,137,019.85	232,500.00
Deferred income	12,336,620.96	17,331,602.84
Deferred income tax liabilities	91,251,453.07	93,885,145.21
Other non-current liabilities		
Total non-current liabilities	859,475,093.88	1,141,449,248.05
Total liabilities	4,411,666,523.75	4,049,740,344.71
Owners' equity:		
Share capital	1,235,656,249.00	784,799,010.00
Other equity instruments		
Preferred stock		
Perpetual capital securities		
Capital reserve	166,019,870.19	798,273,541.65
Less: Treasury shares		
Other comprehensive income	137,629.12	296,235.62
Special reserve	0.00	
Surplus reserve	138,710,473.33	121,803,040.24
General risk provision		
Undistributed profits	376,704,148.51	707,129,242.53
Total owners' equity attributable to the parent company	1,917,228,370.15	2,412,301,070.04
Minority shareholders' equity	663,695,526.85	461,231,678.89
Total owners' equity	2,580,923,897.00	2,873,532,748.93
Total liabilities and owners' equity	6,992,590,420.75	6,923,273,093.64

Legal representative: Chen Huijie

Person in charge of accounting: Liu Zhijun

Responsible person of the accounting institution: Ying Huadong

2. Balance Sheet Statement of the Parent Company

Unit: Yuan

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	104,463,125.70	90,504,836.76
Financial assets measured by fair value with changes recognized in current profit or loss		
Derivative financial assets		
Notes receivable		
Accounts receivable	1,105,493.93	426,069.15
Prepayment	46,153.86	
Interest receivable		
Dividends receivable	2,000,000.00	0.00
Other accounts receivable	1,027,163,364.11	724,658,970.18
Inventory	395,764.94	442,920.87
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	321,967,708.13	438,146,382.10
Total current assets	1,457,141,610.67	1,254,179,179.06
Non-current assets:		
Available-for-sale financial assets	33,515,392.83	33,515,392.83
Held-to-maturity investment		
Long-term receivables		
Long-term equity investment	1,419,623,352.33	453,584,470.91
Investment properties	263,361,638.46	273,880,749.30
Fixed assets	17,919,657.80	19,149,224.71
Construction in progress	4,175,779.03	0.00
Engineering materials		
Disposal of fixed assets		
Productive biological assets		
Oil & gas assets		
Intangible assets	1,367,666.09	425,708.10
Development expenses		
Goodwill		
Long-term expenses to be amortized	7,673,085.72	7,743,293.52
Deferred income tax assets	8,380,569.73	8,664,455.49
Other non-current assets		
Total non-current assets	1,756,017,141.99	796,963,294.86

Item	Closing balance	Opening balance
Total assets	3,213,158,752.66	2,051,142,473.92
Current liabilities:		
Short-term borrowing	530,000,000.00	355,000,000.00
Financial liabilities measured by fair value with changes recognized in current profit or loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	206,374.11	155,213.00
Prepayment from customers	23,072,035.80	25,448,125.00
Payroll payable	5,391,313.71	7,817,501.76
Taxes payable	18,757,359.46	23,485,483.97
Interest payable	687,210.64	475,177.74
Dividends payable	119,803.29	119,803.29
Other payables	748,458,822.72	75,858,657.13
Held-for-sale liabilities		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	1,326,692,919.73	488,359,961.89
Non-current liabilities:		
Long-term borrowing		
Bonds payable		
Preferred stock		
Perpetual capital securities		
Long-term payables		
Payroll payable		
Special payables		
Estimated liabilities	1,137,019.85	
Deferred income	8,883,045.38	11,183,333.34
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	10,020,065.23	11,183,333.34
Total liabilities	1,336,712,984.96	499,543,295.23
Owners' equity:		
Share capital	1,235,656,249.00	784,799,010.00
Other equity instruments		
Preferred stock		
Perpetual capital securities		

Item	Closing balance	Opening balance
Capital reserve	240,542,997.30	498,654,523.66
Less: Treasury shares		
Other comprehensive income	51.46	178.21
Special reserve		
Surplus reserve	138,710,473.33	121,803,040.24
Undistributed profits	261,535,996.61	146,342,426.58
Total owners' equity	1,876,445,767.70	1,551,599,178.69
Total liabilities and owners' equity	3,213,158,752.66	2,051,142,473.92

Legal representative: Chen Huijie

Person in charge of accounting: Liu Zhijun

Responsible person of the accounting institution: Ying Huadong

3. Consolidated Profit Statement

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Total operating income	2,030,445,390.62	1,459,575,791.50
Including: Operating income	1,981,307,558.23	1,371,044,982.11
Interest income	48,036,230.86	67,560,598.14
Earned premiums		
Service charges and commissions income	1,101,601.53	20,970,211.25
II. Total operating cost	1,687,151,513.35	1,262,036,286.18
Including: Operating cost	1,398,497,691.27	1,012,112,271.54
Interest expenses	596,875.00	3,004,288.89
Commissions	0.00	0.00
Surrender value		
Net compensation pay-outs		
Net insurance deposit accrued		
Insurance dividends		
Reinsurance expenses		
Operating tax and surcharges	57,221,029.77	54,422,583.04
Sale expenses	43,173,370.45	41,555,812.57
Management expenses	144,029,063.26	142,779,706.02
Financial cost	21,598,611.36	10,466,615.20
Loss from asset impairment	22,034,872.24	-2,304,991.08
Income from changes in fair value (enter "-" for loss)	0.00	0.00
Income from investment (enter "-" for loss)	71,999,915.73	109,715,641.65
Including: Income from investment in joint ventures and associated enterprises	296,114.99	0.00
Income from exchange (enter "-" for loss)		
Income from asset disposal (enter "-" for loss)	0.00	116,977.79
Other income	6,406,623.72	
III. Operating profit (enter "-" for loss)	421,700,416.72	307,372,124.76
Add: Non-operating income	13,033,764.81	117,716,771.09
Less: Non-operating expenses	6,468,223.22	8,145,885.48
IV. Total profit (enter "-" for total loss)	428,265,958.31	416,943,010.37
Less: Income tax	120,241,267.37	107,663,792.52
V. Net profit (enter "-" for net loss)	308,024,690.94	309,279,217.85
(I) Net profit from continuing operations (enter "-" for net loss)	311,288,704.85	309,279,217.85

Item	Amount incurred in the current period	Amount incurred in the previous period
(II) Net profit from discontinuing operations (enter "-" for net loss)	-3,264,013.91	
Net profit attributable to owners of the parent company	219,553,261.10	246,062,783.31
Profit and loss of minority shareholders	88,471,429.84	63,216,434.54
VI. Net of tax of other comprehensive incomes	-238,155.82	-45,789.16
Total owners' net of tax of other comprehensive incomes attributable to the parent company	-158,606.50	-30,426.86
1. Other comprehensive incomes not to be reclassified into profit and loss	0.00	0.00
(1) Changes in net liabilities or net assets of the re-measured defined benefit plans		
(2) Shares of the investee of other comprehensive incomes not to be reclassified into profit and loss under the equity method		
2. Other comprehensive incomes to be reclassified into profit and loss	-158,606.50	-30,426.86
(1) Shares of the investee of other comprehensive incomes to be reclassified into profit and loss under the equity method	-126.75	178.21
(2) Profit and loss from changes in fair value of the available-for-sale financial assets	-158,479.75	-30,605.07
(3) Held-to-maturity investments categorized as profit or loss from the available-for-sale financial assets		
(4) Effective gains or loss from cash flows		
(5) Foreign currency translation differences		
(6) Others		
Net of tax of other comprehensive incomes attributable to minority shareholders	-79,549.32	-15,362.30
VII. Total comprehensive income	307,786,535.12	309,233,428.69
Total comprehensive income attributable to shareholders of the parent company	219,394,654.60	246,032,356.45
Total comprehensive income attributable to minority shareholders	88,391,880.52	63,201,072.24
VIII. Earnings per share		
1. Basic earnings per share	0.1777	0.1991
2. Diluted earnings per share	0.1777	0.1991

In case of merger of enterprises under common control in the current period, the net profit of the merged party before merger is RMB , and the net profit of the merged party in the previous period is RMB .

Legal representative: Chen Huijie

Person in charge of accounting: Liu Zhijun

Responsible person of the accounting institution: Ying Huadong

4. Profit Statement of the Parent Company

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Operating income	85,112,846.04	100,960,545.53
Less: Operating cost	75,540,023.72	74,670,318.50
Operating tax and surcharges	4,865,820.50	5,063,045.37
Sale expenses	0.00	0.00
Management expenses	22,225,515.05	40,538,467.44
Financial cost	17,833,274.38	-17,489,447.63
Loss from asset impairment	27,725.05	6,305.06
Income from changes in fair value (enter "-" for loss)		0.00
Income from investment (enter "-" for loss)	209,993,445.00	141,237,490.92
Including: Income from investment in joint ventures and associated enterprises		-387,059.05
Income from asset disposal (enter "-" for net loss)	0.00	
Other income	3,402,987.96	
II. Operating profit (enter "-" for loss)	178,016,920.30	139,409,347.71
Add: Non-operating income	8,021,889.83	1,830,706.13
Less: Non-operating expenses	2,283,897.04	3,905,790.35
III. Total profit (enter "-" for total loss)	183,754,913.09	137,334,263.49
Less: Income tax	14,680,582.18	18,527,229.82
IV. Net profit (enter "-" for net loss)	169,074,330.91	118,807,033.67
(I) Net profit from continuing operations (enter "-" for net loss)	169,074,330.91	118,807,033.67
(II) Net profit from discontinuing operations (enter "-" for net loss)		
V. Net of tax of other comprehensive incomes	-126.75	178.21
1. Other comprehensive incomes not to be reclassified into profit and loss	0.00	0.00
(1) Changes in net liabilities or net assets of the re-measured defined benefit plans		
(2) Shares of the investee of other comprehensive incomes not to be reclassified into profit and loss under the equity method		
2. Other comprehensive incomes to be reclassified into profit and loss	-126.75	178.21
(1) Shares of the investee of other comprehensive incomes to be reclassified into profit and loss under the equity method	-126.75	178.21

(2) Profit and loss from changes in fair value of the available-for-sale financial assets		
(3) Held-to-maturity investments categorized as profit or loss from the available-for-sale financial assets		
(4) Effective gains or loss from cash flows		
(5) Foreign currency translation differences		
(6) Others		
VI. Total comprehensive income	169,074,204.16	118,807,211.88
VII. Earnings per share		
1. Basic earnings per share		
2. Diluted earnings per share		

Legal representative: Chen Huijie

Person in charge of accounting: Liu Zhijun

Responsible person of the accounting institution: Ying Huadong

5. Consolidated Cash Flow Statement

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	1,843,459,991.17	2,167,856,613.31
Net increase in deposits from customers and interbank		
Net increase in loans from central bank		
Net increase in borrowing from other financial institutions		
Cash received from premiums of primary insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits from policyholders and investment		
Net increase in financial assets measured by fair value with changes recognized in current profit or loss		
Cash received from interest and commissions	51,931,798.60	88,530,809.39
Net increase in loans from other banks	40,000,000.00	
Net increase in redemption capital		
Tax refunds	857,341.82	82,932,677.81
Other cash received related to operating activities	297,922,909.58	376,682,541.63
Subtotal of cash inflow from operating activities	2,234,172,041.17	2,716,002,642.14
Cash paid for goods and service	871,402,977.70	1,404,204,686.90
Net increase in loans to customers and prepayment	-71,579,285.19	877,622.60
Net increase in deposits with central bank and interbank		
Cash paid for compensation pay-outs of primary insurance contracts		
Cash paid for interest, service charges, and commissions	0.00	
Cash paid as insurance dividends		
Cash paid to and on behalf of employees	296,228,299.78	245,122,638.85
Taxes paid	289,106,815.42	230,803,870.50
Other cash paid related to operating activities	341,626,684.25	391,458,282.51
Subtotal of cash outflow in operating activities	1,726,785,491.96	2,272,467,101.36
Net cash flow from operating activities	507,386,549.21	443,535,540.78
II. Cash flows from investing activities:		

Item	Amount incurred in the current period	Amount incurred in the previous period
Cash received from withdrawal of investment	2,229,650,000.00	792,844,658.58
Cash received from investment income	73,207,072.76	18,893,192.14
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	22,960.00	224,258.00
Net cash received from disposal of subsidiaries and other business units	1,334,864.24	4,388,617.09
Other cash received related to investing activities		2,000,000.00
Subtotal of cash inflow from investing activities	2,304,214,897.00	818,350,725.81
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	156,617,057.69	103,755,706.86
Cash paid for investment	2,334,640,001.00	776,386,160.00
Net increase in mortgage loans		
Net cash paid for acquisition of subsidiaries and other business units	0.00	17,500,000.00
Other cash paid related to investing activities	0.00	0.00
Subtotal of cash outflow in investing activities	2,491,257,058.69	897,641,866.86
Net cash flow from investing activities	-187,042,161.69	-79,291,141.05
III. Cash flow from financing activities:		
Cash received by absorbing investment	178,037,998.48	0.00
Including: Cash received by subsidiaries from investment of minority shareholders	178,037,998.48	0.00
Borrowings received	905,000,000.00	1,730,020,000.00
Cash received from bond issue	0.00	0.00
Other cash received related to financing activities	0.00	1,347,812.30
Subtotal of cash inflow from financing activities	1,083,037,998.48	1,731,367,812.30
Cash repayment	1,233,458,000.00	1,323,179,630.48
Cash paid for dividend and profit distribution or interest payment	211,121,814.06	164,667,476.90
Including: Dividends and profit paid by subsidiaries to minority shareholders	65,580,423.41	10,647,780.72
Other cash paid related to financing activities	138,844,060.16	111,304,509.06
Subtotal of cash outflow in financing activities	1,583,423,874.22	1,599,151,616.44
Net cash flow arising from financing activities	-500,385,875.74	132,216,195.86
IV. Influence of exchange rate fluctuation on cash and cash equivalents	452.95	15.47
V. Net increase in cash and cash equivalents	-180,041,035.27	496,460,611.06
Add: Opening balance of cash and cash equivalents	1,127,923,641.19	631,463,030.13
VI. Closing balance of cash and cash equivalents	947,882,605.92	1,127,923,641.19

Legal representative: Chen Huijie

Person in charge of accounting: Liu Zhijun

Responsible person of the accounting institution: Ying Huadong

6. Cash Flow Statement of the Parent Company

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	95,462,342.42	105,235,891.60
Tax refunds	0.00	0.00
Other cash received related to operating activities	32,468,417.84	228,693,257.76
Subtotal of cash inflow from operating activities	127,930,760.26	333,929,149.36
Cash paid for goods and service	66,076,921.93	82,096,021.68
Cash paid to and on behalf of employees	40,595,839.30	43,976,017.80
Taxes paid	36,901,586.64	59,381,044.41
Other cash paid related to operating activities	311,872,565.33	336,858,224.56
Subtotal of cash outflow in operating activities	455,446,913.20	522,311,308.45
Net cash flow from operating activities	-327,516,152.94	-188,382,159.09
II. Cash flows from investing activities:		
Cash received from withdrawal of investment	943,000,000.00	852,392,256.58
Cash received from investment income	206,606,456.63	67,578,674.96
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	18,700.00	10,000.00
Net cash received from disposal of subsidiaries and other business units	3,542,000.00	0.00
Other cash received related to investing activities	0.00	2,000,000.00
Subtotal of cash inflow from investing activities	1,153,167,156.63	921,980,931.54
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	4,099,402.79	1,809,071.46
Cash paid for investment	924,640,000.00	828,881,900.00
Net cash paid for acquisition of subsidiaries and other business units	0.00	
Other cash paid related to investing activities	0.00	
Subtotal of cash outflow in investing activities	928,739,402.79	830,690,971.46
Net cash flow from investing activities	224,427,753.84	91,289,960.08
III. Cash flow from financing activities:		
Cash received by absorbing investment	0.00	0.00
Borrowings received	550,000,000.00	355,000,000.00
Cash received from bond issue		
Other cash received related to financing activities		7,812.30
Subtotal of cash inflow from financing activities	550,000,000.00	355,007,812.30

Item	Amount incurred in the current period	Amount incurred in the previous period
Cash repayments of amounts borrowed	375,000,000.00	315,000,000.00
	57,953,311.96	38,780,262.58
Other cash paid related to financing activities	0.00	0.00
Subtotal of cash outflow in financing activities	432,953,311.96	353,780,262.58
Net cash flow arising from financing activities	117,046,688.04	1,227,549.72
IV. Influence of exchange rate fluctuation on cash and cash equivalents		15.47
V. Net increase in cash and cash equivalents	13,958,288.94	-95,864,633.82
Add: Opening balance of cash and cash equivalents	90,504,836.76	186,369,470.58
VI. Closing balance of cash and cash equivalents	104,463,125.70	90,504,836.76

Legal representative: Chen Huijie

Person in charge of accounting: Liu Zhijun

Responsible person of the accounting institution: Ying Huadong

7. Consolidated Statement of Changes in Owners' Equity

Amount incurred in the current period

Unit: Yuan

Item	Current period												
	Owners' equity attributable to the parent company											Minority shareholders' equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits		
		Preferred Shares	Perpetual capital securities	Others									
I. Closing balance of the previous year	784,799,010.00			0.00	798,273,541.65	0.00	296,235.62	0.00	121,803,040.24		707,129,242.53	461,231,678.89	2,873,532,748.93
Plus: Change of accounting policies													0.00
Correction to errors of the previous period													0.00
Merger of the enterprises under the control of a same entity													0.00
Others													0.00
II. Opening balance of the current year	784,799,010.00			0.00	798,273,541.65	0.00	296,235.62	0.00	121,803,040.24		707,129,242.53	461,231,678.89	2,873,532,748.93
III. Increase and	450,857,239.00			0.00	-632,253,671.46	0.00	-158,606.50	0.00	16,907,433.09		-330,425,094.02	202,463,847.96	-292,608,851.93

[illegible]

Item	Current period												
	Owners' equity attributable to the parent company											Minority shareholders' equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits		
		Preferred Shares	Perpetual capital securities	Others									
transferred to increase capital (or share capital)													
(3) Surplus reserve compensating losses											0.00		0.00
(4) Others													0.00
5. Special reserve	0.00			0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00
(1) Accrual of the current year													0.00
(2) Amount utilized in the current period													0.00
6. Others													
IV. Closing balance of the current period	1,235,656,249.00			0.00	166,019,870.19	0.00	137,629.12	0.00	138,710,473.33		376,704,148.51	663,695,526.85	2,580,923,897.00

Amount of the previous period

Unit: Yuan

Item	Previous period												
	Owners' equity attributable to the parent company											Minority shareholders' equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits		
		Preferred Shares	Perpetual capital securities	Others									
I. Closing balance of the previous year	784,799,010.00			0.00	506,545,831.11	0.00	326,662.48	0.00	109,922,336.87		73,532,388.70	205,218,511.74	1,680,344,740.90
Plus: Change of accounting policies													0.00
Correction to errors of the previous period													0.00
Business combination under common control					101,949,000.00						423,084,188.36	224,336,643.55	749,369,831.91
Others													0.00
II. Opening balance of the current year	784,799,010.00			0.00	608,494,831.11	0.00	326,662.48	0.00	109,922,336.87		496,616,577.06	429,555,155.29	2,429,714,572.81
III. Increase and decrease of the current year (enter "-" for decrease)	0.00			0.00	189,778,710.54	0.00	-30,426.86	0.00	11,880,703.37		210,512,665.47	31,676,523.60	443,818,176.12

[illegible]

Item	Previous period												
	Owners' equity attributable to the parent company											Minority shareholders' equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits		
		Preferred Shares	Perpetual capital securities	Others									
(2) Amount utilized in the current period													0.00
6. Others					-9,127,126.47								-9,127,126.47
IV. Closing balance of the current period	784,799,010.00			0.00	798,273,541.65	0.00	296,235.62	0.00	121,803,040.24		707,129,242.53	461,231,678.89	2,873,532,748.93

Legal representative: Chen Huijie

Person in charge of accounting: Liu Zhijun

Responsible person of the accounting institution: Ying Huadong

8. Statement on Changes in Owners' Equity of the Parent Company

Amount incurred in the current period

Unit: Yuan

Item	Amount incurred in the current period										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preferred Shares	Perpetual capital securities	Others							
I. Closing balance of the previous year	784,799,010.00			0.00	498,654,523.66	0.00	178.21	0.00	121,803,040.24	146,342,426.58	1,551,599,178.69
Plus: Change of accounting policies											0.00
Correction to errors of the previous period											0.00
Others											0.00
II. Opening balance of the current year	784,799,010.00			0.00	498,654,523.66	0.00	178.21	0.00	121,803,040.24	146,342,426.58	1,551,599,178.69
III. Increase and decrease of the current year (enter "-" for decrease)	450,857,239.00			0.00	-258,111,526.36	0.00	-126.75	0.00	16,907,433.09	115,193,570.03	324,846,589.01
1. Total comprehensive income							-126.75			169,074,330.91	169,074,204.16
2. Capital invested or decreased by owners	450,857,239.00			0.00	-258,111,526.36	0.00	0.00	0.00	0.00	0.00	192,745,712.64
(1) Ordinary shares invested by the shareholders	450,857,239.00				-249,044,853.42						201,812,385.58

[illegible]

Item	Previous period										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preferred Shares	Perpetual capital securities	Others							
Correction to errors of the previous period											0.00
Others											0.00
II. Beginning balance of the current year	784,799,010.00			0.00	507,773,837.83	0.00	0.00	0.00	109,922,336.87	63,085,510.75	1,465,580,695.45
III. Increase and decrease of the current year (enter "-" for decrease)	0.00			0.00	-9,119,314.17	0.00	178.21	0.00	11,880,703.37	83,256,915.83	86,018,483.24
1. Total comprehensive income							178.21			118,807,033.67	118,807,211.88
2. Capital invested or decreased by owners	0.00			0.00	7,812.30	0.00	0.00	0.00	0.00	0.00	7,812.30
(1) Ordinary shares invested by the shareholders											0.00
(2) Capitals invested by other equity instrument holders											0.00
(3) Amount of share-based payment included in owners' equity											0.00
(4) Others					7,812.30						7,812.30
3. Profit distribution	0.00			0.00	0.00	0.00	0.00	0.00	11,880,703.37	-35,550,117.84	-23,669,414.47

Item	Previous period										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preferred Shares	Perpetual capital securities	Others							
(1) Accrual of surplus reserve									11,880,703.37	-11,880,703.37	0.00
(2) Amount distributed to owners (or shareholders)										-23,669,414.47	-23,669,414.47
(3) Others											0.00
4. Internal carrying forward of owners' equity	0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1) Capital reserve transferred to increase capital (or share capital)	0.00										0.00
(2) Surplus reserve transferred to increase capital (or share capital)	0.00										0.00
(3) Surplus reserve compensating losses										0.00	0.00
(4) Others											0.00
5. Special reserve	0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1) Accrual of the current year											0.00
(2) Amount utilized in the current period											0.00
6. Others					-9,127,126.47						-9,127,126.47

Item	Previous period										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preferred Shares	Perpetual capital securities	Others							
IV. Closing balance of the current period	784,799,010.00			0.00	498,654,523.66	0.00	178.21	0.00	121,803,040.24	146,342,426.58	1,551,599,178.69

Legal representative: Chen Huijie

Person in charge of accounting: Liu Zhijun

Responsible person of the accounting institution: Ying Huadong

Shenzhen SEG Co., Ltd.

Notes to 2017 Financial Statements

I. Company profile

(I) Registered place, organizational form and headquarters address

Shenzhen SEG Co., Ltd. (hereinafter referred to as "the Company") was incorporated on July 16, 1996 through public offering with Shenzhen SEG Group Co., Ltd. as the sole initiator upon the approval of relevant departments of Shenzhen and the state in accordance with the *Company Law of the People's Republic of China*. The Company holds the Enterprise Corporation Business License with the unified social credit code 91440300279253776E and the registration number 440301103573251. Upon the approval of the securities administration departments of Shenzhen and the state, the Company's B shares and A shares were listed on Shenzhen Stock Exchange respectively in July 1996 and December 1996.

On June 7, 2006, the Company passed a resolution at the general meeting of shareholders concerning the equity division reform. According to the transfer plan of capital reserve into common shares, the Company distributed 4,6445 shares to tradable A share shareholders for each 10 shares, which totaled 40,233,322 transferred shares. As a result, its non-tradable A shares were qualified for listing and circulating. Among the converted and increased capital share obtained by the tradable A-share shareholders, 6,997,054 shares were received due to the company's share capital expansion and the rest of 33,236,268 shares were the consideration paid to the tradable A-share shareholders by non-tradable A-share holders under fixed arrangements.

On February 3, 2016, Shenzhen SEG Co., Ltd. and Shenzhen SEG Group Co., Ltd. entered into the *Framework Agreement of Share Issuance and Cash Payment to Acquire Assets*. The Company intended to purchase the equity of subject companies held by SEG Group by non-public offering of shares and in cash (including 55% of equity of SEG Recreation, 100% of equity of SEG Property, 100% of equity of SEG SegMaker, and 79.02% of equity of SEG Real Estate) by non-public offering of shares and in cash, and issue private placement to no more than 10 specific investors to raise supporting funds of no more than RMB 2 billion. On January 17, 2017, the Company received the *Approval on Shenzhen SEG Co., Ltd.'s Issuing Shares to Shenzhen SEG Group Co., Ltd. to Acquire Assets and Raise Supporting Funds* (Z. J. X. K. [2017] No. 21) issued by the CSRC. On February 15, 2017, the Company received the *Acceptance Confirmation of the Application for Share Registration* issued by Shenzhen Branch of China Securities Depository and Clearing Company Limited. As confirmed, 450,857,239 A shares are issued for non-public offering, the new shares are restricted outstanding shares issued on March 6, 2017.

As of December 31, 2017, the total capital share of the Company amounts to 1,235,656,249 shares, including 451,047,178 restricted shares and 784,609,071 unrestricted shares. The registered capital is RMB 1,235,656,249. The registered address is 31F, Tower A, Stars Plaza, Huaqiang Road (N), Futian District, Shenzhen. The controlling shareholder is Shenzhen SEG Group Co., Ltd., and its final controller is Shenzhen State-owned Assets Supervision and Administration Commission.

(II) Business scope

General items: Investment in industrial projects (specific items to be declared separately); operation and management of electronics markets; online trade; Internet technology development; advertising business;

housing leasing; sales of computers, software, auxiliary equipment, and electronic products; cultural and artistic exchange activity planning (excluding performances); exhibition activities; investment in and management of children's industrial chain projects; children's playground equipment leasing (excluding financial leasing activities); playground management and services (limited to branch management); catering services (limited to branch management); business management consulting; education consulting; wholesale and retail of pre-packaged food, unpacked food, and dairy products (including infant formula milk powder) (limited to branch management); sales of stationery, craft gifts, toys, children's clothing, electronic products, handicrafts, and daily necessities; photography services; technical development of new energy; EPC of photovoltaic power generation and building integrated photovoltaic (BIPV) engineering; technical development and services of CdTe film solar cell modules; investment in photovoltaic power plants, contracting of BIPV curtain wall engineering; domestic trade (excluding franchised goods, proprietary goods, and goods under special control). (Any item subject to approval pursuant to laws can be operated only after approval.)

Licensed items: information services (limited to Internet information services); sales of food; manufacturing and sales of CdTe solar cell modules.

(III) Business property and business operations

The Company engages in business service industry, involving products and service mainly in operation and management of special electronics markets, lease business and other tertiary industries.

(IV) Approval for disclosure of the financial statements

The Financial Statements are approved for disclosure by all directors of the Company on April 20, 2018.

II. Scope of consolidated financial statements

35 entities are included in the current consolidated financial statements, namely:

Company name	Type of subsidiary	Level	Proportion of shareholding (%)	Proportion of voting right (%)
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	Holding subsidiary	I	66.58	66.58
Shenzhen Mellow Orange Business Hotel Management Co., Ltd.	Holding subsidiary	II	66.58	66.58
Shenzhen SEG Industrial Investment Co., Ltd.	Wholly-owned subsidiary	I	100	100
Changsha SEG Development Co., Ltd.	Holding subsidiary	I	46	51
Shenzhen SEG Electronics Market Management Co., Ltd.	Share-controlled subsidiary	I	70	70
Shenzhen SEG Credit Co., Ltd.	Holding subsidiary	I	65	65
Shenzhen SEG Nanjing Electronics Market Management Co., Ltd.	Wholly-owned subsidiary	I	62	62
Xi'an Hairong SEG Electronics Market Co., Ltd.	Holding subsidiary	I	51	51

Company name	Type of subsidiary	Level	Proportion of shareholding (%)	Proportion of voting right (%)
Wujiang SEG Electronics Market Co., Ltd.	Holding subsidiary	I	51	51
Shunde SEG Electronics Market Management Co., Ltd.	Wholly-owned subsidiary	I	100	100
Nanning SEG Electronics Market Management Co., Ltd.	Wholly-owned subsidiary	I	100	100
Nantong SEG Times Plaza Development Co., Ltd.	Wholly-owned subsidiary	I	100	100
Yantai SEG Times Plaza Development Co., Ltd.	Holding subsidiary	I	90	90
Nantong SEG Commercial Operation Management Co., Ltd.	Wholly-owned subsidiary	I	100	100
Suzhou SEG Digital Plaza Management Co., Ltd.	Wholly-owned subsidiary	I	100	100
Xi'an Fengdong New Town SEG Times Plaza Properties Co., Ltd.	Wholly-owned subsidiary	I	100	100
Suzhou SEG Intelligent Technology Co., Ltd.	Wholly-owned subsidiary	I	100	100
Shenzhen SEG Longyan New Energy Application and Development Co., Ltd.	Holding subsidiary	I	50	50
Shenzhen SEG Investment Management Co., Ltd.	Wholly-owned subsidiary	I	100	100
Shenzhen SEG Longyan Energy Technology Co., Ltd.	Holding subsidiary	I	50	50
Shenzhen-Shantou Cooperation Zone SEG Longyan Energy Technology Co., Ltd.	Wholly-owned subsidiary	II	100	100
Shenzhen SEG Lianzhong Internet Technology Co., Ltd.	Holding subsidiary	I	55	55
Shenzhen SEG Zhongtong Technology Co., Ltd.	Holding subsidiary	I	49	49
Shenzhen SegMaker Co., Ltd.	Wholly-owned subsidiary	I	100	100
Shenzhen SEG Recreation Enterprise Development Co., Ltd.	Holding subsidiary	I	55	55

Company name	Type of subsidiary	Level	Proportion of shareholding (%)	Proportion of voting right (%)
Shenzhen SEG Property Development Co., Ltd.	Wholly-owned subsidiary	I	100	100
Shenzhen SEG Real Estate Investment Co., Ltd.	Holding subsidiary	I	79.02	79.02
Huizhou Stars Real Estate Development Co., Ltd.	Holding subsidiary	II	88	88
Shenzhen SEG Property Management Co., Ltd.	Holding subsidiary	II	45	45
Shenzhen SEG New Urban Construction Development Co., Ltd.	Holding subsidiary	II	72.05	72.05
Shenzhen SEG New Urban Commercial Operation Co., Ltd.	Wholly-owned subsidiary	III	100	100
Beijing SEG Property Development Co., Ltd.	Holding subsidiary	II	50	50
Xi'an SEG Kanghong Real Estate Co., Ltd.	Holding subsidiary	II	55	55
Shenzhen Hongge Cultural Development Co., Ltd.	Wholly-owned subsidiary	II	100	100

For the cause of difference between the proportion of shareholding and the proportion of voting rights and the basis for control of the invested entity even with half of voting rights or less, see "Attachment 8: Equities in other entities – (1) Equities in subsidiaries".

Compared with the previous period, 14 more entities are included in and 2 entities are excluded from the consolidated financial statements in the current period, including:

1. Subsidiaries, special purpose entities, and business entities that gain control by way of commissioning management or renting included in the consolidation scope in the current period

Name	Reason for change
Shenzhen-Shantou Cooperation Zone SEG Longyan Energy Technology Co., Ltd.	Newly established
Shenzhen SEG Lianzhong Internet Technology Co., Ltd.	Newly established
Shenzhen SEG Zhongtong Technology Co., Ltd.	Newly established
Shenzhen SegMaker Co., Ltd.	Business combination under common control
Shenzhen SEG Recreation Enterprise Development Co., Ltd.	Business combination under common control
Shenzhen SEG Property Development Co., Ltd.	Business combination under common control
Shenzhen SEG Real Estate Investment Co., Ltd.	Business combination under common control
Huizhou Stars Real Estate Development Co., Ltd.	Business combination under common control
Shenzhen SEG Property Management Co., Ltd.	Business combination under common control
Shenzhen SEG New Urban Construction Development Co., Ltd.	Business combination under common control
Shenzhen SEG New Urban Commercial Operation Co., Ltd.	Business combination under common control

Beijing SEG Property Development Co., Ltd.	Business combination under common control
Xi'an SEG Kanghong Real Estate Co., Ltd.	Business combination under common control
Shenzhen Hongge Cultural Development Co., Ltd.	Business combination under common control

2. Subsidiaries, special purpose entities, and business entities that lose control by way of commissioning management or leasing excluded from the consolidation scope in the current period

Name	Reason for change
Suzhou SEG Electronics Market Management Co., Ltd.	Transfer of the management right
Wuxi SEG Electronics Market Co., Ltd.	Transfer of all equities

For details of entity change in the consolidation scope, see "Note VII. Change in consolidation scope".

III. Basis of preparation of the financial statements

(I) Basis of preparation of the financial statements

The Company has conducted confirmation and measurement based on the transactions and events that have been actually incurred and in accordance with the *Accounting Standards for Business Enterprises (ASBE)* and specific standards, the application guide of ASBE, the interpretation of ASBE and other relevant regulations (hereinafter collectively referred to as "the ASBE"). According to *Listed Company Information Disclosure Preparation Rules No. 15—General Regulations on Financial Report* (amended in 2014) released by CSRC, the Company prepared the financial statements.

(II) Going-concern ability

The Company has evaluated the going-concern ability for the 12-month period from the end of the reporting period, and no matters or circumstances of major concern were found. Accordingly, the financial statements are prepared on a going-concern basis.

IV. Main accounting policies and accounting estimates

(I) Statement on compliance with ASBE

The financial statements prepared by the Company comply with the requirements of the Accounting Standard for Business Enterprises and truthfully and completely reflect relevant information on the financial position, operating results, and cash flows of the Company.

(II) Accounting period

A fiscal year lasts from January 1st to December 31st of the Gregorian Calendar.

(III) Business period

The business period is 12 months, which is a criterion for the liquidity division of assets and liabilities.

(IV) Recording currency

Renminbi is the recording currency of the financial statements of the Company.

(V) Accounting treatment methods for business combination under or not under common control

1. If the terms and conditions or economic influences of deals involved in business merger by steps are consistent with the following case(s), several deals will be treated as a package deal for accounting treatment.

- (1) Those deals are made at the same time or in consideration of mutual influences;
- (2) A complete business result can be achieved only with the deals as integrity;

-
- (3) The occurrence of one deal depends on the occurrence of at least one deal.
- (4) A single deal is uneconomical but the integration with other deals is economical.

2. Business combination under common control

Assets and liabilities acquired by the Company in the merger are calculated based on the book value of the merged party's assets and liabilities (including goodwill resulting from the acquisition of the merged party) in the consolidated financial statements of the ultimate controlling party on the date of merger. The capital stock premium of capital reserve is adjusted based on the difference between the book value of net assets acquired in the merger and that of the consideration of the merger (or the total book value of issued shares). The retained earnings are adjusted if the capital stock premium is not sufficient for writing off.

If contingent consideration exists and the estimated liabilities and assets have to be recognized, the capital reserve (capital surplus or capital stock premium) is adjusted based on the difference between the estimated liabilities and assets and the subsequent contingent consideration. The retained earnings are adjusted if the capital reserve is not sufficient for writing off.

For business merger through several deals, deals in a package will be treated as one deal with control right acquired for accounting treatment; for deals not in a package, the capital reserve is adjusted based on the difference between the initial cost of long-term equity investment and the sum of book value of long-term equity investment before merger and book value of consideration payment for new shares. The retained earnings are adjusted if the capital reserve is not sufficient for writing off. For equity investment held before merger, other comprehensive income recognized by the equity method, financial instruments or calculation standards will not be subject to accounting treatment, and until the disposal of such investment such accounting treatment is carried out on the same basis as the direct disposal of related assets and liabilities by the invested party; other changes in owners' equity excluding net profit and loss, other comprehensive income and profit distribution in the net assets of the invested party recognized by the equity accounting method will not be subject to accounting treatment and is transferred to current profit and loss after the disposal of such investment.

3. Business combination not under common control

The date of acquisition means the date when the Company actually acquires the control right of the acquiree, namely, the date when the net asset or the control right of business operation decisions of the acquiree is transferred to the Company. The control right of the Company is transferred when all the following conditions are met:

- (1) The business merger contract or agreement has been adopted by the internal power organ of the Company.
- (2) Business merger matters subject to approval of national competent departments have been approved.
- (3) The necessary formalities for property right transfer have been handled.
- (4) The Company has paid most of the consideration for merger and is able to pay the remaining part as scheduled.
- (5) The Company has actually controlled the financial and operational policies of the acquiree, enjoys the corresponding benefits and bear corresponding risks.

The assets paid and the liabilities incurred or undertaken by the Company as the consideration on the date of merger are calculated based on fair value. The difference between fair value and book value will be recognized in current profit or loss.

If the merger cost is higher than the fair value of the net identifiable assets of the acquired party acquired by merger, the difference is recognized as goodwill. If the merger cost is lower than the fair value of the net identifiable assets of the acquired party acquired by merger, the difference is recognized in current profit or loss.

For business merger through several deals, deals in a package will be treated as one deal with control right acquired for accounting treatment; for deals not in a package, the sum of book value of long-term equity investment before merger and new investment cost is treated as the initial cost of long-term equity investment on the date of merger. For equity investment held before merger, other comprehensive income recognized with the equity accounting method, accounting treatment of such investment is carried out on the same basis as the direct disposal of related assets and liabilities by the invested party. If the equity investment held before merger is subject to recognition by financial instruments and accounting by measure standards, the sum of book value of long-term equity investment on the date of merger and new investment cost is treated as the initial cost of long-term equity investment on the date of merger. The difference between the fair value and book value of the equity previously held and accumulative changes in fair value originally included in other comprehensive income are transferred to the investment income of the period of the date of merger.

4. Expenses incurred due to merger

The auditing, legal, appraisal and consulting, and other relevant direct fees incurred for business merger are recognized in current profit or loss at occurrence. The transaction expenses of equity securities issued for business merger which are directly attributable to equity transaction are deducted from the equity.

(VI) Preparation method of the consolidated financial statements

1. Consolidation scope

The scope of the consolidated financial statements of the Company is determined based on share-holding status, and all subsidiaries are included in the scope.

2. Consolidation procedure

The Company prepares the consolidated financial statements based on the financial statements of its own and its subsidiaries and other related materials. In the preparation of consolidated financial statements, the whole group is deemed as an accounting entity. According to the recognition, calculation and presentation requirements of related accounting standards and consistent accounting policies, the overall financial condition, operation results and cash flow are reflected.

The accounting policies and accounting period adopted by all subsidiaries included in the consolidation scope are consistent with those of the Company. Otherwise, the Company shall make necessary adjustments according to its own accounting policies and accounting period when preparing the consolidated financial statements.

During the consolidation, the influences of internal transactions between the Company and its subsidiaries and among the subsidiaries on the consolidated balance sheet statement, the consolidated profit statement, the consolidated cash flow statement and the consolidated statement of changes in owner's equity will be counteracted. If judgment on the same transaction differs from the group perspective and with the Company or a subsidiary as the accounting entity, the transaction shall be adjusted from the group perspective.

The owner's equity of subsidiaries, current net profit and loss and minority shares in current comprehensive income are separately listed in the owner's equity of the consolidated balance sheet statement, net profit and total comprehensive income of the consolidated profit statement respectively. If the current losses undertaken by minority shareholders of a subsidiary exceed the owners' equity shared by minority shareholders of a subsidiary, the balance will be used to offset the minority shareholders' equity.

For a subsidiary acquired by business combination under common control, its financial statements are adjusted based on the book value of its assets and liabilities (including goodwill resulting from acquisition of this subsidiary) in the financial statements of the ultimate controlling party.

For a subsidiary acquired by business combination not under common control, its financial statements are adjusted based on the fair value of net identifiable assets on the date of acquisition.

(1) Expansion of subsidiaries or business

In the current reporting period, in case of expansion of subsidiaries or business due to business combination under common control, the opening amount of the consolidated balance sheet is adjusted. The income, expenses and profits of such subsidiaries and business from the beginning of merger to the end of the current reporting period are included in the consolidated profit statement. The cash flow of such subsidiaries from the beginning of merger to the end of the current reporting period is included in the consolidated cash flow statement and relevant items of comparative statements are also adjusted. The reporting entity after merger is deemed to exist since the ultimate controlling party starts control.

If the Company exerts control on an invested party under common control due to additional investment, it is deemed that all parties involved in merger make adjustments in the present condition since the ultimate controlling party starts control. For the equity investment held before acquisition of control right of the acquiree, relevant income and loss, other comprehensive income and other changes in net asset are recognized from the later one between the date of acquisition of the original equity and the date of the acquirer and the acquiree under common control to the date of merger, which are used to offset the opening retained earnings or current profit and loss respectively.

In the current reporting period, in case of expansion of subsidiaries or business due to merger of enterprises not under common control, the opening amount of the consolidated balance sheet is not adjusted. The income, expenses and profits of such subsidiaries and business from the date of acquisition to the end of the current reporting period are included in the consolidated profit statement. The cash flow of such subsidiaries from the date of acquisition to the end of the current reporting period is included in the consolidated cash flow statement.

If the Company exerts control on an invested party not under common control due to additional investment, the equity of the acquiree held before the date of acquisition shall be re-measured based on its fair value on the date of acquisition, and the difference between the fair value and book value of the equity shall be included in current investment income. If the equity of the acquiree held before the date of acquisition is involved in other comprehensive income and other changes in owner's equity except net profit and loss, other comprehensive income and profit distribution with the equity method, the relevant other comprehensive income and other changes in owner's equity are included in current investment income, excluding other comprehensive income due to re-measurement of changes in net liabilities and net assets in defined benefit plans.

(2) Disposal of subsidiaries or business

1) General disposal method

If the Company disposes of a subsidiary in the current reporting period, the income, expenses and profits of the subsidiary from the beginning period to the disposal date are included in the consolidated profit statement and the cash flow of the subsidiary in the same period is included in the consolidated cash flow statement.

If the Company loses control of its subsidiary due to disposal of part of equity investment or other reasons, the remaining equity shall be re-measured at fair value on the day when the Company loses control of the subsidiary. The difference between the sum of consideration acquired due to equity disposal & fair value of the

remaining equity and the sum of net assets to be enjoyed based on the original shareholding proportion since the date of acquisition or merger & goodwill is included in the investment income in the period of loss of control. Other comprehensive income and other changes in owner's equity except net profit and loss, other comprehensive income and profit distribution relevant to the equity investment in any previous subsidiary are transferred to current investment income at the time of loss of control, excluding other comprehensive income due to re-measurement of changes in net liabilities and net assets in defined benefit plans.

2) Disposal of subsidiaries by steps

If the Company disposes of equity investment in a subsidiary in several deals by steps until its loss of control and the terms and conditions or economic influences of deals are consistent with the following case(s), several deals will be treated as a package deal for accounting treatment.

A. Those deals are made at the same time or in consideration of mutual influences;

B. A complete business result can be achieved only with the deals as integrity;

C. The occurrence of one deal depends on the occurrence of at least one deal.

D. A single deal is uneconomical but the integration with other deals is economical.

If deals incurred for disposal of equity investment in a subsidiary until the loss of control belong to a package deal, the Company treats all deals as one for accounting treatment. However, the difference between the consideration acquired from every disposal and the net asset to be enjoyed such subsidiary based on such equity investment before loss of control is recognized as other comprehensive income of the consolidated financial statements and transferred to the current profit and loss at the time of loss of control.

For deals not in a package, before loss of control, the accounting treatment is based on policies about disposal of part of equity investment in a subsidiary in case of no loss of control while at the time of loss of control, the accounting treatment is based on general methods for disposing of such subsidiary.

(3) Acquisition of minority shares of subsidiary

Based on the difference between long-term equity investment acquired due to acquisition of minority shares and net assets to be enjoyed from such subsidiary since the date of acquisition (or merger), the capital stock premium of the consolidated balance sheet statement is adjusted. The retained earnings are adjusted if the capital stock premium is not sufficient for writing off.

(4) Disposal of part of equity investment in a subsidiary in case of no loss of control

The difference between the consideration acquired due to disposal of part of long-term equity investment in a subsidiary and net assets to be enjoyed from such subsidiary since the date of acquisition (or merger), the capital stock premium of the consolidated balance sheet statement is adjusted. The retained earnings are adjusted if the capital stock premium is not sufficient for writing off.

(VII) Classification of joint venture arrangement and accounting treatment method of joint operation

1. Classification of joint venture arrangement

Based on the structure and legal form of joint venture arrangement, terms agreed in joint venture arrangement and other facts and condition, the Company classifies joint venture arrangement into joint operation and joint venture.

Joint venture arrangement agreed not by individual entities is defined as joint operation. Joint venture arrangement agreed by individual entities is generally defined as joint venture. If any joint venture arrangement

satisfies any of the following conditions and conforms to relevant laws and regulations with conclusive evidence, such joint venture arrangement is defined as joint operation:

- (1) The legal form of joint venture arrangement shows that joint ventures share rights and obligations for assets and liabilities in such arrangement.
- (2) It is agreed in the terms of joint venture arrangement that joint ventures share rights and obligations for assets and liabilities in such arrangement.
- (3) Other facts and condition show that joint ventures share rights and obligations for assets and liabilities in such arrangement. For example, the joint ventures enjoy nearly all output relevant to such arrangement and settlement of liabilities in such arrangement constantly depends on the support of joint ventures.

2. Accounting treatment method of joint operation

The Company recognizes the following items in interest shares during joint operation, and carries out accounting treatment in accordance with Accounting Standards for Business Enterprises:

- (1) Recognizing the assets held separately and assets shared based on shares;
- (2) Recognizing the liabilities undertaken separately and liabilities shared based on shares;
- (3) Recognizing the income from sales of the share in joint operation output;
- (4) Recognizing the income from sales of joint operation output based on shares;
- (5) Recognizing the expenses individually incurred and expenses incurred by joint operation based on shares.

If the Company invests or sells assets (excluding assets that constitute business) to the joint operation, before such assets are sold by the joint operation to the third party, only the part of profit and loss attributed to other parties in the joint operation incurred by such transaction is recognized. If any impairment losses occur to the assets invested or sold in accordance with Accounting Standards for Business Enterprises No. 8 - Asset Impairment, the Company recognizes the losses in full.

If the Company purchases assets from the joint operation, before such assets are sold to the third party, only the part of profit and loss attributed to other parties in the joint operation incurred by such transaction is recognized. If any impairment losses occur to the assets purchased in accordance with *Accounting Standards for Business Enterprises No. 8 — Asset Impairment*, the Company recognizes the losses based on shares.

The Company enjoys no common control of the joint operation. If the Company enjoys assets in the joint operation and undertakes liabilities in the joint operation, the Company shall still carry out accounting treatment based on the foregoing principles. Otherwise, the Company shall carry out accounting treatment in accordance with the *Accounting Standards for Business Enterprises*.

(VIII) Standards for determination of cash and cash equivalents

In the preparation of the cash flow statement, the cash on hand and the bank deposits available for payment at any time of the Company are recognized as cash. The investments that meet four conditions at the same time, i.e. short term (due within 3 months since the date of purchase), strong liquidity, easiness in being converted into known cash, fairly small risk of value fluctuation are recognized as cash equivalents.

(IX) Foreign currency business and translation of foreign currency financial statements

1. Foreign currency business

In the initial recognition, a foreign currency business transaction is converted to RMB for bookkeeping based on the spot exchange rate at the date of transaction.

On the balance sheet date, monetary items in foreign currency are converted based on the spot exchange rate on the balance sheet date. The exchange difference thus incurred is recognized in current profit or loss while the exchange difference incurred by special foreign currency borrowings for acquisition and construction of assets eligible for capitalization is treated with the principle of capitalization of borrowing costs. Non-monetary items in foreign currency measured by the historical cost method are converted based on the spot exchange rate at the date of transaction, and the amount in the recording currency is not changed.

Non-monetary items in foreign currency measured by fair value are converted based on the spot exchange rate at the date of recognition of the fair value while the translation difference thus incurred is recognized in current profit or loss as profit or loss from changes in fair value. For non-monetary items in available-for-sale foreign currency, the translation difference is included in other comprehensive income.

2. Translation of foreign currency financial statements

In the balance sheet statement, assets and liabilities are converted based on the spot exchange rate at the date of balance sheet statement, and items other than "undistributed profits" in the owner's equity are converted based on the spot exchange rate. The income and expense in the profit statement are converted based on the spot exchange rate at the date of transaction. The translation difference of foreign currency financial statements with the foregoing method is included in other comprehensive income.

At the disposal of overseas business, the translation difference of foreign currency financial statements that is listed in other comprehensive income of the balance sheet statement and relevant to such overseas business is transferred from other comprehensive income to current profit and loss in the period of disposal. The equity proportion in overseas business is reduced due to disposal of part of equity investment or other reasons but the control right on the overseas business remains, the translation difference of foreign currency financial statements relevant to such overseas business is not transferred to current profit and loss. At the disposal of part of equity investment in overseas business in the form of associate or joint venture, the translation difference of foreign currency financial statements relevant to such overseas business is transferred to current profit and loss in the period of disposal based on the proportion of disposal.

(X) Financial instruments

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

1. Classification of financial instruments

According to the contract terms and economic nature of financial instruments rather than in the legal form only, in combination of the purposes of acquisition and holding of financial assets and undertaking of financial debts, during initial confirmation, the Company classifies financial assets and liabilities as follows: financial assets (or liabilities) measured by fair value with changes recognized in current profit or loss, held-to-maturity investment, accounts receivable, available-for-sale financial assets, and other financial liabilities.

2. Confirmation basis for and measurement method of financial instruments

(1) Financial assets (liabilities) measured by fair value with changes recognized in current profit or loss

Financial assets or liabilities measured by fair value with changes recognized in current profit or loss include transactional financial assets or liabilities and financial assets or liabilities to be measured by fair value with changes recognized in current profit or loss through direct designation.

Transactional financial assets or liabilities refer to financial assets or liabilities that satisfy any of the following conditions:

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- 1) Such financial assets or liabilities are acquired for the purpose of sales, repurchase or redemption in a short term;
 - 2) Such financial assets or liabilities are part of identifiable financial instruments portfolio available for central management, and objective evidence shows that the Company has recently managed the portfolio for short-term gains;
 - 3) Such financial assets or liabilities belong to derivative financial instruments, excluding the designated derivative instruments which are effective hedging instruments, derivative instruments for financial guarantee contracts, and derivative instruments that are connected with equity instrument investments for which there is no quoted price in the active market, whose fair value cannot be reliably measured, and which shall be settled by delivering the said equity instruments.

Financial assets or liabilities can be measured by fair value with changes recognized in current profit or loss through designation only when one of the following conditions is met.

- 1) Through such designation, inconsistency in recognition or measurement of profit and loss resulting from different measurement basis of financial assets or liabilities can be eliminated or obviously reduced;
- 2) It has been set forth in formal written documents about risk management or investment strategy that such financial asset portfolio, financial liability portfolio, or the portfolio of such financial assets or liabilities shall be managed, evaluated and reported to key management based on fair value;
- 3) A mixed instrument with one and several embedded derivative instrument (s), unless the embedded derivative instruments cause no major changes to the cash flow of such mixed instrument or shall not be separated from the derivative instrument (s) obviously;
- 4) A mixed instrument with embedded derivative instrument (s) that needs to be separated but cannot be separately measured at the time of acquisition or the subsequent balance sheet date.

The Company treats the fair value of financial assets or liabilities measured by changes in fair value included in current profit or loss at the time of acquisition as the initial recognized amount, and includes relevant transaction expenses in current profit and loss. The interests and cash dividends acquired during the period of holding are recognized as investment income. At the time of disposal, the difference between the fair value and the initial amount entered in the account is recognized as investment income and the profit or loss from changes in fair value are adjusted at the same time.

(2) Accounts receivable

Accounts receivable are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market.

For credit receivable arising from commodities sold or labor services provided by the Company and credit of other enterprises (other than the credit of debt tools that are quoted in an active market) held by the Company, including accounts receivable and other receivables, the amount receivable in contracts or agreements from the purchaser is treated as the initial recognition amount. For those of a financing nature, the present value is treated as the initial recognition amount.

At the time of collection or disposal, the difference between the amount acquired and the book value of such accounts receivable are recognized in current profit or loss.

(3) Held-to-maturity investment

Held-to-maturity investment refers to non-derivative financial assets with fixed maturity date and fixed or definite recovery amount which the Company may hold to maturity with clear intention and ability.

For held-to-maturity investment, the Company treats the sum of fair value at the time of acquisition (deducting bond interests matured but not collected) and relevant transaction expenses as the initial recognition amount. During the period of share-holding, the interest income is calculated and confirmed in accordance with the amortized and the actual interest rate, which is included in the investment income. The actual interest rate is determined at the time of acquisition and remains unchanged within the anticipated existence period or a shorter period applicable. At the time of disposal, the difference between the price of acquisition and the book value of such investment is included in investment income.

If the amount of held-to-maturity investment disposed of or reclassified into other financial assets is larger than the total amount of held-to-maturity investment before sales or reclassification, the remaining held-to-maturity investment shall be immediately reclassified into available-for-sale financial assets after disposal or reclassification. The difference between book value and fair value of such investment is included in other comprehensive income at the date of reclassification, and transferred to current profit and loss in case of impairment of such available-for-sale financial assets or termination of recognition. However, the following cases are exceptional:

- 1) The date of sales or reclassification is close to the due date or redemption date of such investment (e.g. within 3 months before the due date), and changes in the market interest rate have no significant influence on the fair value of such investment.
- 2) The enterprise has recovered almost all initial principal with the payment method agreed in the contract.
- 3) The sales or reclassification arise from independent events beyond the control that are not expected to recur and is difficult to predict reasonably.

(4) Available-for-sale financial assets

Available-for-sale financial assets refer to non-derivative available-for-sale financial assets through designation at initial recognition and financial assets other than other financial asset categories.

For available-for-sale financial assets, the Company treats the sum of fair value at the time of acquisition (deducting bond interests matured but not collected) and relevant transaction expenses as the initial recognition amount. The interests or cash dividends obtained during the time of holding are recognized as investment income. Profit or loss from change in the fair value of available-for-sale financial assets, excluding impairment loss and exchange difference of monetary financial assets in foreign currency, are directly included in other comprehensive income. At the time of disposal, the difference between the price of acquisition and the book value of such financial assets is included in investment profit and loss. At the same time, the amount of assets disposed originally included in the accumulative amount of changes in the fair value of other comprehensive income is transferred to investment profit and loss.

Equity instruments with no quotes in the active market and with fair value not reliably measured and derivative instruments that are connected with the said equity instruments and settled by delivery of the said equity instruments are measured by cost.

(5) Other financial liabilities

The sum of the fair value of such assets and relevant transaction expenses is taken as the initial recognition amount. The amortized cost is adopted in the subsequent measurement.

3. Recognition basis and measurement method of financial assets transfer

In case of financial assets transfer of the Company, if almost all risks and returns in the ownership rights of financial assets are transferred to the assignee, the recognition of such financial assets is terminated, and if almost all risks and returns in the ownership rights of such financial assets are retained, the recognition of such financial assets is not terminated.

In the judgment whether a financial asset transfer meets the foregoing conditions for termination of its recognition, the principle of more focus on substance than form is adopted. The Company divides financial assets transfer into the complete and the partial transfer. Where the complete transfer of financial assets meets the conditions for termination of recognition, the difference between the following two amounts is recognized in current profit or loss.

(1) Book value of the transferred financial assets;

(2) The sum of consideration acquired due to transfer and the accumulative amount of changes in fair value originally included in owners' equity (involving the case where the transferred financial assets are the available-for-sale financial assets).

If the partial transfer of financial assets meets conditions for termination of recognition, the part with its recognition terminated and that with its recognition not terminated, among the book value of all the transferred financial assets, are apportioned separately based on their relevant fair value while the difference between the following two amounts is recognized in current profit or loss.

(1) Book value of the part with its recognition terminated;

(2) The sum of consideration of the part with its recognition terminated and the amount of the part with its recognition terminated originally included in the accumulative amount of changes in the fair value of owners' equity (involving the case where the transferred financial assets are the available-for-sale financial assets).

In case that financial assets transfer does not meet the conditions for termination of recognition, the recognition of such financial assets is continued. The consideration acquired is recognized as a financial liability.

4. Conditions for termination of recognition of financial liabilities

If current obligations for a financial liability are discharged wholly or partially, the recognition of the financial liability is terminated wholly or partially. If the Company signs an agreement with the creditor to substitute an existing financial liability with a new financial liability and the contract terms about the new liability and the existing liability are inconsistent, the recognition of the existing financial liability is terminated and the new financial liability is recognized at the same time.

If material alterations have been made to contract terms of the existing financial liability wholly or partially, the recognition of the existing liability is wholly or partially terminated and, in the meantime, the liability after alterations is recognized as a new financial liability.

If the confirmation of all or a part of a financial liability is terminated, the difference between the book value of the liability with its confirmation terminated and the consideration (including non-cash assets transferred or the new liability assumed) is recognized in current profit or loss.

If the Company repurchases part of a financial liability, the total book value of such liability is allocated on the date of purchase based on the relative fair value of the part with its recognition continued and that with its recognition terminated. The difference between the book value allocated to the part with its recognition

terminated and the consideration (including non-cash assets or the new liability) is recognized in current profit or loss.

5. Methods for the determination of the fair value of financial assets and liabilities

For financial assets and liabilities in an active market, the Company determines respective fair value based on the quotation in the active market. The quotation in the active market includes the quotation of an asset or liability that can be easily and regularly obtained from exchanges, dealers, brokers, industry groups, pricing agencies, or regulators and can represent the actual and frequent trading on the basis of fair trade.

For financial assets initially acquired or derivative financial assets or liabilities undertaken, the Company determines their fair value based on the market price.

For financial assets and liabilities that do not exist in an active market, their fair values are determined with appraisal techniques. In appraisal, the Company adopts applicable appraisal techniques in the current case with sufficient data and other information support, chooses the input values that are consistent with features of assets or liabilities taken into consideration by market participants in relevant transactions, and makes priority use of relevant observable input values. In case that relevant observable input values cannot be obtained or it is impractical to obtain them, unobservable input values will be used.

6. Accrual of impairment provision for financial assets (excluding accounts receivable)

The Company shall verify the book value of financial assets measured by fair value with changes recognized in current profit or loss on the balance sheet date. If any objective evidence shows impairment of such financial assets, an impairment provision shall be made.

Objective evidence for impairment of such financial assets includes but is not limited to:

- (1) A serious financial difficulty occurs to the issuer or debtor;
- (2) The debtor breaches any contract terms, for example, fails to pay or delays the payment of interests or the principal;
- (3) The creditor makes any concession to the debtor which is in financial difficulties due to economic or legal factors;
- (4) The debtor will probably become bankrupt or carry out other financial reorganizations;
- (5) The financial asset can no longer continue to be traded in the active market due to serious financial difficulties of the issuer;
- (6) It is impossible to identify whether the cash flow of a certain asset within a certain combination of financial assets has decreased or not. But after an overall appraisal according to the public data available, it is found that the predicted future cash flow of the said combination of financial assets has indeed decreased since it was initially recognized and such decrease can be measured, for example, the ability of the debtor of the said combination of financial assets worsens gradually, the unemployment rate of the country or region where the debtor is situated increases, the prices of the region where the guaranty is situated are obviously dropping, or the industrial sector concerned is in slump;
- (7) Any seriously disadvantageous change has occurred to technical, market, economic or legal environment wherein the issuer operates its business, which makes the investor of an equity instrument unable to withdraw its investment cost;
- (8) Where the fair value of the equity instrument investment drops significantly or not temporarily.

Specific impairment methods of financial assets are as follows:

(1) Impairment provision for available-for-sale financial assets

The Company shall appraise individual available-for-sale equity instrument investment on the balance sheet date. In case the fair value of the equity instrument investment on the balance sheet date is lower than over 50% (included) of its cost or is lower than its cost for over 12 months (included) consecutively, it indicates that such asset is impaired. In case the fair value of such equity instrument investment on the balance sheet date is lower than over 20% (included) but below 50% of its cost, the Company will determine whether such equity instrument investment is impaired by taking into consideration other relevant factors such as price volatility.

The cost described in the preceding paragraph is determined at the initial acquisition cost of available-for-sale equity instrument investment less the recovered principal, amortized amount, and impairment losses originally included in profit or loss. The fair value of available-for-sale equity instrument investment that does not exist in an active market is determined at the present value of the future cash flows discounted at the current market yield. The fair value of available-for-sale equity instrument investment that is quoted in an active market is determined at the closing price of the stock exchange at the end of the period, unless such available-for-sale equity instrument investment is subject to restricted period. The fair value of available-for-sale equity instrument investment that is subject to restricted period is determined at the closing price of the stock exchange at the end of the period less the amount of compensation claimed by market participants for bearing the risk of being unable to sell such equity instrument in the open market for a specified period.

When an available-for-sale financial asset is impaired, even if the recognition of the financial asset has not been terminated, the accumulative losses arising from decrease in the fair value of the owner's equity which was directly included in other comprehensive income shall be transferred out and recognized in current profit or loss. The accumulative losses that are transferred out shall be the balance between the initial costs of the financial asset available for sale and the principals as taken back, the current fair value and the impairment-related losses as was recognized in current profit or loss.

As for the available-for-sale debt instruments whose impairment losses have been recognized, if, within the accounting period thereafter, the fair value has risen and such instruments are objectively related to the subsequent events that occur after the original impairment losses were recognized, the originally recognized impairment losses shall be written back and recognized in current profit or loss. The impairment loss of available-for-sale equity instruments shall be written back when the value of such equity instruments rebound. However, for equity instruments investment with no quotes in the active market and with fair value not reliably measured and derivative instruments that are connected with the said equity instruments and settled by delivery of the said equity instruments, the impairment loss shall not be written back.

(2) Impairment provision for held-to-maturity investments

If any objective evidence shows impairment of held-to-maturity investments, the impairment loss shall be calculated based on the difference between the book value of those investments and the current value of the expected future cash flow. If any evidence indicates that the investment value has recovered after provision, the originally recognized impairment loss can be written back and recognized in current profit or loss. However, the write-back book value shall not exceed the amortized cost of such financial assets at the date of reversal in case that the impairment provision has not been made.

7. Counteraction of financial assets and liabilities

Financial assets and liabilities are separately listed in the balance sheet statement and not counteracted. However, if the following conditions are satisfied at the same time, the balance after counteraction may be listed in the balance sheet statement.

(1) The Company has the legal right to counteract the recognized amount which is currently enforceable.

(2) The Company plans to settle in net amount or realize such financial assets and liquidate such financial liabilities at the same time.

(XI) Accounts receivable

1. Accounts receivable with single significant amount and single provision for bad debts

Recognition criteria for accounts receivable with single significant amount and single provision for bad debts:

Top 5 accounts receivable

Recognition criteria for accounts receivable with single significant amount: impairment tests are carried out separately, and the difference between the expected future cash flow and its book value is accrued for bad debt provision and recognized in current profit or loss. Accounts receivable with no impairment by test shall be included in the bad debt provision for a certain combination.

2. Accounts receivable with bad debt provision accrued based on credit risk feature combinations

(1) Determination basis for credit risk feature combinations

Accounts receivable with no single significant amount and accounts receivable with single significant amount and no impairment by test are classified into several combinations according to credit risk feature. Based on the actual loss rate of the accounts receivable combinations with similar credit risk feature in the previous year, the bad debt provision accrual shall be determined according to the present condition.

Determination basis for combination:

Name of combination	Method of accrual	Determination basis for combination
Combination of aging analysis method	Aging analysis method	The Company makes the best appraisal of the provision proportion of accounts receivable based on the previous experience and classifies the credit risk feature combinations by reference to aging of accounts receivable
Combination of specific object	No bad debt provision accrual	Based on the property of accounts receivable, the bad debt provision is not accrued, including rental deposit, deposit, account with related parties, etc.

(2) Accrual method based on credit risk feature combinations:

① Bad debt provision accrued with the aging analysis method

Aging	Provision proportion of accounts receivable (%)	Provision proportion of other accounts receivable (%)
Within 1 year	—	—
1-2 years	5.00	5.00
2-3 years	10.00	10.00
Over 3 years	20.00	20.00

3. Accounts receivable with no single significant amount but with single provision for bad debts

Reason for single provision for bad debts: Any objective evidence indicates that the Company is unable to recover the accounts receivable according to the original terms.

Accrual method for bad debt provision: The difference between the expected future cash flow and its book value is accrued for bad debt provision.

(XII) Inventory

1. Classification of inventory

Inventory refers to finished products or commodities held for sale by the Company in daily activities, products in process, and materials consumed in the production or labor service process. It mainly includes raw materials, circulating materials, finished products (stock goods), development costs, developed products, etc.

Development costs refer to properties not completed for sale purposes. Lands to be developed refer to the land which is purchased and planned for developed products after its completion. Developed products refer to properties which have been completed and are to be sold. In the overall development of a project, lands to be developed are transferred to development costs. In the development by phases, the land developed in phases is transferred to development costs while the land not developed remains in the land to be developed.

2. Pricing method of inventory

Initial measurement will be carried out at the time of acquisition of the inventory based on its costs, including procurement cost, processing cost and other costs. The pricing of the inventory is based on the weighted-average method at the time of delivery.

3. Determination basis for net realizable value of inventory and accrual method for inventory depreciation provision

After a complete check on the inventory at the end of the period, the inventory depreciation provision is accrued or adjusted based on the lower one between the inventory cost and the net realizable value. The net realizable value of commodity inventory directly for sale including finished products, stock goods and materials for sale is determined by the estimated selling price of such inventory minus estimated selling expenses and relevant taxes during production and operation. The net realizable value of material inventory to be processed is determined by the estimated selling price of the finished product minus estimated cost to be incurred until completion, estimated selling expenses and relevant taxes during production and operation. The net realizable value of inventory held for fulfilling sales contract or labor service contract is calculated based on the contract price. If quantity of inventories held is more than the ordered quantity in the sales contract, the net realizable value of the inventory for the excess part is calculated based on general selling price.

At the end of the period, the inventory depreciation provision is accrued based on separate items. However, for inventories in large quantity at low unit price, the depreciation provision is accrued based on types of inventories. For inventories that are related to product series produced and sold in the same area for same or similar final use or purpose and difficult to be measured separately from other items, inventory depreciation provision is consolidated for accrual.

Where factors that caused decrease in value of inventory disappear, the amount written down shall be recovered and written back from the accrued inventory depreciation provision. The amount written back shall be recognized in current profit or loss.

4. Inventory system

The perpetual inventory system is adopted.

5. Amortization method of low-value consumables and packages

(1) For low-value consumables, one-off amortization method is adopted.

(2) For packages, one-off amortization method is adopted.

(3) Other turnover materials are amortized with one-off write-off method.

6. Accounting method of land for development

The expenses incurred by pure land development project shall constitute the land development cost alone.

For projects with overall development of property, the expenses with definite payers are generally amortized to the commodity house cost based on the actual area.

7. Accounting method of public facility expenses

For public facilities not available for paid transfer, the expenses shall be included in the commodity house cost based on the benefit ratio;

For public facilities available for paid transfer, all supporting facilities are treated as the accounting object and the costs incurred are collected.

8. Accounting method of maintenance fund

According to relevant provisions at the location of the developed project, the maintenance cost is collected from the house purchaser or included in the development cost when the relevant developed product is sold (or pre-sold), and turned in to maintenance cost management department.

9. Accounting method of quality deposit

The quality deposit is retained from the project fund of the construction party according to the construction contract. Maintenance expenses incurred during the warranty period of the developed product are used to offset the quality deposit. When the agreed warranty period expires, the remaining quality deposit is returned to the construction party.

(XIII) Loans and prepayment issued

1. Loan

Loan refers to the money in RMB lent to medium and small enterprise corporations, individual businessmen and individuals according to the market interest rate, the principal of which issued will be taken as the amount for initial recognition. The earnings of interest recognized during the holding of the loan shall be calculated according to actual interest rate, which will be determined when the loan is issued, and will remain unchanged during the holding of the loan or shorter period.

2. Reserve for loss of loan

In the end of every quarter, the Company will divide every unit loan into such five categories as normal, focused, secondary, suspicious and lost according to the quality of the credit assets and incorporate into daily credit management to carry out classified supervision.

The Company shall reasonably estimate possible loss that might arise from the loan to accrue reserve for loss of loan in time, which shall include general reserve and special reserve. General reserve is accrued according to certain percentage of the total balance of loan, used for compensating the reserve of potential loss not recognized. Special reserve is the provision accrued for compensating special loss according to the level of the loss of every loan after classifying the risks of the loan in light with the *Guiding Principles o Classification of Risks of Loan*.

The scope of provision of reserve for loss of loan comprises the assets to bear risks and losses, in details, including all kinds of small loans (including loan by mortgage, pledge, guarantee and credit, etc.) and bill discount, etc.

The Company shall withdraw general reserve every quarter. The year-end balance of general reserve shall not be lower than 1% of the balance of the loan in the end of the year.

The Company shall withdraw special reserve per quarter according to the following percentages:

- (1) Normal loan: the percentage of provision is 1%;
- (2) Focused loan: the percentage of provision is 2%;
- (3) Secondary loan: the percentage of provision is 25%;
- (4) Suspicious loan: the percentage of provision is 50%;
- (5) Lost loan: the percentage of provision is 100%.

(XIV) Held-for-sale assets

1. Standards for recognition as held-for-sale

The Company will recognize non-current assets or disposal groups that meet all the following conditions as the held-for-sale part:

- (1) Such non-current assets or disposal groups can be sold immediately under current situations according to the practice of sales of such non-current assets or disposal groups in similar transactions.
- (2) The sales are likely to occur. That is, the Company has made a resolution on a sale plan, obtained approval from the regulatory department, and obtained a firm commitment on purchase. The sales are expected to occur within one year.

A firm commitment on purchase means a binding purchase agreement made by and between the Company and other parties. Such agreement shall specify the transaction price, time and severe punishment for breach of contract and it is unlikely to substantially modify or cancel the agreement.

2. Accounting method for categorizing as held-for-sale

The Company does not accrue depreciation or amortization of a held-for-sale non-current asset or disposal group. If its book value is higher than the net value after the fair value minus the sales expense, the book value is written down to the net value after the fair value minus the sales expense. The amount written down is recognized as an assets impairment loss and recognized in current profit or loss, and at the same time it is recorded as a provision for the impairment of the held-for-sale asset.

During the initial measurement of the non-current asset or disposal group that is categorized as held-for-sale on the day of its acquisition, the lower one between its initial measured value in case of non-categorization as held-for-sale and the net value after the fair value minus the sales expense will be calculated.

The foregoing principle applies to all non-current assets, but does not include investment properties that are subsequently measured by the fair value, biological assets that are measured by the net value of fair value minus the sales expense, assets arising from employee compensation, deferred income tax assets, and the rights arising from financial assets subject to accounting standards for financial instruments and insurance contracts subject to relevant accounting standards of insurance contracts.

(XV) Long-term equity investment

1. Determination of initial investment cost

(1) Long-term equity investment formed by consolidation of enterprises. For specific accounting policies, see Note IV (V) Accounting treatment methods for business combination under or not under common control.

(2) Long-term equity investment obtained by other methods

Concerning the long-term equity investment obtained by paying cash, the purchasing price actually paid will be taken as initial investment cost, which includes costs, taxes and other necessary expenditures directly related with the acquisition of long-term equity investment.

Concerning the long-term equity investment obtained by issuing equity securities, the fair value of the equity securities issued shall be taken as the initial investment cost. Transaction cost arising from issuance or acquiring own equity tools, if can be directly attributed to equity transaction, can be deducted from equity.

Under the preconditions that the non-monetary assets exchange possesses commercial nature and the fair value of assets exchanged in or out can be reliably measured, the initial investment cost of long-term equity investment exchanged in by non-monetary assets shall be determined based on the fair value of assets exchanged out, unless there is solid evidence proving that the fair value of the assets exchanged in is more reliable. For the exchange of non-monetary assets not satisfying aforesaid preconditions, the book value of the assets exchanged out and relevant taxes payable shall be recognized as the initial investment cost of long-term equity investment exchanged in.

The initial investment cost of the long-term equity investment obtained by restructure of debts shall be determined based on fair value.

2. Subsequent measurement and recognition of profit or loss

(1) Cost method

The Company can adopt cost method to account the long-term equity investment controlled by the invested unit, and priced according to the investment cost, add or recover the investment and adjust the cost of long-term equity investment.

Except the cash dividends or profits included in the price or the consideration actually paid when acquiring the investment but not issued, the Company shall recognize the cash dividends or profits announced to distribute by the invested unit as the current investment earnings.

(2) Equity method

The Company adopts equity method to account the long-term equity investment to the affiliated business and jointly operated enterprise. For equity investment of the jointly operated enterprise indirectly held by similar subject including venture investment organization, joint fund, trust company or unit-linked insurance fund, fair value shall be adopted for measurement and the changes will be recognized in profit or loss.

For the balance between the initial investment cost of long-term equity investment higher than the identifiable net assets fair value of the invested unit at the time of investment, initial investment cost of long-term equity investment shall not be adjusted. The balance between the initial investment costs lower than the fair value shares of identifiable net assets of the invested unit at the time of investment shall be recognized in current profit or loss.

After the Company acquires long-term equity investment, according to the net profit or loss recognized by the invested unit to be enjoyed or shared and other comprehensive earnings, investment earnings and other comprehensive earnings shall be recognized respectively, meanwhile book value of long-term equity investment shall be adjusted. Moreover, according to the profits or cash dividends announced by the invested unit to be

distributed, the part to be received will be calculated and book value of long-term equity investment shall be reduced accordingly. Concerning other changes in owner's equity of the invested unit apart from net profit or loss, other comprehensive earnings and profits distribution, book value of long-term equity investment shall be adjusted and incorporated into owner's rights and interests.

When recognizing the shares of net profit or loss of the invested unit to be received, based on the fair value of each identifiable asset of the invested unit at the time of acquiring the investment, recognition shall be made after adjusting the net profits of the invested unit. Profits and losses from internal transactions not realized between the Company and the joint ventures and jointly operated enterprises shall be amortized according to the part attributable to the Company that is calculated based on the percentage receivable, and on such basis investment profits and losses are recognized.

When the Company recognizing the losses of the invested unit to be shouldered, it shall be handled according to the following sequence: firstly, to write down the book value of the long-term equity investment; secondly, if the book value of long-term equity investment is not sufficient to write down, investment loss shall be recognized continuously based on the book value of long-term equity that has materially formed net investment to the invested unit, and write down the book value of long-term receivable items. At last, after aforesaid disposal, according to investment contract or agreement, if it is stipulated that the enterprise shall undertake extra obligations, estimated liabilities shall be recognized according to the estimated obligations for undertaking, incorporated into current investment loss.

If profits are realized by the invested unit in subsequent period, after the Company deducts the shares to be shouldered for the losses not recognized, the treatment shall be made according to reverse sequence as above mentioned. After writing down the book balance of estimated liabilities, recovering the long-term equity that actually forms net investment to the invested unit as well as the book value of long-term equity investment, investment earnings shall be recovered in recognition.

3. Conversion of accounting method for long-term equity investment

(1) Measurement of fair value changed to accounting by equity method

Concerning the equity investment on which accounting treatment is carried out held by the Company previously that has no control, joint control or significant influences on the invested unit according to the recognition as financial instruments and measurement rules, after increasing investment, if the Company is able to impose significant influences on the invested unit or performs joint control by not control, the total of the fair value of the equity investment held according to *Enterprise Accounting Rules No. 22-Recognition and Measurement of Financial Instruments* plus the newly increased investment cost shall be recognized as the initial investment cost accounted by equity method.

If the originally held equity investment is classified as available-for-sale financial asset, the balance between its fair value and book as well as the total changes in fair value that were incorporate dint other comprehensive earnings shall be transferred to the current profit or loss accounted by equity method.

The book value of the long-term equity investment accounted by the balance between the initial investment cost accounted by equity method and the fair value of identifiable net assets of the invested unit on the date of increased investment determined by the new shareholding percentages after the increase of investment, and shall be incorporated into current non-operating revenue.

(2) Fair value measurement or equity method accounting changed to accounting by cost method

Concerning the equity investment held by the Company in the invested unit that the Company does not control, jointly control or generates significant influences accounted according to recognition of financial instruments and measurement rules, or due to the increase of investment in long-term equity investment held in any joint venture or jointly operated enterprise, the Company is able to perform control on the invested unit not under common control, when individual financial statement is prepared, the total of the book value of the equity investment held previously and the newly increased investment cost will be recognized as initial investment cost accounted by cost method.

Concerning other comprehensive earnings recognized by adopting equity method on equity investment held before the date of acquisition, when such investment is disposed, accounting treatment shall be carried out according to the same basis as directly treatment of relevant assets or liabilities by the invested unit.

If the equity investment held before the date of acquisition encounters accounting treatment in accordance with relevant stipulations set out in *Enterprise Accounting Rules No. 22 - Recognition and Measurement of Financial Instruments*, total changes in fair value that was incorporated into other comprehensive earnings previously shall be transferred into current profit or loss when cost method is used for accounting.

(3) Accounting by equity method changed to measurement by fair value

If the Company loses its joint control or significant influence on the invested unit due to such reason as disposing part of the equity investment, the remaining equity shall be accounted according to *Enterprise Accounting Rules No. 22 - Recognition and Measurement of Financial Instruments*. The balance between the fair value and the book value on the date of losing joint control or significant influence shall be incorporated into current profit or loss.

Other comprehensive earnings recognized because of the adaptation of equipment method for the accounting of the original equity investment shall receive accounting treatment of the same basis as the invested unit directly treating relevant assets or liabilities when the use of equity method for accounting is terminated.

(4) Cost method changed to equity method

If the Company has lost the control over the invested unit due to such reasons as treating part of equity investment, when preparing individual financial statement, if the remaining equity after treatment can perform joint control or impose significant influences on the invested unit, equity method shall be used for the accounting, and adjustment shall be implemented as if the remaining equity has been accounted by using equity method since the acquisition.

(5) Cost method changed to measurement by fair value

If the Company has lost the control over the invested unit due to such reasons as treating part of equity investment, when preparing individual financial statement, if the remaining equity after treatment cannot perform joint control or impose significant influences on the invested unit, accounting treatment shall be changed to according to relevant stipulations set out in *Enterprise Accounting Rules No. 22 - Recognition and Measurement of Financial Instruments*. The balance between the fair value and the book value on the date of losing control shall be incorporated into current profit or loss.

4. Treatment on long-term equity investment

When treating long-term equity investment, the balance between its book value and the actually acquired price shall be incorporated into current profit or loss. Concerning long-term equity investment accounted by equity method, when treating such investment, the same basis used by the invested unit in directly treatment relevant

assets or liabilities shall be adopted to carry out accounting treatment on the part that was incorporated into other comprehensive earnings according to relevant percentages.

When treating the equity investment to subsidiaries, if terms, conditions and economic influences of the transactions comply with one or several situations below, several transactions shall be taken as package deal to carry out accounting treatment:

- (1) These transactions are concluded at the same time or after mutual influences are considered.
- (2) The entirety of these transactions can reach a complete business result.
- (3) Occurrence of one transaction depends on at least one other transaction.
- (4) On transaction, separately seen, is not economic, but when being considered with other transactions, is economic.

If control over the previous subsidiary is lost due to treating part of equity investment or other reasons, it is not considered as package deal. Individual financial statement and consolidated financial statement shall be distinguished to carry out relevant accounting treatment.

(1) In individual financial statement, the balance between the book value and the actual acquisition price of the equity to be treated shall be incorporated into current profit or loss. If the remaining equity after treatment can implement joint control or impose significant influence on the invested unit, equity method shall be changed for accounting, and adjustment shall be made on the remaining equity as if it was accounted by equity method at the time of acquisition. If the remaining equity after treatment cannot implement joint control or impose significant influence on the invested unit, accounting treatment shall be carried out according to relevant stipulations set out in *Enterprise Accounting Rules No. 22 - Recognition and Measurement of Financial Instruments*. The balance between the fair value and the book value on the date of losing control shall be recognized in current profit or loss.

(2) In consolidated financial statement, for all the transactions before the loss of the control on the subsidy, capital surplus (share capital premium) shall be adjusted based on the balance between the disposition price and the net assets shares enjoyable in the subsidiary that is calculated continuously since the date of purchase or consolidation. If the capital surplus is not sufficient to write down, retained earnings shall be adjusted. When the control over the subsidy is lost, the remaining equity shall be measured again according to the fair value on the date of losing the control. The balance obtained by total of consideration acquired by disposing equity and the fair value of remaining equity minus the net assets calculated continuously since the date of purchase of the subsidiary enjoyable as calculated according to the original shareholding percentage shall be incorporated into the investment earnings of the term in which the control is lost, meanwhile goodwill shall be written down. Other comprehensive earnings related with the equity investment of the previous subsidiary shall be transferred to be current investment earnings when the control is lost.

If the transactions from dealing with the equity investment to subsidiary until the loss of control belong to package deal, all transactions shall be taken as one transaction of disposing equity investment to the subsidiary and losing control for accounting treatment. Relevant accounting treatment shall be carried out in individual financial statement and consolidated financial statement:

(1) In individual financial statement, before the loss of control, the balance between the price of every disposal and the book value of long-term equity investment corresponding to the equity disposed shall be recognized as other comprehensive earnings, and will be transferred to losses and profits of the term in which the control is lost when the control is lost.

(2) In consolidated financial statements, the balance between the price of every disposal before the loss of control and the net assets shares held in the subsidiary corresponding to the disposal of investment shall be recognized as other comprehensive earnings, and will be transferred to losses and profits of the term in which the control is lost when the control is lost.

5. Standards to judge control joint and significant influences

If the Company controls some arrangement with other participants collectively according to relevant stipulations, and the decision on activity that generates significant influence on the return of such arrangement only exists upon consensus of all participants that share the control right, it will be regarded as the Company controls such arrangement jointly with other participants, and the arrangement belongs to jointly operated arrangement.

If jointly operated arrangement is achieved by single entity, according to relevant stipulations, if it is judged that the Company has right on the net assets of such single entity, the single entity shall be taken as joint venture, and equity method will be adopted for settlement. If according to relevant stipulations, it is judged that the Company has no right on the net assets of such single entity, such single entity shall be taken as jointly operating. The Company shall recognize the items that are related with the shares of the jointly operated interests, and carry out accounting treatment according to the stipulations set out in relevant enterprise accounting standards.

Significant influence refers that the investor has the power to participate in the decision-making of financial and operation policies of the invested unit, but cannot control or jointly control with other parties the formulation of these policies. The Company will judge the possession of significant influence on the invested unit through one or several situations below and comprehensively consideration of all facts and situations. (1) Has designated deputy in the Board of Directors or similar power authority in the invested unit; (2) Participates in the formulation of financial and operation policies of the invested unit; (3) Has important transactions with the invested unit; (4) Has dispatched management personnel to the invested unit; (5) Provides key technical files to the invested unit.

(XVI) Investment properties

An investment property refers to a property held for earning rent or capital value adding or both, including the use right of the land leased, the land use right held for transfer after appreciation and the leased buildings. Unoccupied building held for operating lease that are used for operating lease and of which the purpose will remain unchanged in short time as specified in written resolutions made by the Board of Directors shall be also presented as investment properties.

The cost of investment properties of the Company shall be taken as entry value. The cost of purchased investment properties includes purchasing price, relevant taxes and other expenses that can be directly attributable to such asset. The cost of investment properties built will be composed by all necessary expenses to build such asset and those arising before the asset reach the estimated usable status.

The Company carries out subsequent measurement on investment properties by adopting cost mode, and accrues depreciation or amortization on buildings and land use right according to estimated service life and net residual value rate. Estimated service life, net residual value rate and yearly depreciation (amortization) rate are shown below:

Type	Estimated service life (year)	Estimated net residual value rate	Yearly depreciation (amortization) rate
Buildings	20-40	5%	4.75%-2.38%

If the purpose of investment properties is for own use, since the date of change, the Company converts such investment properties to fixed asset or intangible asset. If the purpose of the real estate is changed to earning rent or capital value adding, since the date of change, the Company shall convert fixed asset or intangible asset to investment properties. When conversion occurs, the book value before the conversion will be taken as the entry value after conversion.

When investment properties are disposed or permanently exit from use, and are estimated that no economic interest will be gained from its disposal, the recognition on such investment properties shall be terminated. The income of disposal of a property, including selling, transferring, discarding or destroying the investment property minus its book value and relevant taxes shall be recognized in current profit or loss.

(XVII) Fixed asset

1. Conditions to recognize fixed assets

Fixed assets refer to intangible assets that are held for producing commodities, providing labors, renting or operation management with the service life over one fiscal year. Fixed asset will be recognized when satisfying the following conditions at the same time:

- (1) Economic interest related with such fixed assets might probably flow into the enterprise.
- (2) Cost of such fixed asset can be reliably measured.

2. Initial measurement of fixed assets

Initial measurement on the fixed assets of the Company will be carried out according to the cost, in which cost of fixed assets purchased include purchasing price and import tariff, etc. as well as other expenses arising in order to make the fixed assets reach estimated usable status that can be directly attributable to such assets. Cost of fixed asset built by the Company will be composed of necessary expenses to make the asset reach usable status. Value of fixed asset invested by the investor stipulated in the investment contract or agreement shall be taken as entry value, but if the price set out in the contract or agreement is not fair, it shall be accounted according to its fair value. If the price of fixed asset purchased exceeds normal credit conditions and is paid in extension, in fact possessing financing nature, the cost of fixed asset shall be determined based on the current value of purchasing price. The balance between the actually paid price and the current value of purchasing price, except to be capitalized, shall be recognized in current profit or loss in the credit period.

3. Subsequent measurement and disposal of fixed assets

(1) Depreciation of fixed assets

Depreciation of fixed asset shall be accrued during the estimated service life according to the entry value minus the estimated net residual value. For fixed asset that impairment reserve has been provided, depreciation shall be determined according to the book value after the deduction of impairment reserve in the coming period as well as the years to be used. Fixed assets that have been fully depreciated and continue to be used are not depreciated.

According to nature and situation of use of fixed asset, the Company will determine the service life and estimated net residual value of the fixed asset. At the end of the year, the Company will recheck the service life, the estimated net residual value and the depreciation method of the fixed. If there is difference from the previously estimated amount, relevant adjustment shall be carried out.

Estimated service life, net residual value rate and yearly depreciation rate of different type of fixed assets are shown below:

Type	Depreciation method	Depreciation life (year)	Residual value rate (%)	Yearly depreciation rate (%)
Buildings and constructions	Straight-line depreciation method	20-40	5	4.75-2.38
Machines and equipment	Straight-line depreciation method	5-10	5	19.00-9.50
Electronic equipment	Straight-line depreciation method	5-10	5	19.00-9.50
Transportation equipment	Straight-line depreciation method	5-10	5	19.00-9.50
Other equipment	Straight-line depreciation method	5-10	5	19.00-9.50

(2) Subsequent expenditures of fixed assets

Subsequent expenditures related with fixed asset, if complies with the recognition conditions for fixed asset, shall be incorporated into the cost of fixed asset; if does not comply with the recognition conditions for fixed asset, shall be recognized in current profit or loss at the time of occurrence.

(3) Disposal of fixed asset

When a fixed asset cannot generate economic profits by disposal or by use as estimated, such fixed asset shall be terminated in recognition. The amount received by disposal of fixed asset, such as selling, transferring, discarding or destroying, minus its book value and relevant taxes shall be recognized in current profit or loss.

4. Recognition basis, pricing and depreciation method of fixed assets leased by financing

When fixed asset leased by the Company complies one or several standards set below, it shall be recognized as fixed asset leased in by financing:

- (1) When the leasing period is expired, the ownership of the leased asset will be transferred to the Company.
- (2) The Company has the option to purchase the leased asset. It is estimated that the purchasing price concluded will be far lower than the fair value of the leased asset at the time of exercising the option, therefore, it can be reasonably decided from the starting date of the lease that the Company will excise such option.
- (3) Even if the ownership of asset will not be transferred, the leasing period accounts for most of the service life of the leased asset.
- (4) The current value of the minimum leasing payment from the starting date of the lease is almost equal to the fair value of the leased asset when the lease starts.
- (5) The nature of the leased asset is special. If no big renovation is made, it can only be used by the Company.

The lower between the fair value of the leased asset starting from the leasing date and the current value of the minimum leasing payment will be taken as the entry value of the fixed asset leased in by financing. The minimum leasing payment shall be taken as the entry value of long-term payable, and its balance shall be taken as the unrecognized financing cost. Initially direct expenses arising from the leasing negotiation and the signing of leasing contract attributable to leased items, including commission charge, lawyer fee, traveling cost and stamp tax shall be incorporated into the value of the leased asset. The leasing expenses not recognized will be amortized by using actual interest rate method during the period of leasing in installments.

The Company adopts depreciation policy consistent with the self-owned fixed assets to accrue depreciation of fixed assets leased in by financing. If it can be reasonably determined that the ownership of the leased asset can be acquired when the leasing period is expired, depreciation shall be accrued during the service life of the leased asset. If it cannot be reasonably determined that the ownership of the leased asset can be acquired when the leasing period is expired, depreciation shall be accrued in the shorter period between the leasing period and the service life of the leased asset.

(XVIII) Construction in progress

1. Initial measurement of construction in progress

Construction in progress built by the Company shall be priced according to the actual cost, which will be composed of the necessary costs to build the asset and make it reach the estimated usable status, including material cost for the project, labor cost, relevant taxes paid, borrowing cost to be capitalized and indirect cost to be amortized.

2. Standard and time for construction in progress to be carried over to fixed asset

All costs of construction in progress arising to make such asset reach estimated usable status shall be taken as the entry value of the fixed asset. If the construction in progress built has reached the estimated usable status, but no completion settlement is done, from the date of reaching the usable status, according to engineering budget, construction cost or actual cost of the project, the construction in progress will be carried over to fixed asset according to the estimated value, and depreciation of fixed asset shall be accrued according to the Company's depreciation policy on fixed assets. After the completion settlement is done, the estimated value shall be adjusted according to the actual cost, but the depreciation accrued will not be adjusted.

(XIX) Borrowing costs

1. Recognition principles of capitalization of borrowing costs

Borrowing costs incurred by the Company, if can be directly attributable to the purchase, construction or production of asset in compliance with the capitalization conditions, will be capitalized, and incorporated into costs of relevant assets. Other borrowing costs will be recognized as costs according to the accrual at the time of occurrence, and recognized in current profit or loss.

Assets in compliance with the capitalization conditions refer to fixed assets, investment properties and inventory that can reach estimated usable or sellable status after quite long time of purchasing, construction or production activities.

Borrowing costs will be capitalized when satisfying the following conditions at the same time:

- (1) Assets costs have occurred, which include the expenses arising from paying cash, transferring non-cash assets or bearing liabilities with interest in order to purchase, build or produce assets in compliance with the capitalization conditions.
- (2) Borrowing costs have occurred.
- (3) Necessary activities including purchasing, building or production to make the asset reach estimated usable or sellable status have been started.

2. Period of capitalization of borrowing costs

The capitalization period refers to the period from when the borrowing costs are capitalized to the stop of the capitalization. The suspended period of capitalization of borrowing costs are not included.

When the assets purchased, built or produced in compliance with the capitalization conditions reach estimated usable or sellable status, the capitalization of borrowing costs shall be stopped.

When part of the items in the assets purchased, built or produced in compliance with the capitalization are completed respectively and can be used separately, the capitalization of borrowing costs of such part of assets shall be stopped.

If the assets purchased, built or produced are completed in different parts, but can only be used or sold after the entire completion, the capitalization of borrowing costs shall be stopped when such assets are entirely completed.

3. Period of suspension of capitalization

If asset in compliance with capitalization conditions encounters abnormal suspension, and the suspension exceeds 3 months continuously during the process of purchase, construction or production, the capitalization of borrowing costs shall be suspended. If such suspension is necessary procedure to make the asset in compliance with capitalization conditions purchased, built or produced to reach usable or sellable status, capitalization of borrowing costs shall be continued. The borrowing costs arising during the suspension shall be recognized in current profit or loss until the activities of purchasing, building or production of asset are restarted, capitalization of borrowing costs shall be continued.

4. Calculation method for amount of capitalization of borrowing costs

Interest of special loan (minus the income of interest obtained by unused loan deposited in the bank or the investment earnings obtained by temporary investment) and its auxiliary costs shall be capitalized before the asset in compliance with the capitalization conditions purchased, built or produced reaches usable or sellable status.

Interest amount of general loan to be capitalized shall be calculated and determined by the weighted average of the accumulated asset expenditures exceeding special loan multiplying the capitalization rate of general loan occupied. Capitalization rate will be calculated and determined according to the weighted average interest rate of general loan.

If the loan has discount or premium, amount of discount or premium to be amortized in every accounting period shall be determined according to actual interest rate method, and amount of interest of every period shall be adjusted.

(XX) Intangible assets and development expenses

An intangible asset refers to an identifiable non-monetary asset without physical substance which is possessed or controlled by the Company, including purchased software and land use rights.

1. Initial measurement of intangible assets

The cost of the intangible assets purchased from outside includes purchase price money, relevant taxes and other expenses incurred due to putting such assets to the anticipated use that can be directly attributed to such assets. Where the price money of the purchased intangible assets is paid on a deferred basis within a term exceeding regular credit conditions and actually of a financing nature, the cost of the intangible assets is determined on the basis of the current value of the price money in purchase.

The entry value in the account of the fixed assets obtained from debtors for the repayment of liabilities in debt restructuring is determined on the basis of the fair value of the fixed assets. The difference between the book value of debt restructuring and the fair value of the fixed assets used for the repayment of liabilities is recognized in current profit or loss.

Under the premises that the non-monetary assets exchange is of commercial nature and that the fair value of the assets received and given out in the exchange can be measured reliably, the initial investment cost of the long-term equity investment received in non-monetary assets exchange is determined on the basis of the fair value of the assets given out, unless there are definite evidences that the fair value of the received assets is more reliable. For the non-monetary assets exchange that do not meet the above premises, the book value of the received assets and relevant taxes payable is taken as the cost of the long-term equity investment.

The recorded value in the account of the intangible assets obtained by the merger of the enterprises under the control of a same entity is determined according to the book value of the merged party. The recorded value in the account of the intangible assets obtained by the merger of the enterprises under the control of different entities is determined according to the fair value.

The cost of the intangible assets formed through internal R&D activities includes: the cost of materials and labor consumed in the development of such intangible assets, registration fee, the amortization of other patent rights and franchises used in the development process and the interests expenses that meet the conditions of capitalization, and other direct expenses incurred due to putting such intangible assets into the anticipated use.

2. Subsequent measurement of intangible assets

When the Company acquires intangible assets, the Company analyzes and determines the service life and classifies intangible assets into intangible assets with limited service life and intangible assets with uncertain service life.

(1) Intangible assets with limited service life

The intangible assets with limited service life are amortized based on straight-line method in the period when the assets bring economic benefits to the enterprise. The estimated service life and basis of intangible assets with limited service life are as follows:

Item	Estimated service life	Basis
Outsourced software	5	Benefit period
Land use right	50	Benefit period

At the end of each year, the service life and amortization method of intangible assets with limited service life are rechecked and an adjustment is made if the service life differs from the original estimated service life.

At the end of the current period, the service life and amortization method of the intangible assets are the same as the last year.

(2) Intangible assets with unlimited service life

If the period during which an intangible asset will bring economic benefits to an enterprise is unpredictable, the service life of such intangible asset is deemed as uncertain. Intangible assets with uncertain service life are not amortized during the holding period and the service life is reviewed at the end of each period. If the service life is still uncertain after review, the impairment test is performed in each accounting period.

3. Classification standards for research and development phases of R&D projects inside the Company

Research phase: a phase in which creative and planned investigation and research activities are carried out for the purpose of obtaining and understanding new scientific or technological knowledge.

Development phase: a phase in which research results or other knowledge, before being produced or used for commercial purposes, are applied in a certain plan or design for the purpose of producing materials, equipment and products that are new or feature substantial improvement.

The expenses for inside R&D projects in the research phase are recognized in current profit or loss when the expenses occur.

4. Standards for meeting the conditions of capitalization by research phase

The expenditure in the development phase of the research and development project can be recognized as intangible assets only when all the following conditions are met:

- (1) The completion of such intangible assets makes it usable or its sale technically feasible.
- (2) There is an intention to complete such intangible assets and use or sell it.
- (3) The way that the intangible assets generate economic interests can prove that the product using such intangible assets or the intangible assets itself have market. If the intangible assets are to be used internally, its usefulness is proved.
- (4) The Company has sufficient technical and financial resources and other resources to support the completion of the development of such intangible assets and the capacities to use or sell such intangible assets.
- (5) The expenditure attributed to the development stage of such intangible assets can be reliably measured.

The expenditure in the development phase not meeting the preceding conditions is recognized in current profit or loss when it is incurred. The development expenditure that is recognized in profit or loss of the previous year will not be identified as assets again in later years. The capitalized expenditure in the development phase is listed as development expenditure in the balance sheet and is converted into intangible assets from the date when it meets the expected purpose.

(XXI) Long-term impairment of assets

The Company determines whether any sign of possible impairment exists for long-term assets on the balance sheet date. If the sign of impairment exists for long-term assets, the recoverable amount of each asset is estimated. If the recoverable amount of each assets cannot be estimated, the recoverable amount of the asset group where the asset belong is determined based on the asset group.

The recoverable amount may be determined according to the higher one of the net value of the fair value of the assets minus the disposal expenses and the current value of the anticipated future cash flow of the assets.

If the measurement result of recoverable amount indicates that the recoverable amount of a long-term asset is lower than its book value, the book value of the long-term asset is written down to the recoverable amount. The write-down amount is identified as asset impairment loss and is recognized in current profit or loss and provision for asset impairment provision is made. Once the impairment loss of assets is recognized, the loss will not be written back in later accounting periods.

At the same time, the corresponding assets impairment provision is accrued. After the recognition of assets impairment loss, corresponding adjustments are made in the future periods on the depreciation or amortized expenses of the impaired assets so that the adjusted book value of such assets (with the anticipated expected salvage value deducted) can be amortized systematically within the remaining service life.

The goodwill and intangible assets with uncertain service life, which are formed due to enterprise merger, are tested every year on whether the sign of impairment exists.

During impairment test of goodwill, the book value of goodwill can be amortized to the asset group or combination of asset groups that is expected to acquire synergistic benefit from business combination. When impairment test is performed for relevant asset groups or asset group combinations that include goodwill, for example, if the sign of impairment exists for asset groups or asset group combinations relevant to goodwill, the impairment test is first performed for the asset groups or asset group combinations that do not include goodwill and the recoverable amount is calculated and is compared with the relevant book value to recognize the corresponding impairment loss. Then the impairment test is first performed for the asset groups or asset group combinations that include goodwill and the book value (including the book value of amortized goodwill) of the relevant asset groups or asset group combinations is compared with the recoverable amount. If the recoverable amount of relevant asset groups or asset group combinations is lower than the book value, the impairment loss of goodwill is recognized.

(XXII) Long-term expenses to be amortized

1. Method of amortization

Long-term unamortized expenses refer to the expenses that have incurred at the Company but should be born in current period and later periods, where the amortization period is above one year. Long-term unamortized expenses shall be amortized based on direct method in the period of benefit.

2. Period of amortization

Subject to the period of benefit.

(XXIII) Payroll

Payroll refers to various remunerations and compensations provided by the Company for obtaining services provided by employees or for terminating the employment relationship. Payroll includes short-term remuneration, welfare after leave, dismissal welfare and other long-term employee's welfare.

1. Short-term payroll

Short-term remuneration refers to the payroll that needs to be paid completely within 12 months in the annual reporting period when employees provide relevant services, excluding welfare after leave and dismissal welfare. In the accounting period when employees provide services, the Company identifies short-term remuneration as liabilities and includes it in relevant asset costs and fees according to the benefit objects of services provided by employees.

2. Post-employment welfare

The welfare after leave refers to the remuneration and welfare provided by the Company for obtaining services provided by employees or for terminating the employment relationship after employees have retired, excluding short-term remuneration and dismissal welfare. The welfare plan after dismissal of the Company is classified into the defined contribution plan and the defined benefit plan.

The welfare defined contribution plan aims to join the social basic endowment insurance and unemployment insurance organized and implemented by labor and social security agencies in various regions. Employees can join the pension plan set by the Company at their own discretion. In the accounting period when employees provide the Company with services, the amount that shall be paid and deposited shall be identified as liabilities according to the defined contribution plan and is recognized in current profit or loss or relevant asset costs.

The post-employment defined benefit plan mainly includes the defined non-collective benefits for retirees and living costs for family numbers of the deceased employees. Actuarial obligations specified in the defined

benefit plan shall be carried out by an independent actuary with the expected cumulative benefit unit method at the balance sheet date. The benefit obligation arising from the defined benefit plan shall be set to the period in which employees provide services and recognized in current profit or loss or relevant asset costs. Unless other accounting standards require or allow employee benefit costs to be included in asset costs, the service costs and the net interests of net liabilities or net assets of the defined benefit plan shall be recognized in current profit or loss at occurrence. Changes arising from re-measurement of net liabilities or net assets of the defined benefit plan shall be recognized in other comprehensive income at occurrence, and shall not be written back to profit or loss in the subsequent accounting period.

3. Dismissal welfare

Dismissal welfare refers to the compensation the Company gives to an employee for terminating the employment relationship with employee before the employment contract expires or for encouraging an employee to accept downsizing. It is a liability incurred by compensating an employee for terminating employment relationship with the employee when the Company cannot unilaterally withdraw the contract termination plan or downsizing suggestion, or when the Company confirms the costs related to restructuring that involves payment of dismissal welfare, whichever is earlier. Dismissal welfare is recognized in current profit or loss.

The Company provides early retirement welfare for the employees who accept early retirement. Early retirement welfare involves salary paid to and social insurance premiums paid for the employees who are permitted by the Company management to voluntarily leave office before state-specified retirement age. The Company pays early retirement welfare to early retired employees from the day the arrangement takes effect to the day the employees reach retirement age. The Company deals with early retirement welfare using the accounting method for dismissal welfare, namely when the conditions for dismissal welfare are met, recognizing the salary and social insurance premiums to be paid within the period from the day the employees leave office to the day the employees reach the retirement age as liabilities and including them in current profit or loss once. Actuarial analysis of early retirement welfare assumes that differences caused by changes and welfare standard adjustment are recognized in current profit or loss.

4. Other long-term employees' welfare

Other long-term employees' welfare refers to all other employees' welfare except short-term remuneration, welfare after leave and dismissal welfare.

For other long-term employees' welfare that meets conditions of the defined contribution plan, the amount that shall be paid and deposited shall be identified as liabilities in the accounting period and is recognized in current profit or loss or relevant asset costs; except other long-term employees' welfare in the preceding circumstance, an independent actuary sets the welfare generated by the defined benefit plan to the period in which employees provide services by using the method of expected accumulative welfare unit and includes it in current profit or loss or relevant asset costs.

(XXIV) Estimated liabilities

1. Recognition standards for estimated liabilities

The obligations related to contingencies, which meet all the following conditions, are recognized by the Company as estimated liabilities.

The obligation is a current obligation undertaken by the Company;

The fulfillment of the obligation is very likely to cause an outflow of economic interests from the Company;

The amount of the obligation can be measured reliably.

2. Measurement method of estimated liabilities

Initial measurement is carried out to estimated liabilities of the Company according to the optimum estimation amount of the required expense when relevant obligations are fulfilled.

When determining the optimum estimation amount, the Company considers in a comprehensive way the factors related to contingencies like risks, uncertainties and time value of currency. Where there are great influences of time value of currency, the optimum estimation amount is determined after discounting relevant future cash flows.

The optimum estimation amount is determined according to different situations as follows:

Where there is a continuous range (or interval) of the required expense and different results in the range have same possibility to occur, the optimum estimation amount is determined according to the intermediate value of the range, i.e. the average of the maximal and the minimum amounts.

Where there is no continuous range (or interval) or there is a continuous range but different results have different possibilities to occur, if contingencies involve individual proceedings, the optimum estimation amount is the amount most likely to occur, and if contingencies involve several proceedings, the optimum estimation amount is determined according to various possible results and the calculation of relevant probabilities.

If all expenses or part of them, which are used by the Company for paying off estimated liabilities, are anticipated to be compensated by a third party and compensation amount is basically sure to be received, the compensation amount is recognized separately as an asset, which should not exceed the book value of the estimated liabilities.

(XXV) Share-based payment

1. Types of share-based payment

The Company provides equity-settled and cash-settled share-based payment.

2. Recognition of the fair value of equity instruments

For equity instruments such as the granted option, which exist in the active market, the fair value is recognized according to their prices in the active market. For those not existing in the active market, their fair value is recognized by using the option pricing model, which should be selected in consideration of the following factors:

a. option exercise price; b. option period; c. the current price of the underlying shares; d. the predicted fluctuation rate of the share price, e. the estimated dividend of the share; f. risk free rate in the option period; g. payment of shares of installment options

When determining the grant-date fair value of equity instruments, the Company shall take into account the influence of market conditions in vesting conditions and non-vesting conditions stipulated in the share-based payment agreement. Where a share-based payment has a non-vesting condition, the Company shall recognize receipt of the corresponding service cost if employees or other parties satisfy all the non-market conditions (for example, service duration) in vesting conditions.

3. Basis of recognition of the best estimate of the number of vested equity instruments

On each balance sheet date in the vesting period, the Company shall make the best available estimate of the number of equity instruments expected to vest, and shall revise that estimate if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the Company shall revise the estimate to equal the number of equity instruments that ultimately vested.

4. Accounting treatment method

The Company shall measure the equity-settled share-based payment at the fair value of the granted employee equity instruments. If the equity instruments granted vest immediately, the Company shall include the grant-date fair value of equity instruments into related cost or expense, with a corresponding increase in capital reserve. If the equity instruments granted do not vest until the counterparty completes a specified period of service or achieves a performance condition in the vesting period, the Company shall include the service obtained in the current period into related cost or expense and capital reserved by reference to the grant-date fair value of equity instruments based on the best estimate of the number of vested equity instruments on each balance sheet date during the vesting period. The Company shall not adjust the confirmed cost or expense and total equity amount after the vesting date.

The case-settled share-based payment shall be measured by reference to the fair value of the Company's eligible liabilities which is calculated based on shares or other equity instruments. If the equity instruments granted vest immediately, the Company shall include the fair value of eligible liabilities in related cost or expense on the vesting date, with a corresponding increase in liabilities. For the cash-settled share-based payment where the granted options are not exercised until the counterparty completes a specified period of service or achieves a performance condition in the vesting period, the Company shall include the service obtained in the current period into related cost or expense and liabilities by reference to the grant-date fair value of liabilities, based on the best estimate of the number of vested equity instruments on each balance sheet date during the vesting period. The Company shall re-measure the fair value of its liabilities on each balance sheet date and settlement date before settlement of related liabilities, and include liability changes in current profit and loss.

If a grant of an equity instrument is canceled during the vesting period, the Company shall account for the cancellation as an acceleration of vesting, and shall therefore include immediately the amount that would otherwise have been confirmed for services received over the remainder of the vesting period in the current profit and loss, and recognize capital reserve. If employees or other parties can but fail to satisfy non-vesting conditions in the vesting period, the Company shall account for the failure as a cancellation of the grant of the equity instrument.

(XXVI) Other financial instruments such as preferred stock and sustainable debt

Based on the rules of financial instruments, the Company classifies financial instruments or their components into financial liabilities or equity instruments during initial recognition according to the contract terms of financial instruments such as preferred stock and sustainable debt and economic essence they reflect rather than legal form, in combination with definitions of financial liabilities and equity instruments.

1. When one of the following conditions is met, the issued financial instrument is classified into financial liabilities:

- (1) Contractual obligation to deliver cash or other financial assets to other parties;
- (2) Contractual obligation to exchange financial assets or financial liabilities under potential adverse conditions;
- (3) Non-derivative instrument contract that must or may use equity instruments of an enterprise for settlement in the future (the enterprise delivers a variable number of equity instruments according to the contract);
- (4) Derivative instrument contract that must or may use equity instruments of an enterprise for settlement in the future (except derivative instrument contracts that use a fixed number of equity instruments to exchange a fixed amount of cash or other financial assets).

2. When the following conditions are met at the same time, the issued financial instruments are classified into equity instruments:

(1) The financial instruments do not include the contractual obligation to deliver cash or other financial assets to other parties or exchange financial assets or financial liabilities under potential adverse conditions;

(2) For the financial instruments that must or may use equity instruments of an enterprise for settlement in the future, if the financial instruments are non-derivative instruments, the contractual obligation to deliver a variable number of equity instruments for settlement is not included; if the financial instruments are derivative instruments, the enterprise can only settle the financial instruments by exchanging a fixed number of equity instruments with the fixed amount of cash or other financial assets.

3. Accounting treatment method

For financial instruments that belong to equity instruments, the interest expenditure or dividend distribution shall be used as profits of the enterprise for distribution, the buy-back and write-off are treated as changes in equity, and transaction expenses such as handling charge and commission shall be deducted from the equity.

For financial instruments that belong to financial liabilities, the interest expenditure or dividend distribution shall be treated as borrowing costs in principle, the gain or loss generated due to buy-back or redemption are recognized in current profit or loss, and transaction expenses such as handling charge and commission are included in the initial amount of measurement of the issues instruments.

(XXVII) Income

1. Standards for recognition time of sales income

The realization of the income from the sale of commodities is recognized when the Company has already transferred the main risks and consideration in the ownership right of the commodities to the purchaser, the Company has not retained any further management right connected to the ownership right nor implement effective control over the sold commodities, the amount of the revenue can be reliably measured, relevant economic interests are likely to flow into the enterprise, and relevant costs incurred or to be incurred can be measured reliably.

The Company mainly runs the leasing business in the electronics market. It identifies received rental as rental income in the term of lease by using the method of line and the income of other business is recognized when the risk premium is transferred according to contract provisions.

The price of a contract or agreement is collected through deferral. In the case of actual financial nature, the amount of income from sales commodities shall be determined according to the fair value of the price of the contract or agreement.

The Company shall recognize the income of real estate development projects when all the following conditions are met:

(1) A real estate development project is completed;

(2) The sales contract has been signed;

(3) The house payment has been made in full;

(4) After giving the occupation notice or announcement, the Company has delivered the property or the delivery date agreed in the contract expires.

2. Basis for recognition of income from transfer of asset use right

When economic interests relevant to transaction probably flow into the enterprise and the amount of income can be reliably measured, the amount of income from transfer of asset use right is determined in the following circumstances:

- (1) The amount of interest income is determined according to the time and actual interest rate of other people using the monetary fund of the enterprise.
- (2) The amount of the income from use fee is determined in accordance with the time and method of charges as agreed in relevant contract or agreement.

3. Recognition basis and method for income from rendering of services

Where the results of the labor services provided on the balance sheet date can be estimated reliably, the income from the provision of labor services is recognized with the completion percentage method. The completion progress of a labor service transaction is determined by survey of the work completed.

When the following conditions are met at the same time, the result of rendering of services can be reliably estimated:

- (1) The amount of income can be measured reliably;
- (2) Relevant economic interests are very likely to flow into the enterprise;
- (3) The completion progress of transactions can be reliably determined;
- (4) The costs that have been incurred or will be incurred in transactions can be reliably measured.

The total amount of the income from the provision of labor services is determined according to the price money received or receivable of a relevant contract or agreement, unless the price money received or receivable of a relevant contract or agreement is unfair. The labor services income of the current period is recognized on the balance sheet date according to the resulted amount of the total amount of income from provision of labor services times the completion percentage and deducted by the accumulative amount of the recognized income from provision of labor services in previous accounting periods. At the same time, the labor cost of the current period is carried forward according to the estimated total cost of the provision of labor services times the completion percentage and deducted by the accumulative amount of the recognized labor cost in previous accounting periods.

Where the results of the provision of labor services on the balance sheet date cannot be estimated reliably, such results are processed respectively according to the following conditions:

- (1) Where it is estimated that the labor services cost incurred can be compensated, the income from provision of labor services is recognized according to the amount of the labor services cost incurred and the same amount is transferred to the labor cost.
- (2) Where it is estimated that the labor services cost incurred cannot be compensated, the labor services cost incurred is recognized in current profit or loss and no income is recognized.

When the contracts or agreements between the Company and other companies involve commodity sales and labor service and these two parts can be differentiated from each other and can be separately measured, commodity sales and labor service are handled separately. If they cannot be differentiated from each other or they can be differentiated from each other but cannot be separately measured, both parts will be handled as commodity sales.

4. Recognition basis and method for income from construction contracts

(1) When the results of construction contracts can be reliably estimated, relevant income from contracts and costs of contracts are confirmed based on the method of completion percentage. The method of completion percentage refers to the method for confirming income from contracts and costs of contracts according to the completion progress of contracts. The completion progress of a contract is determined according to the ratio of actual accumulative cost of the contract to estimated total costs of the contract.

If the following conditions are met at the same time, the result of a fixed construction contract can be reliably estimated:

- 1) The total income from the contract can be reliably measured;
- 2) Economic interests relevant to the contract are very likely to flow into the enterprise;
- 3) The actual costs of the contract can be clearly distinguished and reliably measured;
- 4) The completion progress of the contract and the costs needed for completing the contract can be reliably determined.

If the following conditions are met at the same time, the result of a cost-plus contract can be reliably estimated:

- 1) Economic interests relevant to the contract are very likely to flow into the enterprise;
- 2) The actual costs of the contract can be clearly distinguished and reliably measured;

On the balance sheet date, the amount of total contractual income multiplied by the completion progress, deducting the accumulated confirmed income in the previous accounting period, is recognized as the current contractual income; the amount of estimated total contract cost multiplied by the completion progress, deducting the accumulative confirmed cost in the previous accounting period, is recognized as the current costs of contract. The change of contract engineering, claim and bonus is included in the total income of contract based on the amount that may be brought and can be reliably calculated.

(2) If the result of a construction contract cannot be reliably estimated, the contract is treated as follows:

- 1) If the contract cost can be recovered, the income from the contract is recognized according to the actual recovered contract cost and the contract cost is recognized as the current costs of contract.
- 2) If the contract cost cannot be recovered, the cost is immediately recognized as the costs of contract in the current period when the cost is incurred and the income from the contract is not recognized.
- (3) If the total cost of contract probably exceeds the total income from the contract, the expected loss is immediately recognized as costs.

5. Transfer of the assets with repurchase conditions

If the Company signs a repurchase agreement when selling products or transferring other assets, whether the products sold meet the conditions for income recognition is judged according to the articles of the agreement. If the repurchase is a financing transaction, the Company does not recognize sales income when delivering products or assets. If the repurchase price is higher than the selling price, interests are accrued for the difference during repurchase period and included in financial expenses.

(XXVIII) Government subsidies

1. Type

A government subsidy means the monetary or non-monetary assets obtained free by an enterprise from the government. Based on the subsidy objects specified in relevant government documents, the subsidies are divided into subsidies relevant to assets and subsidies relevant to profits.

Subsidies relevant to assets refer to government subsidies acquired by the Company for the purposes of acquisition and construction or turned to long-term assets in other ways. Subsidies relevant to profits refer to government subsidies other than subsidies relevant to assets.

2. Recognition of government subsidies

If any evidence indicates that the Company can meet relevant conditions for financial support policies and is expected to obtain financial support fund at the end of the period, the government subsidy shall be recognized based on the amount receivable. In other cases, government subsidies shall be recognized at receipt.

Government subsidies that are monetary funds shall be measured based on the amount received or receivable. Government subsidies that are non-monetary funds shall be measured based on fair value. Where the fair value cannot be reliably calculated, the nominal amount (1 Yuan) is measured. Government subsidies that are measured by nominal amount shall be directly recognized in current profit or loss.

3. Accounting treatment method

The government subsidies related to assets shall be recognized as deferred income in profit or loss by stages with reasonable and systematic methods according to the service life of the built or purchased assets.

The government subsidies related to income that are used to compensate for expenses or losses in subsequent periods are recognized as deferred profits when they are obtained; the subsidies that are used to compensate for expenses or losses incurred are directly recognized in current profit or loss when they are obtained.

The government subsidies related to routine activities of enterprises are recognized in other income. The government subsidies not related to routine activities of enterprises are recognized in non-operating income and expense.

The government subsidies related to policy-based concessional loans with discounted interests are used to offset borrowing costs. For the government subsidies related to policy-based loans at prime interest rate, the borrowing amount received are recognized as the entry value, and the borrowing costs are calculated based on the borrowing principal and the policy-based prime interest rate.

If recognized government subsidies have to be returned and offset against the book value of relevant assets at initial recognition, the book value is adjusted; if relevant deferred income balance exists, the book balance of relevant deferred income is offset and the excess part is recognized in current profit or loss; if relevant deferred income does not exist, the government subsidies are directly recognized in current profit or loss.

(XXIX) Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are calculated and recognized according to the difference (temporary difference) between the taxable basis of the assets and liabilities and their book value. On the balance sheet date, deferred income tax assets and liabilities are measured based on the tax rate applicable to the period when the assets are expected to be recovered or the liabilities are expected to be paid off.

1. Basis for recognition of deferred incomes tax assets

The Company confirms the deferred income tax assets generated due to deductible temporary difference based on the amount of taxable income that is probably obtained to deduct deductible temporary difference and can carry over deductible loss and tax deduction. However, the deferred income tax assets generated due to initial

recognition of assets or liabilities in a transaction with the following features at the same time: (1) the transaction is not business merger; (2) the transaction does not affect the accounting profit, taxable income or deductible loss.

For the deductible temporary difference relevant to investment of joint ventures, when the following conditions are met at the same time, corresponding deferred income tax assets are confirmed; the temporary difference is probably written back in the foreseeable future and taxable income used to deduct the deductible temporary difference will probably be obtained in the future.

2. Basis for recognition of deferred income tax liabilities

The temporary difference between the tax payable but unpaid in the current period and that in previous periods is recognized by the Company as deferred income tax liabilities, excluding:

- (1) Temporary difference formed due to initial confirmation of goodwill;
- (2) Transaction or matter formed due to factors rather than business merger (the transaction or matter does not affect the accounting profit or the temporary difference formed due to taxable income or deductible loss);
- (3) For the taxable temporary difference relevant to investment of subsidiaries and joint ventures, the reversal time of the temporary difference can be controlled and may not be written back in the foreseeable future.

(XXX) Lease

If the lease terms essentially transfer all risks and gains related to the ownership of the leased asset to the lessee, such lease is finance lease while other leases are operating lease.

1. Accounting treatment of operating lease

(1) Rented assets

The rental fee paid by the Company for rented assets is apportioned by the straight-line method in the whole lease term including the rent-free period and included in current expenses. The initial direct expenses related to lease transactions, paid by the Company, are included in current expenses.

In case that the lessor undertakes the lease-related expenses that shall be undertaken by the Company, the Company shall deduct such expenses from the total rental fee and the rental fee after deduction is apportioned in the lease term and included in current expenses.

(2) Leased assets

The rental fee received by the Company from leasing of assets is apportioned by the straight-line method in the whole lease term including the rent-free period and included in the lease income. The initial direct expenses related to lease transactions, paid by the Company, are included in current expenses. Those with significant amounts are capitalized and included in current profit in the whole lease term on the same basis for recognition of the lease income.

In case that the Company undertakes the lease-related expenses which shall be undertaken by the lessee, the Company shall deduct the expenses from the total lease income and the lease expenses after deduction are allocated in the lease term.

2. Accounting treatment of financing lease

- (1) Assets leased under financing lease: The lower one between the fair value of rented assets and the minimum lease payment is treated as the recording value of the rented assets, the minimum lease payment as the recording value of long-term accounts payable, and the difference between the two as financing expenses yet to be

recognized. For details of the determination basis, valuation method, and depreciation method of fixed assets under financing lease, see "Note IV (XVII) Fixed asset".

The financing expenses yet to be recognized are apportioned by the Company by the actual interest rate method in the lease term of the assets and included in accounting expenses.

(2) Assets rented under financing lease: The difference between the total residual value, without guarantee, of the financing lease payment receivable and the current value is recognized by the Company on the lease-beginning date as financing profits yet to be realized and as the lease income in future lease periods. The initial direct expenses related to lease transactions are included in the initial measurement of financing lease payment receivable and the amount of profits recognized in the lease term is reduced.

(XXXI) Discontinuation of business

A constituent part that meets any of the following conditions and have been disposed of or categorized as held-for-sale and can be separately presented is recognized as a constituent part of discontinuation.

- (1) The constituent part stands for an independent main business or a separate major business area.
- (2) The constituent part is part of the plan intended to dispose of an independent main business or a separate major business area.
- (3) The constituent part is a subsidiary acquired for the purpose of re-sale.

For discontinuation of business, the impairment loss and write-back amount and other profit or loss from operation or disposal are presented in the profit statement.

(XXXII) Changes in major accounting policies and accounting estimates

1. Changes in accounting policies

The following are changes in major accounting policies in the reporting period:

Content of and reason for changes in accounting policies	Approval procedure
The Notice on Issuing the Revised <i>Accounting Standards for Business Enterprises No. 16 — Government Subsidies</i> (C. K. [2017] No. 15) issued by the Ministry of Finance on May 10, 2017 shall be implemented from June 12, 2017. Government subsidies on January 1, 2017 shall be disposed of by prospective application. New government subsidies from January 1, 2017 to the implementation date of the new standard shall be adjusted according to the new standard.	As deliberated and adopted at the 4th meeting of the 7th Board of Directors and the 4th meeting of the 7th Board of Supervisors
The Notice on Issuing the <i>Accounting Standard for Business Enterprises No. 42 — Non-current Assets Held for Disposal, Disposal Group and Termination of Business</i> (C. K. [2017] No. 13) issued by the Ministry of Finance on April 28, 2017 shall be implemented from May 28, 2017.	As deliberated and adopted at the 4th meeting of the 7th Board of Directors and the 4th meeting of the 7th Board of Supervisors

Notes to changes in accounting policies:

On May 10, 2017, the Ministry of Finance issued the revised *Accounting Standards for Business Enterprises No. 16 — Government Subsidies*, which shall be implemented from June 12, 2017. According to the standards, government subsidies on January 1, 2017 shall be disposed of by prospective application, and new government subsidies from January 1, 2017 to the implementation date of the new standard shall be adjusted according to the new standard.

According to the *Accounting Standards for Business Enterprises No. 16 — Government Subsidies*, the Company has adjusted the amount of items presented in financial statements that are influenced by the provision. The government subsidies related to routine activities of the Company incurred from January 1, 2017 to December 31,

2017 are adjusted from "Non-operating income" to "Other income" RMB 6,406,623.72. Transactions incurred from January 1, 2016 to December 31, 2016 are not subject to retrospective adjustment. 2016 financial statements in the comparable period are not subject to retrospective adjustment.

On April 28, 2017, the Ministry of Finance issued the *Accounting Standard for Business Enterprises No. 42—Non-current Assets Held for Disposal, Disposal Group and Termination of Business*, which shall be implemented from May 28, 2017. According to the standards and the Notice of the Ministry of Finance on Revising and Issuing the Format of Financial Statements of General Enterprises (C. K. (2017) No. 30), a new item "Income from asset disposal" is added to the profit statement and the net profit is presented by operation sustainability. According to the *Accounting Standard for Business Enterprises No. 42—Presentation of Financial Statements*, the Company has adjusted the comparative data in the comparable period.

According to the *Accounting Standard for Business Enterprises No. 42—Non-current Assets Held for Disposal, Disposal Group and Termination of Business*, the Company has adjusted the amount of items presented in financial statements that are influenced by the provision. The income from disposal of non-current assets incurred from January 1, 2017 to December 31, 2017 is adjusted from "Non-operating income" and "Non-operating expense" to "Income from asset disposal" RMB 0. The income from disposal of non-current assets incurred from January 1, 2016 to December 31, 2016 is adjusted from "Non-operating income" and "Non-operating expense" to "Income from asset disposal" RMB 116,977.79.

2. Changes in accounting estimates

No change was made to main accounting estimates in the current reporting period.

V. Taxes

(I) Main tax types and tax rates imposed on the Company

Tax category	Basis	Tax rate (%)
Value-added tax	Sales of goods	17%
	Real estate leasing services, real estate sales, taxable sales and service income, intangible assets or real estate	11%
	Other taxable sales services	6%
	Income from real estate development (old item) and real estate leasing (old item)	5%
Urban maintenance and construction tax	Paid-in turnover tax payable	7%
Educational surtax	Paid-in turnover tax payable	3%
Local educational surtax	Paid-in turnover tax payable	2%
Enterprise income tax	Taxable income	15%, 25%
Property tax	70% of the original value of the property (or rental income) as the taxation basis	1.2%, 12%

Notes to income tax rate for different tax payers:

Name of tax payer	Income tax rate
Xi'an SEG Electronics Market Co., Ltd.	15%
Xi'an Hairong SEG Electronics Market Co., Ltd.	15%

(II) Tax preference policy and basis

According to the confirmation letter (S. F. G. C. Y. Q. R. H. [2014] No. 134 issued by Shaanxi Provincial Development and Reform Commission, Xi'an SEG Electronics Market Co., Ltd., a subsidiary of the Company, is engaged in projects encouraged by the nation and complies with the corporate income tax preference policy for development of the west regions. Therefore, the corporate income tax shall be paid at the rate of 15%.

According to the confirmation letter (S. F. G. C. Y. Q. R. H. [2015] No. 042 issued by Shaanxi Provincial Development and Reform Commission, Xi'an Hairong SEG Electronics Market Co., Ltd., a subsidiary of the Company, is engaged in projects encouraged by the nation and complies with the corporate income tax preference policy for development of the west regions. Therefore, the corporate income tax shall be paid at the rate of 15%.

Excluding the foregoing two subsidiaries, the income tax rates of other subsidiaries are 25%.

VI. Notes to main items of the consolidated financial statements

(Unless specifically noted, the following unit of the amount is RMB Yuan)

Note 1. Monetary funds

Item	Closing balance	Opening balance
Cash on hand	547,039.36	712,997.23
Bank deposit	947,076,128.65	1,116,832,758.78
Other monetary capital	3,859,437.91	13,977,885.18
Total	951,482,605.92	1,131,523,641.19

Details of other restricted monetary fund:

Item	Closing balance	Opening balance
Performance bond	3,600,000.00	3,600,000.00
Cash deposit for credit card repayment	---	---
Total	3,600,000.00	3,600,000.00

Note 2. Loans to other banks

Item	Closing balance	Opening balance
Loans to interbank	---	40,000,000.00
Less: impairment provision	---	---
Total	---	40,000,000.00

Note 3. Notes receivable

1. Types of notes receivable

Item	Closing balance	Opening balance
Bank's acceptance bill	---	100,792.00
Commercial acceptance bill	---	---
Total	---	100,792.00

2. The Company has no pledged notes receivable at the end of the period.

3. The Company has no notes receivable endorsed or discounted and not due on the balance sheet date at the end of the period.

4. The Company has no notes that were transferred to accounts receivable due to default by the biller at the end of the period.

Note 4. Accounts receivable

1. Accounts receivable disclosed by type

Type	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable with single significant amount and single bad debt provision	31,273,127.90	37.13	11,546,346.13	51.79	19,726,781.77
Accounts receivable with bad debt provision accrued based on credit risk feature combinations	43,293,424.67	51.40	1,086,104.88	2.51	42,207,319.79
Accounts receivable with no single significant amount but with single provision for bad debts	9,663,272.84	11.47	9,663,272.84	100.00	-
Total	84,229,825.41	100.00	22,295,723.85	26.47	61,934,101.56

Continued:

Type	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable with single significant amount and single bad debt provision	3,092,011.09	4.35	3,092,011.09	100.00	---
Accounts receivable with bad debt provision accrued based on credit risk feature combinations	59,273,515.18	83.43	324,125.30	0.55	58,949,389.88
Accounts receivable with no single significant amount but with single provision for bad debts	8,680,424.61	12.22	8,680,424.61	100.00	---
Total	71,045,950.88	100	12,096,561.00	17.03	58,949,389.88

2. Notes to types of accounts receivable:

(1) Accounts receivable with single significant amount and single provision for bad debts at the end of the period

Name of company	Closing balance
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	Accounts receivable	Bad debt provision	Proportion of provision (%)	Reason for provision
Shenzhen Runneng Digital Co., Ltd.	15,251,125.38	4,575,337.61	30.00	Unable to be recovered,
Shenzhen Wonder Industry Co., Ltd.	7,785,736.82	2,335,721.05	30.00	Unable to be recovered
Shenzhen Comnet Technology Co., Ltd.	5,144,254.61	1,543,276.38	30.00	Unable to be recovered
Jiangsu Unicom	3,092,011.09	3,092,011.09	100.00	Unable to be recovered for aging of over 5 years
Total	31,273,127.90	11,546,346.13	36.92	

(2) Accounts receivable with no single significant amount but with single provision for bad debts at the end of the period

Name of company	Closing balance			
	Accounts receivable	Bad debt provision	Proportion of provision (%)	Reason for provision
Shenzhen Liyuanshun Industrial Co., Ltd.	1,906,865.35	1,906,865.35	100.00	Unable to be recovered for aging of over 5 years
Zhejiang Financial Information Co., Ltd	786,000.00	786,000.00	100.00	Unable to be recovered for aging of over 5 years
Shanghai Tianci Industrial Co., Ltd.	899,000.00	899,000.00	100.00	Unable to be recovered for aging of over 5 years
Sichuan Huiyuan Electronics Co., Ltd.	480,000.00	480,000.00	100.00	Unable to be recovered for aging of over 5 years
Other 93 companies	5,591,407.49	5,591,407.49	100.00	Unable to be recovered for long aging
Total	9,663,272.84	9,663,272.84	100.00	-

(3) Accounts receivable in combinations with bad debt provision accrued by the aging analysis method

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Proportion of provision (%)
Less than one year	27,051,979.01	-	-
1-2 years	13,138,077.85	656,903.90	5.00
2-3 years	1,914,725.81	191,472.58	10.00
Over 3 years	1,188,642.00	237,728.40	20.00
Total	43,293,424.67	1,086,104.88	2.51

2. Accrual, recovery and write-back of current bad debt provision

The accrual amount of current bad debt provision is RMB 10,213,620.35. The recovery or write-back amount of current bad debt provision is RMB 14,457.50.

3. No accounts receivable are written off in the current period.

4. Accounts receivable with top 5 closing balance collected based on debtors

Name of company	Closing balance	Percentage in the total amount of accounts receivable	Accrued bad debt provision
Shenzhen Runneng Digital Co., Ltd.	15,251,125.3800	18.11	4,575,337.61
Xinjiang Zhongdi Communication Equipment Co., Ltd.	12,941,726.5600	15.36	647,086.33
Shenzhen Wonder Industry Co., Ltd.	7,785,736.8200	9.24	2,335,721.05
Shenzhen Comnet Technology Co., Ltd.	5,144,254.6100	6.11	1,543,276.38
Jiangsu Unicom	3,092,011.0900	3.67	3,092,011.09
Total	44,214,854.4600	52.49	12,193,432.46

5. There are no accounts receivable with its recognition terminated due to transfer of financial assets in the current period.

6. There are no assets and liabilities due to transfer or increase of accounts receivable in the current period.

Note 5. Prepayment

1. Prepayment listed by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Less than one year	33,752,071.71	97.22	55,452,730.86	98.77
1-2 years	730,564.08	2.1	586,224.90	1.04
2-3 years	203,438.70	0.59	-	-
Over 3 years	32,005.05	0.09	104,005.05	0.19
Total	34,718,079.54	100.00	56,142,960.81	100.00

2. There is no prepayment of significant amount with aging of more than one year at the end of period.

3. Prepayment with top 5 closing balance collected based on prepayment payers

Name of company	Period-end amount	Percentage in the total amount of accounts receivable (%)	Prepayment date	Reason for non-settlement
Xi'an Gaoke (Group) New West China Industrial Development Co., Ltd	20,000,000.00	57.61	Less than one year	Prepaid rental for 2018
Shenzhen Zhaocheng Group	7,018,666.00	20.22	Less than one year	Prepaid rental
Nantong Aoxin Decoration Co., Ltd.	2,661,556.38	7.67	Less than one year	Prepaid decoration
Nanjing Xinzhujiang Trade Industrial Co., Ltd.	573,590.20	1.65	Less than one year	Prepaid rental
Xi'an Kete Refrigeration Repair Factory	506,000.00	1.46	Less than one year	Prepaid labor
Total	30,759,812.58	88.61	-	-

Note 6. Interest receivable

1. Types of interest receivable

Item	Closing balance	Opening balance
Income from financial products	-	287,698.63
Total	-	287,698.63

2. There is no significant overdue interest at the end of the period.

Note 7. Dividends receivable

1. Dividends receivable

Investee	Closing balance	Opening balance
Suzhou SEG Electronics Market Co., Ltd.	2,000,000.00	-
Total	2,000,000.00	-

Note 8. Other accounts receivable

1. Other receivables disclosed by type

Type	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other accounts receivable with single significant amount and single bad debt provision	14,434,547.87	10.17	14,434,547.87	100.00	-
Other accounts receivable with bad debt provision accrued based on credit risk feature combinations	99,927,149.95	70.34	5,869,990.45	5.87	94,057,159.50
Combination 1 of aging analysis method	85,577,541.47	60.24	5,869,990.45	6.86	79,707,551.02
Combination 2 of specific object	14,349,608.48	10.10	-	-	14,349,608.48
Other accounts receivable with no single significant amount but with single provision for bad debts	27,688,142.28	19.49	27,688,142.28	100.00	-
Total	142,049,840.10	100.00	47,992,680.60	33.79	94,057,159.50

Continued:

Type	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other accounts receivable with single significant amount and single bad debt provision	20,131,835.38	12.38	20,131,835.38	100.00	-
Other accounts receivable with bad debt provision accrued based on	120,667,690.94	74.20	3,631,613.92	3.01	117,036,077.02

Type	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
credit risk feature combinations					
Combination 1 of aging analysis method	82,158,583.35	50.52	3,631,613.92	4.42	78,526,969.43
Combination 2 of specific object	38,509,107.59	23.68	-	-	38,509,107.59
Other accounts receivable with no single significant amount but with single provision for bad debts	21,832,287.03	13.42	21,832,287.03	100.00	-
Total	162,631,813.35	100.00	45,595,736.33	28.04	117,036,077.02

2. Notes to types of other accounts receivable:

(1) Other accounts receivable with single significant amount and single bad debt provision at the end of the period

Name of company	Closing balance			
	Other accounts receivable	Bad debt provision	Proportion of provision (%)	Reason for provision
Yangjiang Yuntong Grease Co., Ltd.	8,530,276.35	8,530,276.35	100.00	Unable to be recovered with aging of over 5 years
Creditor's right transferred in by SEG Communications	5,904,271.52	5,904,271.52	100.00	Unable to be recovered with aging of over 5 years
Total	14,434,547.87	14,434,547.87	100.00	-

(2) Other accounts receivable with no single significant amount but with single provision for bad debts at the end of the period

Name of company	Closing balance			
	Other accounts receivable	Bad debt provision	Proportion of provision (%)	Reason for provision
Shenzhen Tuopu Industrial Co., Ltd.	3,281,387.96	3,281,387.96	100.00	Unable to be recovered for aging of over 5 years
Shenzhen Lianjing Trade Co., Ltd.	5,697,287.51	5,697,287.51	100.00	
People's Court of Futian District	2,604,575.00	2,604,575.00	100.00	Unable to be recovered for aging of over 5 years
SEG Taiying	1,811,375.77	1,811,375.77	100.00	Unable to be recovered for aging of over 5 years
Other 117 companies	14,293,516.04	14,293,516.04	100.00	Unable to be recovered for aging of over 5 years
Total	27,688,142.28	27,688,142.28	100.00	-

(3) Other accounts receivable in Combination 1 with bad debt provision accrued by the aging analysis method

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Proportion of provision (%)
Less than one year	39,547,864.96	-	-
1-2 years	7,159,289.48	357,964.48	5.00
2-3 years	22,620,514.39	2,262,051.44	10.00
Over 3 years	16,249,872.64	3,249,974.53	20.00
Total	85,577,541.47	5,869,990.45	6.86

(4) Other accounts receivable in Combination 2 rather than the aging analysis method are mainly lease deposit, security deposit.

3. Accrual, recovery and write-back of current bad debt provision in the current period

The accrual amount of the current bad debt provision is RMB 2,791,991.59. The recovery and write-back amount of the current bad debt provision is RMB 395,047.32.

4. No other accounts receivable are written off in the current period.

5. Classification of other receivables by nature

Item	Closing balance	Opening balance
Creditor's right transfer cost	32,165,804.91	32,165,804.91
Imprest	1,822,972.83	2,000,225.81
Deposit and security deposit	62,803,786.44	63,614,630.08
Transfer-in of prepaid rental from Zongheng International	-	17,500,000.00
Others	45,257,275.92	47,351,152.55
Total	142,049,840.10	162,631,813.35

6. Other accounts receivable with top 5 closing balance collected based on debtors

Name of company	Nature of receivables	Closing balance	Aging	Percentage in the total amount of other accounts receivable (%)	Bad debt provision Closing balance
Shenzhen Zhaocheng Group	Deposit and security deposit	21,056,000.00	2-3 years	14.82	2,105,600.00
Finance Bureau of Nantong	Security deposit for postponed construction of parking spaces	11,000,000.00	Less than one year	7.74	-
Yangjiang Yuntong Grease Co., Ltd.	Debt restructuring of SEG Orient	8,530,276.35	Over 5 years	6.01	8,530,276.35
Nantong Construction Engineering Administration	Salary deposit for peasant workers	6,200,000.00	3-4 years	4.36	1,240,000.00
Creditor's right transferred in by SEG Communications	Debt restructuring of SEG	5,904,271.52	Over 5 years	4.16	5,904,271.52

Name of company	Nature of receivables	Closing balance	Aging	Percentage in the total amount of other accounts receivable (%)	Bad debt provision Closing balance
	Communications				
Total		52,690,547.87		37.09	17,780,147.87

7. There are no items involving government subsidies in the current period.

8. There are no other accounts receivable with its recognition terminated due to transfer of financial assets in the current period.

9. There are no assets and liabilities due to transfer or increase of other accounts receivable in the current period.

Note 9. Inventory

1. Classification of inventory

Item	Closing balance			Opening balance		
	Book balance	Depreciation provision	Book value	Book balance	Depreciation provision	Book value
Raw materials	-	---	-	17,523.81	---	17,523.81
Commodity stock	4,247,632.40	---	4,247,632.40	4,599,633.46	---	4,599,633.46
Low-value consumables	218,971.83	---	218,971.83	216,734.06	---	216,734.06
Development cost	689,545,789.31	---	689,545,789.31	2,053,914,397.64	---	2,053,914,397.64
Development product	2,857,087,927.17	---	2,857,087,927.17	1,319,784,778.98	---	1,319,784,778.98
Total	3,551,100,320.71	---	3,551,100,320.71	3,378,533,067.95	---	3,378,533,067.95

2. Notes to capitalization amount of borrowing costs included in closing balance of inventory

Inventory item name	Opening balance	Increase in the current period	Decrease in the current period		Closing balance	Capitalization rate of capitalization amount recognized in the current period (%)
			Decrease in sales	Others		
Nantong SEG Times Plaza	22,656,572.48				22,656,572.48	
SEG ECO Phase II	216,675,971.77	59,180,360.56	77,422,999.15		198,433,333.18	5.83
Huizhou SEG Holiday Plaza Phase I	6,280,042.52		181,332.70		6,098,709.82	
Xi'an SEG Holiday Plaza	66,746,979.25	26,856,272.08			93,603,251.33	5.97

Inventory item name	Opening balance	Increase in the current period	Decrease in the current period		Closing balance	Capitalization rate of capitalization amount recognized in the current period (%)
			Decrease in sales	Others		
Total	312,359,566.02	86,036,632.64	77,604,331.85	-	320,791,866.81	

2. Development cost

Project name	Commencement time	Expected completion date	Expected investment amount	Opening balance	Increase in the current period	Developed products transferred in the current period
SEG ECO Phase II	October 2014	December 2017	1.8 billion	1,401,103,921.16	533,231,259.19	1,934,335,180.35
Xi'an SEG Holiday Plaza	December 2014	December 2019	2.1 billion	636,732,267.32	35,946,557.50	-
Huizhou SEG Holiday Plaza Phase II	---	---	---	16,078,209.16	788,755.33	-
Total	---	---	---	2,053,914,397.64	569,966,572.02	1,934,335,180.35

Continued:

Project name	Other decrease in the current period	Closing balance	Accumulated amount of interest capitalization	Including: Amount of interest capitalization in the current period	Source of fund
SEG ECO Phase II	-	-	-	-	Bank loan
Xi'an SEG Holiday Plaza	-	672,678,824.82	93,603,251.33	26,856,272.08	Bank loan
Huizhou SEG Holiday Plaza Phase II	-	16,866,964.49	-	-	
Total	-	689,545,789.31	93,603,251.33	26,856,272.08	-

4. Development product

Project name	Completion time	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Accumulated amount of interest capitalization	Including: Amount of interest capitalization in the current period
Nantong SEG Times Plaza	June 2016	597,264,847.59	152,295,046.49		749,559,894.08	22,656,572.48	-
SEG ECO Phase I	2011	356,683,852.63	12,788,758.04	-	369,472,610.67		
SEG ECO Phase II	December 2017	-	1,934,335,180.35	565,631,378.49	1,368,703,801.86	198,433,333.18	59,180,360.56
Oriental Venice Phase	August 2007	15,340,680.83	-	4,118,439.00	11,222,241.83		

I							
Oriental Venice Phase II	February 2012	55,097,668.88	-	7,064,655.00	48,033,013.88		
Huizhou SEG Holiday Plaza Phase I	August 2015	295,397,729.05	196,016,009.31	181,317,373.51	310,096,364.85	6,098,709.82	
Total		1,319,784,778.98	2,295,434,994.19	758,131,846.00	2,857,087,927.17	227,188,615.48	59,180,360.56

Note 10. Other current assets

Item	Closing balance	Opening balance
Bank financial products	511,690,000.00	434,000,000.00
Tax to be deducted and withheld	8,035,809.29	2,114,704.16
Prepaid tax	45,352,309.11	23,856,598.74
Others	499,797.94	258,544.69
Total	565,577,916.34	460,229,847.59

Note 11. Loans and prepayment issued

Item	Closing balance	Opening balance
Loan principal	415,733,397.18	487,312,682.37
Advance	---	---
Less: Impairment provision for loans and prepayment	16,346,289.04	6,907,523.92
Total	399,387,108.14	480,405,158.45

Note 10. Available-for-sale financial assets

1. Available-for-sale financial assets

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Available-for-sale debt instruments				---	---	---
Available-for-sale equity instruments				---	---	---
Measured by fair value	365,918.49		365,918.49	683,290.58	---	683,290.58
Measured by cost	33,810,392.83	15,000.00	33,795,392.83	33,810,392.83	15,000.00	33,795,392.83
Others			-	---	---	---
Total	34,176,311.32	15,000.00	34,161,311.32	34,493,683.41	15,000.00	34,478,683.41

2. Available-for-sale financial assets measured by fair value at the end of the period

Classification	Available-for-sale equity instruments	Available-for-sale debt instruments	Others	Total
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Classification	Available-for-sale equity instruments	Available-for-sale debt instruments	Others	Total
Cost of equity instruments/amortized cost of debt instruments	90,405.00			90,405.00
Accumulative changes in fair value included in other comprehensive income	275,513.49			275,513.49
Less: Accrued impairment amount				
Fair value	365,918.49			365,918.49

3. Measured by cost

Invested organization	Shareholding proportion (%)	Book balance			
		Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Kashgar Shenzhen City Co., Ltd.	3.03	20,000,000.00			20,000,000.00
Shenzhen SEG GPS Scientific Navigations Co., Ltd.	11.38	13,515,392.83			13,515,392.83
Nanjing Shangsha Co., Ltd	0.68	280,000.00			280,000.00
Anshan Yibai Co., Ltd	---	15,000.00			15,000.00
Total		33,810,392.83	-	-	33,810,392.83

Continued:

Invested organization	Impairment provision				Cash dividends of the current period
	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	
Kashgar Shenzhen City Co., Ltd.	-	-	-	-	-
Shenzhen SEG GPS Scientific Navigations Co., Ltd.	-	-	-	-	-
Nanjing Shangsha Co., Ltd	-	-	-	-	-
Anshan Yibai Co., Ltd	15,000.00	-	-	15,000.00	-
Total	15,000.00	-	-	15,000.00	-

4. Loss from impairment of available-for-sale financial assets in the current reporting period

Available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale debt instruments	Others	Total
Accrued impairment provision at the beginning of period	15,000.00	-	-	15,000.00
Provision of the year	-	-	-	-
Including: Transfer in Other	-	-	-	-

Available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale debt instruments	Others	Total
comprehensive income				
Decrease in the year	-	-	-	-
Including: Writing back due to recovery of fair value at the end of the period	-	-	-	-
Accrued impairment provision at the end of the period	15,000.00	-	-	15,000.00

Note 13. Long-term equity investment

Invested organization	Opening balance	Increase/Decrease of the year			
		Additional investment	Negative investment	Investment profit and loss recognized with the equity method	Adjustment of other comprehensive income
I. Investment in subsidiaries					
Dongguan SEG Industrial Co., Ltd. *Note 1	6,800,000.00				
Huiyang SEG Electronic Engineering Co., Ltd. *Note 1	2,000,000.00				
Huiyang SEG Electronic Engineering Co., Ltd. *Note 1	2,000,000.00				
Hainan Yidi Real Estate Co., Ltd. *Note 1	4,905,878.52				
Beijing Haidian District SEG Tianzheng Electronic Technology Co., Ltd. *Note 1	4,920,000.00				
Moscow Yidi Co., Ltd. *Note 1	1,740,000.00				
Shenzhen Yidi Hotel Co., Ltd. *Note 1	-				
Shenzhen Shitong Electronics Co., Ltd. *Note 1	-				
Hainan Yidi Industrial Development Co., Ltd. *Note 1	-				
Subtotal	22,365,878.52	-	-	-	-
II. Associates					
Shanghai SEG Electronics Market Co., Ltd.	2,551,558.06			184,731.75	
Shenzhen Huakong SEG Co., Ltd.	174,552,073.99		-9,125,553.30	5,871,204.49	-126.75
Shenzhen International Consumer Electronics Exhibition/Exchange Center	6,545,412.62			-4,515,452.16	
Suzhou SEG Electronics Market Co., Ltd.		1,350,000.00		-1,424,552.53	

Invested organization	Opening balance	Increase/Decrease of the year			
		Additional investment	Negative investment	Investment profit and loss recognized with the equity method	Adjustment of other comprehensive income
Huizhou SEG Economic Development Co., Ltd.	7,200,000.00				
Shenzhen SEG Plaza Investment & Development Co., Ltd.	1,000,000.00				
Shenzhen Hai Lian Industrial Co., Ltd.	767,049.27				
Dongguan SEG Real Estate Development Co., Ltd.					
Huizhou Huiyang District Stars Industrial Co., Ltd.					
Haikou Yida Real Estate Development Co., Ltd.					
Shenzhen SEG Hainan Communications Engineering Co., Ltd.					
SEG Wisdom Sports and Culture Development Co., Ltd.	20,008,278.04			418,432.68	
Shenzhen SEG Debao Investment Co., Ltd.		1.00			
Wuhan Qingshan Department Store	100,000.00				
Wuchang Department Store	180,000.00				
Wuhan Liuduqiao Department Store Group	880,000.00				
Shenyang Mulan Group	50,100.00				
Sichuan Polyester Co., Ltd.	50,000.00				
Shen Guoyuan Asset Management Consultants Co., Ltd.	60,000.00				
Shenzhen Kangyuan Industrial Development Co., Ltd.	500,000.00				
Shenzhen Shouhang Industrial Tourism Services Co., Ltd.	300,000.00				
Shenzhen Hongtu SEG Investment Management Co., Ltd.		1,500,000.00			
Shenzhen Zhonghai SEG Intelligent Parking Development Co., Ltd.		17,500,000.00		-1,349,878.40	
Subtotal	214,744,471.98	20,350,001.00	-9,125,553.30	-815,514.17	-126.75
Total	237,110,350.50	20,350,001.00	-9,125,553.30	-815,514.17	-126.75

Continued:

Invested organization	Increase/Decrease of the year				Closing balance	Closing balance of impairment provision
	Other equity changes	Issued cash dividends or profits	Accrued impairment provision	Others		
I. Investment in subsidiaries						
Dongguan SEG Industrial Co., Ltd. *Note 1					6,800,000.00	6,800,000.00
Huiyang SEG Electronic Engineering Co., Ltd. *Note 1					2,000,000.00	2,000,000.00
Daya Bay SEG Electronic Engineering Development Corporation *Note 1					2,000,000.00	2,000,000.00
Hainan Yidi Industrial Development Co., Ltd. *Note 1					4,905,878.52	4,905,878.52
Beijing Haidian District SEG Tianzheng Electronic Technology Co., Ltd. *Note 1					4,920,000.00	4,920,000.00
Moscow Yidi Co., Ltd. *Note 1					1,740,000.00	1,740,000.00
Shenzhen Yidi Hotel Co., Ltd. *Note 1					-	-
Shenzhen Shitong Electronics Co., Ltd. *Note 1					-	-
Hainan Yidi Industrial Development Co., Ltd. *Note 1					-	-
Subtotal	-	-	-	-	22,365,878.52	22,365,878.52
II. Associates						
Shanghai SEG Electronics Market Co., Ltd.		-500,000.00			2,236,289.81	---
Shenzhen Huakong SEG Co., Ltd.					171,297,598.43	---
Shenzhen International Consumer Electronics Exhibition/Exchange Center					2,029,960.46	---
Suzhou SEG Electronics Market Co., Ltd.	360,000.00				285,447.47	
Huizhou SEG Economic Development Co., Ltd. *Note 2					7,200,000.00	7,200,000.00
Shenzhen SEG Plaza Investment & Development Co., Ltd. *Note 2					1,000,000.00	1,000,000.00
Shenzhen Hai Lian Industrial Co., Ltd. *Note 2					767,049.27	767,049.27
Dongguan SEG Real Estate Development Co., Ltd. *Note 2					-	
Huizhou Huiyang District Stars Industrial Co., Ltd. *Note 2					-	

Invested organization	Increase/Decrease of the year				Closing balance	Closing balance of impairment provision
	Other equity changes	Issued cash dividends or profits	Accrued impairment provision	Others		
Haikou Yida Real Estate Development Co., Ltd. *Note 2					-	
Shenzhen SEG Hainan Communications Engineering Co., Ltd. *Note 2					-	
SEG Wisdom Sports and Culture Development Co., Ltd. *Note 2		-1,952,807.17			18,473,903.55	
Shenzhen SEG Debao Investment Co., Ltd. *Note 2					1.00	
Wuhan Qingshan Department Store *Note 2					100,000.00	100,000.00
Wuchang Department Store *Note 2					180,000.00	180,000.00
Wuhan Liuduqiao Department Store Group *Note 2					880,000.00	880,000.00
Shenyang Mulan Group *Note 2					50,100.00	50,100.00
Sichuan Polyester Co., Ltd. *Note 2					50,000.00	50,000.00
Shen Guoyuan Asset Management Consultants Co., Ltd. *Note 2					60,000.00	60,000.00
Shenzhen Kangyuan Industrial Development Co., Ltd. *Note 2					500,000.00	500,000.00
Shenzhen Shouhang Industrial Tourism Services Co., Ltd. *Note 2					300,000.00	300,000.00
Shenzhen Hongtu SEG Investment Management Co., Ltd.					1,500,000.00	
Shenzhen Zhonghai SEG Intelligent Parking Development Co., Ltd.					16,150,121.60	
Subtotal	360,000.00	-2,452,807.17	-	-	223,060,471.59	11,087,149.27
Total	360,000.00	-2,452,807.17	-	-	245,426,350.11	33,453,027.79

Note 1: Dongguan SEG Industrial Co., Ltd. and other eight subsidiaries were unable to provide statements and be merged due to revocation of business licenses. The provision for impairment of such investment has been accrued in full.

Note 2: Huizhou SEG Economic Development Co., Ltd. and other 14 associates were unable to provide statements and conduct accounting with the equity method due to revocation of business licenses. This part of the investment has been fully withdrawn from provision for impairment. The provision for impairment of such investment has been accrued in full.

Note 14. Investment properties

1. Investment properties measured by costs

Item	Houses and buildings	Land use right	Total
I. Original book value			
1. Opening balance	1,443,667,334.56	5,237,512.49	1,448,904,847.05

Item	Houses and buildings	Land use right	Total
2. Increase in the current period	14,490,179.87	-	14,490,179.87
Outsourcing			-
Transfer-in of inventory/fixed assets/construction in progress	14,490,179.87		14,490,179.87
Business combination not under common control			-
Capital invested by shareholders			-
Converted difference in foreign currency statements			-
Increase for other reasons			-
3. Decrease in the current period			
Disposal			
Disposal of subsidiaries			
Assets categorized as held for sale			
Decrease for other reasons			
4. Closing balance	1,458,157,514.43	5,237,512.49	1,463,395,026.92
II. Accumulated depreciation (amortization)			
1. Opening balance	738,491,742.44	1,942,633.80	740,434,376.24
2. Increase in the current period	45,982,024.42	90,441.36	46,072,465.78
Accrual in the current period	45,982,024.42	90,441.36	46,072,465.78
Transfer-in of inventory/fixed assets/construction in progress			
Business combination not under common control			
Capital invested by shareholders			
Converted difference in foreign currency statements			
Increase for other reasons			
3. Decrease in the current period			
Disposal	-		
Disposal of subsidiaries			
Assets categorized as held for sale			
Decrease for other reasons			
4. Closing balance	784,473,766.86	2,033,075.16	786,506,842.02
III. Impairment provision			
1. Opening balance			

Item	Houses and buildings	Land use right	Total
2. Increase in the current period			
Accrual in the current period			
Transfer-in of inventory/fixed assets/construction in progress			
Business combination not under common control			
Capital invested by shareholders			
Converted difference in foreign currency statements			
Increase for other reasons			
3. Decrease in the current period			
Disposal			
Disposal of subsidiaries			
Assets categorized as held for sale			
Decrease for other reasons			
4. Closing balance			
IV. Book value			
1. Closing book value	673,683,747.57	3,204,437.33	676,888,184.90
2. Opening book value	705,175,592.12	3,294,878.69	708,470,470.81

2. There are no investment properties measured by fair value at the end of period.

3. Details of investment properties without property certificates

Item	Book value	Reasons for not handling property certificates
1F & 2F, Building 3, SEG Industrial Building	583,724.18	The certificate holder is SEG Group. The property is being transferred to SegMaker.
Some area of 11F, Building 4, SEG Science Park	591,578.04	The certificate holder is SEG Real Estate. The property is being transferred to SegMaker.
Total		1,175,302.22

Note 13. Original value and accumulated depreciation of fixed assets

1. Details of fixed assets

Item	Houses and buildings	Machinery equipment	Transportation vehicles	Electronic equipment	Other equipment	Total
I. Original book value						
1. Opening balance	45,356,666.93	44,179,603.85	15,683,266.47	24,164,102.51	13,953,311.74	143,336,951.50
2. Increase in the current period	-	9,459,301.55	713,800.33	6,028,321.36	3,007,422.03	19,208,845.27

Item	Houses and buildings	Machinery equipment	Transportation vehicles	Electronic equipment	Other equipment	Total
Purchase		9,459,301.55	713,800.33	6,028,321.36	3,007,422.03	19,208,845.27
Transfer-in of construction in progress						-
Business combination not under common control						-
3. Decrease in the current period	-	52,042.00	962,813.13	1,111,507.31	295,002.70	2,421,365.14
Disposal or scrap		52,042.00	325,472.13	666,961.85	220,630.00	1,265,105.98
Assets categorized as held for sale						-
Transfer to investment properties						-
Disposal of subsidiaries			637,341.00	444,545.46	74,372.70	1,156,259.16
4. Closing balance	45,356,666.93	53,586,863.40	15,434,253.67	29,080,916.56	16,665,731.07	160,124,431.63
II. Accumulated depreciation						
1. Opening balance	20,563,723.14	36,371,948.17	11,717,289.08	14,134,059.25	8,520,010.76	91,307,030.40
2. Increase in the current period	1,286,704.77	1,582,549.44	990,491.83	2,878,584.04	1,597,741.53	8,336,071.61
Accrual	1,286,704.77	1,582,549.44	990,491.83	2,878,584.04	1,597,741.53	8,336,071.61
Business combination not under common control						-
3. Decrease in the current period	-	49,556.12	788,513.75	936,481.39	149,108.05	1,923,659.31
Disposal or scrap		49,556.12	275,973.20	624,829.14	105,098.50	1,055,456.96
Assets categorized as held for sale						-
Transfer to investment properties						-
Disposal of subsidiaries			512,540.55	311,652.25	44,009.55	868,202.35
4. Closing balance	21,850,427.91	37,904,941.49	11,919,267.16	16,076,161.90	9,968,644.24	97,719,442.70
III. Impairment provision						

Item	Houses and buildings	Machinery equipment	Transportation vehicles	Electronic equipment	Other equipment	Total
1. Opening balance						
2. Increase in the current period						
Accrual						
Business combination not under common control						
3. Decrease in the current period						
Disposal or scrap						
Assets categorized as held for sale						
Transfer to investment properties						
Disposal of subsidiaries						
4. Closing balance						
IV. Book value						
1. Closing book value	23,506,239.02	15,681,921.91	3,514,986.51	13,004,754.66	6,697,086.83	62,404,988.93
2. Opening book value	24,792,943.79	7,807,655.68	3,965,977.39	10,030,043.26	5,433,300.98	52,029,921.10

2. There are no fixed assets that are temporarily idle at the end of the period.
3. There are no fixed assets acquired through financing lease.
4. There are no fixed assets acquired through financing lease out.
5. Fixed assets with no property right certificate acquired at the end of the period

Item	Book value	Reason for property right certificate not acquired
Houses and buildings	1,161,742.84	Qualification procedures not complete
Total	1,161,742.84	

Note 16. Construction in progress

1. Details of Construction in progress

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Shenzhen-Shantou CdTe Film	9,918,306.69	---	9,918,306.69	---	---	---

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Industrial Park						
Renovation of three buildings including SEG Industrial Building SEG Industrial Building	53,667,550.99	---	53,667,550.99	24,574,266.14	---	24,574,266.14
SEG Maker Education Technology Experience Museum	4,175,779.03	---	4,175,779.03	---	---	---
Renovation of Building 1, SEG Court	---	---	---	8,217,673.52	---	8,217,673.52
Decoration and renovation of 2F, Building 101, Shangbu Industrial Zone	1,140,000.00	---	1,140,000.00	---	---	---
Other sporadic engineering	2,843,877.61	---	2,843,877.61	4,300,287.85	---	4,300,287.85
Total	71,745,514.32	---	71,745,514.32	37,092,227.51	---	37,092,227.51

2. Changes in major construction in progress

Project name	Opening balance	Increase in the current period	Transfer to fixed assets in the current period	Other decrease in the current period	Closing balance
Shenzhen-Shantou CdTe Film Industrial Park		9,918,306.69			9,918,306.69
Renovation of three buildings including SEG Industrial Building SEG Industrial Building	24,574,266.14	29,093,284.85			53,667,550.99
SEG Maker Education Technology Experience Museum		4,175,779.03			4,175,779.03
Total	24,574,266.14	43,187,370.57	-	-	67,761,636.71

Continued:

Project name	Budget (RMB 10,000)	Proportion of project investment in the budget (%)	Progress (%)	Accumulated amount of interest capitalization	Including: Amount of interest capitalization in the current period	Interest capitalization rate in the current period (%)	Source of fund
Shenzhen-Shantou	65,208.96	1.52	1.52				Self-owned

Project name	Budget (RMB 10,000)	Proportion of project investment in the budget (%)	Progress (%)	Accumulated amount of interest capitalization	Including: Amount of interest capitalization in the current period	Interest capitalization rate in the current period (%)	Source of fund
CdTe Film Industrial Park							fund
Reconstruction projects of three buildings including SEG Industrial Building	6,481.31	82.80	82.80				Self-owned fund
SEG Maker Education Technology Experience Museum	984.00	42.44	42.44				Self-owned fund
Total	---	---	---	---	---	---	---

Note 17. Intangible assets

1. Intangible assets

Item	Land use right	Outsourced software	Total
I. Original book value			
1. Opening balance	1,790,601.27	3,505,784.62	5,296,385.89
2. Increase in the current period	28,850,300.00	1,284,090.59	30,134,390.59
Purchase	28,850,300.00	1,284,090.59	30,134,390.59
Internal R&D			
Business combination not under common control			
Shareholder investment			
Converted difference in foreign currency statements			
Increase for other reasons			
3. Decrease in the current period	-	21,000.00	21,000.00
Disposal			
Disposal of subsidiaries		21,000.00	21,000.00
Assets categorized as held for sale			
Decrease for other reasons			
4. Closing balance	30,640,901.27	4,768,875.21	35,409,776.48
II. Accumulated amortization			
1. Opening balance	284,515.11	2,330,343.38	2,614,858.49
2. Increase in the current period	468,972.58	509,912.32	978,884.90
Accrual	468,972.58	509,912.32	978,884.90
Business combination not under common control			
Converted difference in foreign currency statements			

Item	Land use right	Outsourced software	Total
Shareholder investment			
Increase for other reasons			
3. Decrease in the current period	-	15,750.00	15,750.00
Disposal			
Disposal of subsidiaries		15,750.00	15,750.00
Assets categorized as held for sale			
Decrease for other reasons			
4. Closing balance	753,487.69	2,824,505.70	3,577,993.39
III. Impairment provision			
1. Opening balance			
2. Increase in the current period			
Accrual			
Business combination not under common control			
Converted difference in foreign currency statements			
Shareholder investment			
Increase for other reasons			
3. Decrease in the current period			
Disposal of subsidiaries			
Assets categorized as held for sale			
Transfer-out			
Decrease for other reasons			
4. Closing balance			
IV. Book value			
1. Closing book value	29,887,413.58	1,944,369.51	31,831,783.09
2. Opening book value	1,506,086.16	1,175,441.24	2,681,527.40

2. There are no land use right without property certificates at the end of period.

Note 16. Goodwill

1. Original book value of goodwill

Name of the invested organization or the item contributing to a goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Increase due to business merger	Others	Disposal	Others	
Changsha SEG Development Co., Ltd.	10,328,927.82	-	-	-	-	10,328,927.82

Name of the invested organization or the item contributing to a goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Increase due to business merger	Others	Disposal	Others	
Total	10,328,927.82	-	-	-	-	10,328,927.82

The goodwill impairment testing was conducted at the end of the period and there was no sign of impairment, so no provision was accrued for impairment.

Note 17. Long-term expenses to be amortized

Item	Opening balance	Increase in the current period	Amortization amount of current period	Other decrease	Closing balance
Decoration expenses	104,008,448.77	21,796,171.81	26,183,988.15	5,812,719.30	93,807,913.13
Firefighting renovation	3,699,004.36	10,002,522.11	2,786,771.46	229,179.13	10,685,575.88
Market supporting fee of Tower B	650,020.35	405,483.50	216,722.86		838,780.99
Brand franchise expense		3,773,584.80	626,375.81		3,147,208.99
Others	652,210.68	1,287,574.58	606,238.30		1,333,546.96
Total	109,009,684.16	37,265,336.80	30,420,096.58	6,041,898.43	109,813,025.95

Note 20. Deferred income tax assets and liabilities

1. Deferred income tax assets not offset

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment provision	103,567,011.22	25,891,752.81	79,419,498.72	19,854,874.68
Unrealized profit from internal transaction	---	---	---	---
Deductible losses	6,006,685.12	1,501,671.28	23,441,306.92	5,860,326.73
Payroll payable	---	---	---	---
Technology development expense	---	---	---	---
Accrued expenses	---	---	---	---
Estimated liabilities	1,137,019.84	284,254.96	---	---
Government subsidies included in deferred income	8,883,045.36	2,220,761.34	11,183,333.32	2,795,833.33
Total	119,593,761.54	29,898,440.39	114,044,138.96	28,511,034.74

2. Deferred income tax liabilities not offset

Item	Closing balance	Opening balance
------	-----------------	-----------------

	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Asset evaluation increment for business combination not under common control	364,730,298.80	91,182,574.70	374,947,695.24	93,736,923.81
Changes in fair value of the available-for-sale financial assets	275,513.48	68,878.37	592,885.60	148,221.40
Changes in fair value of transactional financial assets	---	---	---	---
Designated financial assets measured by fair value with changes recognized in current profit or loss	---	---	---	---
Changes in fair value of the investment property	---	---	---	---
Changes in fair value of productive biological assets	---	---	---	---
Total	365,005,812.28	91,251,453.07	375,540,580.84	93,885,145.21

3. Details of deductible temporary difference of deferred income tax assets unrecognized in this period

Item	Closing balance	Opening balance
Asset impairment provision	16,535,710.06	18,648,350.32
Estimated liabilities	---	232,500.00
Deductible losses	85,555,747.61	37,349,450.30
Total	102,091,457.67	56,230,300.62

The deductible temporary differences and deductible losses are not recognized because it is uncertain to make sufficient taxable income in the future.

4. Unrecognized deductible losses of deferred income tax assets will be due in the following years

Year	Closing balance	Opening balance	Remarks
2017		3,626,036.94	
2018	2,610,263.14	2,610,263.14	
2019	391,897.95	5,961,706.24	
2020	10,444,329.02	10,444,329.02	
2021	14,707,114.96	14,707,114.96	
2022	57,402,142.54	-	
Total	85,555,747.61	37,349,450.30	

Note 21. Other non-current assets

Category and contents	Closing balance	Opening balance
Upfront expense of the new hotel		7,459,000.09

Category and contents	Closing balance	Opening balance
Prepayment for engineering in the electronics market	1,329,403.00	6,345,660.37
Prepayment for equipment	91,958,227.00	---
Total	93,287,630.00	13,804,660.46

Note 22. Short-term borrowing

1. Classification of short-term borrowings

Item	Closing balance	Opening balance
Borrowing on credit	350,000,000.00	100,000,000.00
Pledge loans		---
Mortgage loans	184,792,000.00	255,000,000.00
Total	534,792,000.00	355,000,000.00

2. There are no overdue outstanding short-term loans at the end of the period.

Note 23. Accounts payable

1. Details of accounts payable

Item	Closing balance	Opening balance
Payment for goods	7,269,536.54	524,596.07
Project fund payable	447,098,208.56	23,179,045.22
Service fees payable	13,749,465.21	4,639,616.98
Others	1,970,948.32	2,667,694.93
Total	470,088,158.63	31,010,953.20

2. There are no significant accounts payable aged over one year at the end of the period.

Note 24. Advance receipt

1. Details of prepayment

Item	Closing balance	Opening balance
Advance receipt of brand royalties	5,625,217.65	8,612,776.97
Advance receipt of rents	140,703,694.18	139,884,880.07
Advance receipt of payment for goods	1,357,194.37	14,193,465.32
Advance receipt of advertising payment	15,941,893.99	6,325,655.29
Advance receipt of house payment	534,119,766.38	746,908,139.14
Advance receipt of property management expenses	4,922,511.18	4,295,382.37
Others	4,361,451.48	3,744,868.89
Total	707,031,729.23	923,965,168.05

2. Advance receipt of house payment

Project name	Closing balance	Opening balance	Estimated date of	Pre-sale
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			completion	proportion (%)
SEG ECO Phase II	501,994,437.03	732,934,800.93	December 2017	45.78
Total	501,994,437.03	732,934,800.93		

3. There is no major advance receipt with aging of more than one year at the end of period.

Note 25. Payroll payable

1. List of payroll payable

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Short-term payroll	35,226,843.77	275,524,016.73	269,873,374.76	40,877,485.74
Welfare after leave – defined contribution plan	237,486.09	23,239,981.44	23,340,350.28	137,117.25
Dismissal welfare		3,347,291.45	3,347,291.45	
Other welfare due within one year				
Total	35,464,329.86	302,111,289.62	296,561,016.49	41,014,602.99

2. List of short-term payroll

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Wages, bonuses, allowances and subsidies	30,315,697.41	230,215,961.79	224,782,159.39	35,749,499.81
Employee welfare	5,840.08	15,509,493.07	15,466,975.04	48,358.11
Social insurance premiums	75,070.59	9,899,014.73	9,922,664.02	51,421.30
Including: Medical insurance premiums	72,526.40	8,776,396.78	8,798,189.98	50,733.20
Supplementary medical insurance	1,366.00	107,918.86	109,284.86	-
Work injury insurance	533.73	449,959.91	450,264.28	229.36
Maternity insurance	644.46	564,739.18	564,924.90	458.74
Housing fund	1,300,390.68	15,455,456.84	15,548,419.87	1,207,427.65
Labor union expenditures	3,529,845.01	3,736,249.88	3,480,034.74	3,786,060.15
Accumulative compensated absences in short term				
Short-term profit (bonus) sharing plan				
Share-based payment in cash				
Other short-term payroll	-	707,840.42	673,121.70	34,718.72
Total	35,226,843.77	275,524,016.73	269,873,374.76	40,877,485.74

3. List of defined contribution plan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Pension insurance	85,769.64	16,910,607.37	16,900,786.72	95,590.29

Unemployment insurance premium	1,716.45	659,338.07	660,595.83	458.69
Supplementary pension payment	150,000.00	5,670,036.00	5,778,967.73	41,068.27
Total	237,486.09	23,239,981.44	23,340,350.28	137,117.25

Note 26. Taxes payable

Taxes and fees	Closing balance	Opening balance
Value-added tax	66,059,662.33	39,447,820.87
Enterprise income tax	113,634,104.16	144,349,073.48
Individual income tax	1,693,306.42	1,244,189.51
Urban maintenance and construction tax	1,488,973.45	2,300,140.46
Education surtax	1,125,114.50	1,432,983.81
Housing property tax	3,123,061.35	4,411,928.87
Stamp tax and water fund	54,304,170.12	60,645,031.72
Land use tax	258,615.62	196,966.22
Others	506,207.57	58,329.00
Total	1,284,314.91	629,080.44
	243,477,530.43	254,715,544.38

Note 27. Interest payable

Item	Closing balance	Opening balance
Interest on long-term borrowings with interest payments due on installments	2,912,667.84	2,882,567.39
Interest payable on short-term loans	687,210.64	475,177.74
Total	3,599,878.48	3,357,745.13

Note 28. Dividends payable

Item	Closing balance	Opening balance	Reason for not making payment for over one year
Common stock dividends	3,340,969.82	15,132,970.78	---
Total	3,340,969.82	15,132,970.78	---

Note 29. Other payables

1. Other payables listed based on nature

Nature of receivables	Closing balance	Opening balance
Deposit and security deposit	223,033,972.64	198,187,056.13
Central air conditioner maintenance cost and special maintenance fund	22,835,388.12	12,882,368.93
Receipts under custody	53,345,900.68	14,507,917.60
Pending transfer of equity	743,891,698.94	93,265,454.60
Funds from related parties	42,911,508.73	178,185,846.20

Nature of receivables	Closing balance	Opening balance
Purchase Intent and Pending Return of Purchase Payment	104,359,691.10	140,918,722.10
Electronics market water and electricity charges and rental payable, and others	100,053,706.16	160,135,358.37
Total	1,290,431,866.37	798,082,723.93

2. Major other payables with aging of more than one year

Company name	Closing balance	Reason for no repayment or carry-over
Shenzhen Zedefeng Trade Co., Ltd.	82,549,595.10	House payment to be returned
Zhuhai Minghao Group Co., Ltd.	68,265,454.60	Payable for equity purchase
Shenzhen Shuobeide Investment Management Co., Ltd.	21,810,096.00	Earnest money for house purchase
Guangtian Decoration Design Co., Ltd.	11,547,700.00	Deposit and cash deposit
China Huashi Enterprises Company Limited	10,000,000.00	Cash deposit
Total	194,172,845.70	

Note 30. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term loans due within one year	255,000,000.00	488,000,000.00
Bonds payable due within one year		
Deferred income due within one year	3,414,693.92	3,561,661.33
Total	258,414,693.92	491,561,661.33

Note 31. Long-term loan

Loan type	Closing balance	Opening balance
Pledge loan		200,000,000.00
Mortgage loan	754,750,000.00	830,000,000.00
Guaranteed loan		
Credit loan		
Total	754,750,000.00	1,030,000,000.00

Note 32. Estimated liabilities

Item	Closing balance	Opening balance	Cause
External guarantee			
Pending litigation	1,137,019.85		See Note 12 (II).
Expected liquidated damages		232,500.00	Breach of the lease contract
Total	1,137,019.85	232,500.00	

Note 33. Deferred income

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Cause
Asset-related government	12,847,493.34	720,000.00	1,899,999.96	11,667,493.38	See Table 1 for details.

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Cause
subsidy					
Income-related government subsidy	1,000,000.00	-	400,288.00	599,712.00	See Table 1 for details.
Unrealized income from house sales	7,045,770.83	-	3,561,661.33	3,484,109.50	
Subtotal	20,893,264.17	720,000.00	5,861,949.29	15,751,314.88	
Less: Deferred income from reclassification to current liabilities	3,561,661.33	-	-	3,414,693.92	
Total	17,331,602.84	-	-	12,336,620.96	

1. Deferred income related to government subsidies

	Opening balance	Amount of new subsidies in this period	Amount of non-operating income in the current period	Other changes
ics Market	9,183,333.34		1,899,999.96	
	1,000,000.00			
	1,000,000.00		400,288.00	
n and Administration Commission	904,160.00			-
logy incubation base project	1,000,000.00	-		
or industrial development	400,000.00	-		
ustrial development	360,000.00	720,000.00		
	13,847,493.34	720,000.00	2,300,287.96	-

It is recognized in other income of RMB 2,300,287.96 in current profit and loss in the reporting period.

Note 34. Share capital

Item	Opening balance	Increase (+)/decrease (-) in the current period					Closing balance
		New share offering	Bonus share	Capitalization of public reserve	Others	Subtotal	
Unrestricted stock	784,721,571.00	---	---	---	-112,500.00	-112,500.00	784,609,071.00
Restricted stock	77,439.00	450,857,239.00	---	---	112,500.00	450,969,739.00	451,047,178.00
Including: restricted equity incentive	---	---	---	---	---	---	---
Restricted executive shares	77,439.00	---	---	---	112,500.00	112,500.00	189,939.00
Restricted shares after secondary public offering		450,857,239.00				450,857,239.00	450,857,239.00
Sum of shares	784,799,010.00	450,857,239.00	---	---	---	450,857,239.00	1,235,656,249.00

Notes to changes in share capital:

New shares issued this year are 450,857,239 shares issued by Shenzhen SEG Group Co., Ltd. to purchase 100% of the equity of SegMaker, 55% of the equity of SEG Recreation, 100% of the equity of SEG Property Development and 79.02% of the equity of SEG Real Estate.

This capital increase has been verified in the capital verification report (D. H. Y. Zi. [2017] No. 000044).

Note 35. Capital reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (capital share premium)	623,186,998.52	7,198,890.58	630,385,889.10	-
Other capital reserves	175,086,543.13		9,066,672.94	166,019,870.19
Total	798,273,541.65	7,198,890.58	639,452,562.04	166,019,870.19

Notes to capital reserve:

(1) Increase in capital reserve: As the shareholding ratio of SEG Property Management Co., Ltd., a holding sub-subsidiary of the Company is changed due to addition of shareholders, the part attributable to the Company RMB 6,838,890.58 is recognized in capital reserve based on the shareholding ratio. As minority shareholders of Suzhou SEG Electronics Market Management Co., Ltd. give up dividends in the current period, the part attributable to the Company RMB 360,000.00 is recognized in capital reserve based on the shareholding ratio.

(2) Major assets restructuring occurred in the current period. Shenzhen SEG Co., Ltd. purchased 100% of the equity of SegMaker, 55% of the equity of SEG Recreation, 100% of the equity of SEG Property Development and 79.02% of the equity of SEG Real Estate held by SEG Group by issuing shares and paying cashes as the consideration. In 2017, the Company issued 450,857,239 shares to SEG Group (the cash consideration of RMB 675,626,244.34 is not paid yet) and completed combination of four target companies under common control. The reporting entity after combination is deemed to exist in the previous period. As the capital reserve (share premium) of RMB 630,385,889.10 is transferred out in the reporting period after combination, related items in the comparative statements are adjusted.

The Company sold 1% of the equity of Huakong SEG Co., Ltd. through the bidding trading system of Shenzhen Stock Exchange. The part originally recognized in capital reserve is transferred to investment income RMB 9,066,672.94.

Note 36. Other comprehensive income

Item	Opening balance	Amount incurred in the current period						Closing balance
		Pretax amount obtained in this period	Less: profit and loss transferred in from other comprehensive income in the current period	Less: Income tax	Amount after tax attributable to parent company	Amount after tax attributable to minority shareholders	Less: Changes in net liabilities or net assets due to carry-over and re-measurement of the defined benefit plan	
I. Other comprehensive incomes not to be reclassified into profit and loss								
(1) Changes in net liabilities or net assets due to re-measurement in defined benefit plans								
(2) Shares of the investee of other comprehensive incomes not to be reclassified into profit and loss with the equity method								
II. Other comprehensive income to be reclassified into profit and loss								
(1) Shares of the investee of other comprehensive incomes to be reclassified into profit and loss with the equity method if the required conditions are met	178.21	-126.75			-126.75			51.46
(2) Profit or loss from changes in the fair value of available-for-sale financial assets	296,057.41	-317,372.09		-79,343.02	-158,479.75	-79,549.32		137,577.66
(3) Held-to-maturity investments reclassified into profit or loss from the								

Item	Opening balance	Amount incurred in the current period						Closing balance
		Pretax amount obtained in this period	Less: profit and loss transferred in from other comprehensive income in the current period	Less: Income tax	Amount after tax attributable to parent company	Amount after tax attributable to minority shareholders	Less: Changes in net liabilities or net assets due to carry-over and re-measurement of the defined benefit plan	
available-for-sale financial assets								
(4) Effective profit or loss from hedging of cash flows								
(5) Foreign currency translation differences								
(6) Income from disposal of equity investment in subsidiaries before loss of control in a package deal								
(7) Non-investment properties transferred to investment properties measured by fair value								
Total other comprehensive income	296,235.62	-317,498.84	-	-79,343.02	-158,606.50	-79,549.32	-	137,629.12

Note 38. Undistributed profits

Item	Amount	Accrual/Distribution Rate
Before adjustment undistributed profits at the end of the previous period	145,542,484.27	-
After adjustment total undistributed profits (+ for increase, - for decrease) at the beginning of period	561,586,758.26	-
After adjustment undistributed profit at the beginning of period	707,129,242.53	-
Add: Net profits attributable to the parent company owner in the current period	219,553,261.10	-
Less: Accrual of statutory surplus reserve	16,907,433.09	10%
Accrual of free surplus reserve	---	
Accrual of reserve fund	---	
Accrual of enterprise development fund	---	
Investment for profit return	---	
Accrual of bonus and welfare fund	---	
Accrual of provision for general risk	---	
Ordinary share dividends payable	36,973,327.79	
Ordinary share dividends converted to share capital	---	
Preferred stock dividend	---	
Other distributions to shareholders	---	
Profits capitalized on return	---	
Other profit distribution	---	
Plus: Surplus reserve compensating losses	---	
Changes in net liabilities or net assets due to re-measurement in defined benefit plans	---	
Internal carrying forward of owners' equity	496,097,594.24	
Undistributed profits at the end of period	376,704,148.51	

1. Notes to adjustment of undistributed profits in the beginning of period

(1) The undistributed profit in the beginning of period affected by business combination under common control in the reporting period is RMB561,586,758.26.

Note 39. Operating income and operating cost**1. Operating income and operating cost**

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Main business	1,968,663,974.01	1,394,066,396.94	1,352,960,768.03	1,004,575,820.37
Other businesses	12,643,584.22	4,431,294.33	18,084,214.08	7,536,451.17
Total	1,981,307,558.23	1,398,497,691.27	1,371,044,982.11	1,012,112,271.54

1. Main business (by sector)

Sector	Amount incurred in the current period		Amount incurred in the previous period	
	Operating income	Operating cost	Operating income	Operating cost
(1) Industry	---	---	---	---
(2) Commerce	150,361,821.40	146,430,367.50	299,072,947.49	293,776,511.73
(3) Real estate	883,601,001.00	594,819,985.74	248,736,375.89	130,925,844.41
(4) Leasing and others	934,701,151.61	652,816,043.70	805,151,444.65	579,873,464.23
Total	1,968,663,974.01	1,394,066,396.94	1,352,960,768.03	1,004,575,820.37

2. Operating income from top 5 customers of the Company

Customer name	Total operating income	Percentage in the total operating income of the Company
Shenzhen Nanfang Yunhe Technology Co., Ltd.	41,946,122.20	2.13
Shenzhen Suning Yunshang Sales Co., Ltd.	41,784,580.54	2.12
Traffic Police Office of Shenzhen Municipal Public Security Bureau (office property management expense)	28,753,641.51	1.46
Jiang Hua (house purchase)	17,640,860.95	0.90
Li Yuanmei (house purchase)	16,402,241.90	0.83
Total	146,527,447.10	7.44

Note 40. Tax and surcharges

Item	Amount incurred in the current period	Amount incurred in the previous period
Business tax		21,990,979.52
Urban maintenance and construction tax	6,528,806.68	3,954,639.93
Education surtax	4,663,383.66	2,829,496.49
Property tax	14,834,709.42	4,086,544.87
Land use right	1,770,054.03	359,007.01
Vehicle and vessel use tax	42,912.64	1,920.00
Land value-added tax	26,768,172.50	20,595,115.72
Stamp duty	1,625,882.13	371,734.08
Others	987,108.71	233,145.42
Total	57,221,029.77	54,422,583.04

Note 41. Sales expense

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee compensation	5,685,857.37	12,924,954.59
Depreciation and amortization expenses	6,832,208.68	1,149,352.35
Advertising expenses	10,574,005.39	20,091,783.37
Consultancy fee	14,908,792.63	3,369,264.42
Others	5,172,506.38	4,020,457.84

Item	Amount incurred in the current period	Amount incurred in the previous period
Total	43,173,370.45	41,555,812.57

Note 42. Management expense

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee compensation	89,672,500.12	73,660,451.84
Depreciation and amortization expenses	6,035,441.37	2,799,629.01
Tax	54,778.00	5,715,770.53
Travel expense	4,895,558.52	4,672,602.38
Intermediary expense	6,388,752.92	5,259,209.02
Major assets restructuring costs	4,525,090.35	16,806,161.42
Business entertainment expense	4,576,413.46	4,264,403.01
Office expense	7,190,169.93	4,377,700.61
Rental expense	3,468,700.75	6,009,613.28
Organization costs	337,636.46	2,434,256.28
Others	16,884,021.38	16,779,908.64
Total	144,029,063.26	142,779,706.02

Note 43. Financial cost

Category	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses	28,775,224.99	17,563,733.69
Less: Interest income	8,427,772.41	7,811,339.27
Loss on exchange	-452.95	-311,072.10
Bank charges	1,251,611.73	1,025,292.88
Total	21,598,611.36	10,466,615.20

Note 44. Loss from asset impairment

Item	Amount incurred in the current period	Amount incurred in the previous period
Loss from bad debt	12,596,107.12	1,701,722.69
Impairment losses on loans and prepayment	9,438,765.12	-4,006,713.77
Loss from inventory depreciation		
Loss from impairment of available-for-sale financial assets		
Total	22,034,872.24	-2,304,991.08

Note 45. Investment income

1. Details of investment income

Item	Amount incurred in the current period	Amount incurred in the previous period
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Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income by the equity method	296,114.99	2,121,219.00
Long-term equity investment income by the cost method	-	
Income from disposal of long-term equity investments	55,860,373.13	89,688,725.07
Income from holding financial assets measured by fair value with changes recognized in current profit or loss		
Income from disposal of financial assets measured by fair value with changes recognized in current profit or loss		
Income from holding of held-to-maturity investments		
Investment income during the possession of available-for-sale financial assets		
Income from disposal of held-to-maturity investments		
Investment income from disposal of available-for-sale financial assets		
Profit from re-measurement of fair value of the remaining equity after loss of control		
Realized gains (losses) on the invalid cash flow hedges		
Others (financial products)	15,843,427.61	17,905,697.58
Total	71,999,915.73	109,715,641.65

Note 46. Income from asset disposal

Item	Amount incurred in the current period	Amount incurred in the previous period
Gain or loss from disposal of held-for-sale assets		
Gain or loss from disposal of fixed assets		116,977.79
Gain or loss from disposal of construction in progress		
Gain or loss from disposal of productive biological assets		
Gain or loss from disposal of intangible assets		
Total		116,977.79

Note 47. Other income

1. Details of other income

Item	Amount incurred in the current period	Amount incurred in the previous period
Government subsidies	6,406,623.72	
Total	6,406,623.72	

2. Government subsidies recognized in other income

Item	Amount incurred in the current period	Amount incurred in the previous period	Relevant to assets /Relevant to income
Support project for construction of Nantong SEG Electronics Market	1,899,999.96		Relevant to assets
Support for loan with discounted interest of Futian	502,700.00		Relevant to income

District special fund for industrial development			
CPARK Show Promotion Center	400,288.00		Relevant to income
Maker service platform of special fund for industrial development	600,000.00		Relevant to income
2017 subsidies for stable employment	50,653.35		Relevant to income
2016 incentive for corporate retail sales growth	200,000.00		Relevant to income
Animation grants of Gangzha District, Nantong	2,000,000.00		Relevant to income
Government incentives of Economic Development Zone of Gangzha District, Nantong	100,000.00		Relevant to income
Service industry incentive funds of the Management Committee of Gangzha District, Nantong	200,000.00		Relevant to income
Special fund for green applications (plaza power conservation) of Futian District State Treasury	420,000.00		Relevant to income
tax exemption for Small and micro enterprises	32,982.41		Relevant to income
Total	6,406,623.72		

Note 48. Government subsidies

1. Government subsidies by presented items

Presented items of government subsidies	Amount incurred in the current period	Amount incurred in the previous period	Remarks
Government subsidies recognized in deferred income	720,000.00	2,000,000.00	See Note 33.
Government subsidies recognized in other income	6,406,623.72		See Note 47.
Government subsidies recognized in non-operating income	10,000.00	9,828,264.76	See Note 49.
Government subsidies offsetting book value of some assets			
Government subsidies offsetting costs			
Less: Returned government subsidies			
Total	7,136,623.72	11,828,264.76	

Note 49. Non-operating income

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in current non-recurring profit and loss
Profit from debt restructuring			
Income from donations			
Inventory profits			
Compensation	79,580.00		
Pending revenue			79,580.00
Gains on disposal of investment properties		105,091,122.97	
Government subsidies	10,000.00	9,828,264.76	10,000.00

Liquidated damages	11,867,394.45	139,343.64	11,862,594.45
Others	1,076,790.36	2,658,039.72	1,075,329.21
Total	13,033,764.81	117,716,771.09	13,027,503.66

1. Government subsidies recognized in current profit or loss

Subsidy item	Amount incurred in the current period	Amount incurred in the previous period	Relevant to assets /Relevant to income
Incentives for qualified party organizations of the "Four Haves and Six Merits" project of Wujiang District, Taihu New Town	10,000.00		Relevant to income
Subsidies for online SEG projects		53,015.16	Relevant to assets
Subsidies for project funds		12,303.06	Relevant to income
Support funds for opening and investment promotion of Nantong SEG Times Plaza animation industry base		8,000,000.00	Relevant to income
2015 Special funds for development of the service industry of Wujiang District from Finance Bureau of Wujiang District, Suzhou		50,000.00	Relevant to income
Special funds for industrial development from Administrative Committee of the Economic Development Zone		40,000.00	Relevant to income
2015 Reward for stable and healthy economic development		100,000.00	Relevant to income
Headquarter operation reward of special funds for industrial development of Enterprise Development Service Center, Futian District, Shenzhen		1,240,100.00	Relevant to income
Support project fund for construction of Nantong SEG Electronics Market		316,666.66	Relevant to assets
Others		16,179.88	Relevant to income
Total	10,000.00	9,828,264.76	

Note 50. Non-operating expenses

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in current non-recurring profit and loss
Estimated liabilities	1,137,019.85		1,137,019.85
Donation expenses	116,807.25	1,468,250.00	116,807.25
Pending expenses			
Fines	77,599.22		77,599.22
Inventory losses			
Loss on damages and scrapping of non-current assets	1,798,673.16	493,078.84	1,787,032.16
Compensation for loss	3,228,573.68	3,712,493.90	3,228,573.68
Others	109,550.06	2,472,062.74	109,550.06
Total	6,468,223.22	8,145,885.48	6,456,582.22

Note 51. Income tax**1. Income tax**

Item	Amount incurred in the current period	Amount incurred in the previous period
Income tax of the current period	124,259,079.38	114,506,116.65
Deferred income tax	-4,017,812.01	-6,842,324.13
Total	120,241,267.37	107,663,792.52

2. Adjustment process of accounting profit and income tax

Item	Amount incurred in the current period
Total profit	428,265,958.31
Income tax calculated according to statutory or applicable tax rate	107,066,489.58
Impact of different tax rates applicable to subsidiaries	-1,718,142.10
Impact of income tax before adjustment	75,085.03
Impact of non-taxable income	-665,458.63
Impact of non-deductible costs, expenses and losses	512,099.56
Impact of deferred income tax assets unrecognized in the early phase of utilization on deductible losses	-1,392,452.07
Impact of deferred income tax assets unrecognized in the current period on deductible temporary difference or deductible losses	16,363,646.00
Income tax	120,241,267.37

Note 52. Notes on the cash flow statement**1. Other cash received concerning operating activities**

Item	Amount incurred in the current period	Amount incurred in the previous period
Incomings and outgoings	13,990,081.56	45,173,886.07
Goods payment collected from tenants	119,762,067.15	110,394,406.71
Interest income	144,018,051.42	201,259,769.35
Non-operating income	8,886,106.46	7,811,339.27
Total	11,266,602.99	12,043,140.23

2. Other cash paid concerning operating activities

Item	Amount incurred in the current period	Amount incurred in the previous period
Incomings and outgoings	85,833,481.25	104,933,519.85
Goods payment paid for tenants	120,914,414.25	127,243,347.16
Cash expenses	84,970,622.61	106,521,052.40
Non-operating expenses	3,242,327.73	14,317,341.45
Total	46,665,838.41	38,443,021.65

3. Other cash received concerning investing activities

Item	Amount incurred in the current period	Amount incurred in the previous period
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Item	Amount incurred in the current period	Amount incurred in the previous period
Asset-related government subsidy	720,000.00	2,000,000.00
Total	720,000.00	2,000,000.00

4. Other cash received concerning financing activities

Item	Amount incurred in the current period	Amount incurred in the previous period
Cash received from dividends of odd lots		7,812.30
Cash received from disposal of fractional share		
Deposit returned		1,340,000.00
Total		1,347,812.30

5. Other cash paid related to financing activities

Item	Amount incurred in the current period	Amount incurred in the previous period
Interbank financing of related parties	132,484,663.00	100,000,000.00
Payment for cash deposit	-	3,600,000.00
Payment for loan interest of related parties	5,762,522.16	6,814,009.06
Payment for issuance of short-term financing bonds	596,875.00	890,500.00
Total	138,844,060.16	111,304,509.06

Note 53. Supplementary information on the cash flow statement

1. Supplementary information on the cash flow statement

Item	Amount of the current period	Amount of the previous period
1. Reconciliation of net income to cash flow from operating activities	308,024,690.94	309,279,217.85
Net profit	22,034,872.24	-2,304,991.08
Plus: Asset impairment provision	54,408,537.39	42,439,907.42
Depreciation of fixed assets, oil & gas assets and consumable biological assets	978,884.90	420,659.68
Amortization of intangible assets	30,420,096.58	18,628,393.94
Amortization of long-term expenses to be apportioned	---	-104,974,145.18
Loss on disposal of fixed assets, intangible assets, and other long-term assets (enter "-" for profit)	1,798,673.16	493,078.84
Loss on discard of fixed asset (enter "-" for profit)	---	
Loss on change in fair value (enter "-" for profit)	28,775,224.99	17,563,733.69
Financial expenses (enter "-" for profit)	-71,999,915.73	-109,715,641.65
Income from investment (enter "-" for profit)	-1,387,405.65	-5,733,398.23
Decrease in deferred tax assets (enter "-" for increase)	-2,633,692.14	-1,124,248.36
Increase in deferred tax liabilities (enter "-" for decrease)	-172,567,252.76	-318,037,244.98

Item	Amount of the current period	Amount of the previous period
Inventory decrease (enter "-" for increase)	69,211,470.62	73,230,563.63
Decrease in accounts receivable related to operating activities (enter "-" for increase)	240,322,364.67	523,369,655.21
Increase in accounts payable related to operating activities (enter "-" for decrease)	---	---
Others	507,386,549.21	443,535,540.78
Net cash flow from operating activities	---	---
2. Major investing and financing activities that involve no cash payments and receipts	---	---
Conversion of debt into capital	---	---
Convertible bonds due within one year	---	---
Fixed assets acquired by financing lease	---	---
3. Change in cash and cash equivalents:	947,882,605.92	1,127,923,641.19
Closing balance of cash	1,127,923,641.19	631,463,030.13
Less: Opening balance of cash	---	---
Add: Closing balance of cash equivalents	---	---
Less: Opening balance of cash equivalents	-180,041,035.27	496,460,611.06
Net increase in cash and cash equivalents	308,024,690.94	309,279,217.85

2. Net cash received from disposal of subsidiaries in the current period

Item	Amount of the current period
Cash or cash equivalent received from disposal of subsidiaries in the current period	3,542,000.00
Including:	
Wuxi SEG Electronics Market Co., Ltd.	3,542,000.00
Suzhou SEG Electronics Market Management Co., Ltd	-
Subtract: Cash and cash equivalent held by the Company at the time of loss of control	2,207,135.76
Including:	
Wuxi SEG Electronics Market Co., Ltd.	337,094.44
Suzhou SEG Electronics Market Management Co., Ltd	1,870,041.32
Add: Cash and cash equivalent received in the current period from disposal of subsidiaries in the previous period	-
Including:	
Wuxi SEG Electronics Market Co., Ltd.	
Suzhou SEG Electronics Market Management Co., Ltd	
Net cash received from disposal of subsidiaries	1,334,864.24

3. Combination of cash and cash equivalents

Item	Closing balance	Opening balance
1. Cash	947,882,605.92	1,127,923,641.19
Including: Cash on hand	546,339.36	712,997.23

Item	Closing balance	Opening balance
Bank deposits available for payment at any time	947,076,828.65	1,116,832,758.78
Other monetary capital available for payment at any time	259,437.91	10,377,885.18
Accounts in the central bank available for payment		
Deposits from interbank		
Loans from interbank		
2. Cash equivalents		
Including: Bond investments due within 3 months		
3. Closing balance of cash and cash equivalents	947,882,605.92	1,127,923,641.19
Including: Cash and cash equivalents with the use by the parent company and subsidiaries		

Note 54. Assets with restrictions on ownership or the use right

Item	Balance	Reason for restriction
Monetary funds	3,600,000.00	Deposit for the L/G
Investment properties	181,139,592.60	Collaterals for bank loans
Fixed assets	16,277,077.98	Collaterals for bank loans
Development products	311,863,031.52	Collaterals for bank loans
Total	512,879,702.10	

Note 55. Foreign currency monetary items

1. Foreign currency monetary items

Item	Closing balance of foreign currency	Discount exchange rate	Closing balance of converted RMB
Monetary funds			
Including: US\$			
Including: HK\$	10,558.70	0.83591	8,826.12

VII. Change in consolidation scope

1. Business combination under common control

(1) Business combination under common control in the current period

Name of merged party	Equity ration obtained in a business combination (%)	Merger date	Income of the merged party from the beginning of the period of merger to the merger date	Net profit of the merged party from the beginning of the period of merger to the merger date	Income of the merged party in the comparison period	Net profit of the merged party in the comparison period	Remarks
Shenzhen SegMaker Co., Ltd.	100.00	January 19, 2017	11,285,307.42	4,837,778.32	59,062,997.59	13,151,951.38	

Name of merged party	Equity ration obtained in a business combina tion (%)	Merger date	Income of the merged party from the beginning of the period of merger to the merger date	Net profit of the merged party from the beginning of the period of merger to the merger date	Income of the merged party in the comparison period	Net profit of the merged party in the comparison period	Remarks
SEG Recreation Enterprise Development Co., Ltd.	55.00	January 19, 2017	4,240,969.11	2,352,279.66	51,729,379.01	21,120,751.57	
SEG Property Development Co., Ltd.	100.00	January 19, 2017	4,771,400.40	775,882.70	59,155,521.15	12,494,141.04	
Shenzhen SEG Real Estate Investment Co., Ltd.	79.02	January 19, 2017	37,274,858.23	2,667,030.04	528,712,807.89	122,802,044.24	Note *

Note*: The income and net profit of Shenzhen SEG Real Estate Investment Co., Ltd. is the consolidated data of Shenzhen SEG Real Estate Investment Co., Ltd. and its subsidiaries.

(2) Cost of combination

Unit: RMB 10,000

Cost of combination	Shenzhen SegMaker Co., Ltd.	SEG Recreation Enterprise Development Co., Ltd.	SEG Property Development Co., Ltd.	Shenzhen SEG Real Estate Investment Co., Ltd.
Cash	34,031.65	4,064.45	1,771.69	27,694.83
Book value of non-cash assets	---	---	---	---
Book value of debt issued or incurred	---	---	---	---
Nominal value of equity securities issued	22,709.92	2,712.28	1,182.28	18,481.25
Contingent consideration	---	---	---	---
Total	56,741.57	6,776.73	2,953.97	46,176.08

(3) Book value of assets and liabilities of the merged party on the merger date

Item	Shenzhen SegMaker Co., Ltd.		SEG Recreation Enterprise Development Co., Ltd.	
	Merger date	End of the previous period	Merger date	End of the previous period
Net assets	238,750,258.57	233,912,480.25	61,864,319.04	59,512,039.38
Less: Minority shareholders' equity	---	---	27,838,943.57	26,780,417.72
Net assets acquired	238,750,258.57	233,912,480.25	34,025,375.47	32,731,621.66

(Continued)

Item	SEG Property Development Co., Ltd.	Shenzhen SEG Real Estate Investment Co., Ltd.
------	------------------------------------	---

	Merger date	End of the previous period	Merger date	End of the previous period
Net assets	61,749,318.18	60,973,435.48	778,492,271.93	775,825,241.89
Less: Minority shareholders' equity	---	---	235,938,594.23	236,510,029.00
Net assets acquired	61,749,318.18	60,973,435.48	542,553,677.70	539,315,212.89

2. Disposal of subsidiaries

(1) Single disposal of investment in subsidiaries and loss of control

Subsidiary name	Equity disposal price	Equity disposal proportion (%)	Equity disposal method	Time of loss of control	Determination basis for time of loss of control	Difference between the disposal price and shares of the net assets of the subsidiary in the consolidated financial statement corresponding to investment disposal
Suzhou SEG Electronics Market Co., Ltd.	-	-	Transfer of management rights	November 2017	Transfer of the management right in November 2017	-
Wuxi SEG Electronics Market Co., Ltd.	3,542,000.00	51.00	Equity transfer	October 2017	Transfer of the management right in October 2017	890,649.56

Continued:

Subsidiary name	Proportion of the residual equity at the date of loss of control (%)	Book value of the residual equity at the date of loss of control	Fair value of the residual equity at the date of loss of control	Gain or loss from the residual equity re-measured based on the fair value	Determination method and main assumption for the fair value of the residual equity at the date of loss of control	Amount of other comprehensive income related to the equity investment of the original subsidiary transferred into investment profit or loss
Suzhou SEG Electronics Market Co., Ltd.	45.00	598,370.83	---	---	---	---
Wuxi SEG Electronics Market Co., Ltd.	---	---	---	---	---	---

3. Change in the consolidation scope for other reasons

(1) Newly-established subsidiary in the current period

Company name	Registered capital (RMB 10,000)	Paid-in capital (RMB 10,000)	Equity proportion
Shenzhen-Shantou Cooperation Zone SEG Longyan Energy Technology Co., Ltd.	16,500.00	10,800.00	100
SEG Lianzhong Internet Technology Co., Ltd.	2,480.00	2,480.00	55
Shenzhen SEG Zhongtong Technology Co., Ltd.	2,000.00	200.00	49

VIII. Equity in other entities

(I) Equity in subsidiaries

1. Composition of the group

Subsidiary name	Main business address	Place of registration	Business Nature of business	Shareholding proportion (%)		Method of acquisition
				Direct	Indirect	

Subsidiary name	Main business address	Place of registration	Business Nature of business	Shareholding proportion (%)		Method of acquisition
Xi'an SEG Electronics Market Co., Ltd.	Xi'an	Xi'an	Electronics market lease management	65	---	Investment and establishment
Shenzhen SEG Electronics Market Management Co., Ltd.	Shenzhen	Shenzhen	Electronics market lease management	70	---	Investment and establishment
Shenzhen Mellow Orange Business Hotel Management Co., Ltd.	Shenzhen	Shenzhen	Hotel management, consultancy and property management	---	66.58	Investment and establishment
Shenzhen SEG Credit Co., Ltd.	Shenzhen	Shenzhen	Petty loan business (pooling public deposits is prohibited) within the administrative region of Shenzhen.	38	24	Investment and establishment
Shenzhen SEG Electronics Market Management Co., Ltd.	Nanjing	Nanjing	Market facilities leasing; property management; electronic product sales; advertising, etc.	100	---	Investment and establishment
Xi'an Hairong SEG Electronics Market Co., Ltd.	Xi'an	Xi'an	Property leasing, sales of electronic products and advertising	51	---	Investment and establishment
Wujiang SEG Electronics Market Co., Ltd.	Wujiang	Wujiang	Electronics market lease management	51	---	Investment and establishment
Shunde SEG Electronics Market Management Co., Ltd.	Foshan	Foshan	Electronics market lease management	100	---	Investment and establishment
Nanning SEG Electronics Market Management Co., Ltd.	Nanning	Nanning	Electronics market lease management	100	---	Investment and establishment
Nantong SEG Times Plaza Development Co., Ltd.	Nantong	Nantong	Real estate development	100	---	Investment and establishment
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	Shenzhen	Shenzhen	Property lease and management	66.58	---	Business combination under common control
Shenzhen SEG Industrial Investment Co., Ltd.	Shenzhen	Shenzhen	Investment in industrial and commercial business	100	---	Business combination under common control
Changsha SEG Development Co., Ltd.	Changsha	Changsha	Property lease	46	---	Business combination not under common control

Subsidiary name	Main business address	Place of registration	Business Nature of business	Shareholding proportion (%)		Method of acquisition
Yantai SEG Times Plaza Development Co., Ltd.	Yantai	Yantai	Real estate development	90	---	Investment and establishment
Nantong SEG Commercial Operation Management Co., Ltd.	Nantong	Nantong	Commercial operation management, property management	100	---	Investment and establishment
Suzhou SEG Digital Plaza Management Co., Ltd.	Su Zhou	Su Zhou	Property leasing, sales of electronic products	100	---	Investment and establishment
Xi'an Fengdong New Town SEG Times Plaza Properties Co., Ltd.	Xi'an	Xi'an	Real estate development	100	---	Investment and establishment
Suzhou SEG Intelligent Technology Co., Ltd.	Su Zhou	Su Zhou	Sales of electronic products	100	---	Investment and establishment
Shenzhen SEG Longyan New Energy Application and Development Co., Ltd.	Shenzhen	Shenzhen	R&D and manufacturing of CdTe solar cell modules, photovoltaic projects	50	---	Investment and establishment
Shenzhen SEG Investment Management Co., Ltd.	Shenzhen	Shenzhen	Investment in management, investment in industrial projects, fund management	100	---	Investment and establishment
Shenzhen SEG Longyan Energy Technology Co., Ltd.	Shenzhen	Shenzhen	Technical development of new energy, R&D and manufacturing of CdTe solar cell modules, photovoltaic projects	50	---	Investment and establishment
Shenzhen-Shantou Cooperation Zone SEG Longyan Energy Technology Co., Ltd.	Shenzhen-Shantou Cooperation Zone	Shenzhen-Shantou Cooperation Zone	CdTe solar cell module product R&D and manufacturing; PV project	---	100	Investment and establishment
SEG Lianzhong Internet Technology Co., Ltd.	Shenzhen	Shenzhen	Internet and related services	55	---	Investment and establishment
Shenzhen SEG Zhongtong Technology Co., Ltd.	Shenzhen	Shenzhen	Software and IT services	49	---	Investment and establishment
Shenzhen SegMaker Co., Ltd.	Shenzhen	Shenzhen	Electronics market lease management; property leasing; hotel management	100	---	Business combination under common control
SEG Recreation Enterprise Development Co., Ltd.	Shenzhen	Shenzhen	Electronics market lease management; property leasing	55	---	Business combination under common control
SEG Property Development Co., Ltd.	Shenzhen	Shenzhen	Property management	100	---	Business combination under common

Subsidiary name	Main business address	Place of registration	Business Nature of business	Shareholding proportion (%)		Method of acquisition
						control
Shenzhen SEG Real Estate Investment Co., Ltd.	Shenzhen	Shenzhen	Property leasing; property management; real estate development	79.02	---	Business combination under common control
Huizhou Stars Real Estate Development Co., Ltd.	Huizhou	Huizhou	Real estate development and leasing	---	88	Business combination under common control
SEG Property Management Co., Ltd.	Shenzhen	Shenzhen	Property management	---	45	Business combination under common control
Shenzhen SEG New Urban Construction Development Co., Ltd.	Shenzhen	Shenzhen	Real estate development	---	72.05	Business combination under common control
Shenzhen SEG New Urban Business Operation Co., Ltd.	Shenzhen	Shenzhen	Commercial operations management; property management	---	100	Business combination under common control
Beijing SEG Property Development Co., Ltd.	Beijing	Beijing	Real estate development	---	50	Business combination under common control
Xi'an Konghong Property Co., Ltd.	Xi'an	Xi'an	Real estate development	---	55	Business combination under common control
Shenzhen Hongge Cultural Development Co., Ltd.	Shenzhen	Shenzhen	Event planning	---	100	Business combination under common control

(1) Cause for difference between the proportion of shareholding and the proportion of voting rights

For Changsha SEG Development Co., Ltd. (originally named Changsha Emerging Development Co., Ltd.), the current capital stock structure is as follows: The company holds 46% of shares and is the largest shareholder. In addition, according to the Memorandum of Cooperation Concerning the Stock Equity Project of Joint Investment and Acquisition of Changsha Emerging Development Co., Ltd. signed by and between the Company and Hong Kong Jinhong Group on October 8, 2008, Hong Kong Jinhong Group agreed to give up the 5% of voting power, which would be exercised by the Company, and the voting power ratio of the company is 51%. Half of the directors, the Chairman of the Board, the General Manager, the Chief Financial Officer and the management team of Changsha SEG Development Co., Ltd are all dispatched by the Company, therefore, the Company has obtained the control of Changsha SEG Development Co., Ltd.

(2) Basis for control of the invested entity even with half of voting rights or less

Half of the directors, the Chairman of the Board, the General Manager, and the management team of Shenzhen SEG Longyan New Energy Application and Development Co., Ltd. are dispatched by the Company. The Company substantially controlled the operation and management of Shenzhen SEG Longyan New Energy Application and Development Co., Ltd. and thus has control over Shenzhen SEG Longyan New Energy Application and Development Co., Ltd.

Half of the directors, the Chairman of the Board, the General Manager, and the management team of Shenzhen SEG Longyan Energy Technology Co., Ltd. are dispatched by the Company. The Company substantially controlled the operation and management of Shenzhen SEG Longyan Energy Technology Co., Ltd. and thus has control over Shenzhen SEG Longyan Energy Technology Co., Ltd.

Half of the directors of the Board, the Chairman of the Board, the general manager, and the operation team of Shenzhen SEG Zhongtong Technology Co., Ltd. are appointed by the Company. The Company actually administers the operation and management of Shenzhen SEG Zhongtong Technology Co., Ltd., that is, the Company controls Shenzhen SEG Zhongtong Technology Co., Ltd.

Half of the directors of the Board, the Chairman of the Board, the general manager, the finance manager, and the operation team of Beijing SEG Property Development Co., Ltd. are appointed by the Company. The Company actually administers the operation and management of Beijing SEG Property Development Co., Ltd., that is, the Company controls Beijing SEG Property Development Co., Ltd.

The shareholder of Shenzhen SEG Property Management Co., Ltd. (SEG Property Management Co., Ltd.) is Shenzhen Huguang Investment Co., Ltd. (Huguang Investment, holding a 15% stock), and it is an employee stock ownership platform of SEG Property Management Co., Ltd. The corporate charter of SEG Property Management Co., Ltd. agrees on that when the shareholder committee and the Board need to make decisions on the corporate operations and development in accordance with the relevant laws, regulations, and corporate charter, Shenzhen SEG Real Estate Investment Co., Ltd. (SEG Real Estate) and Huguang Investment are persons acting in concert, and shall take consistent actions. Consistent actions mean that under the premise of not damaging the corporate interests or the shareholders' benefits, the shareholder committee and the Board shall agree with each other when exercising their rights to propose and vote on major corporate operation and development issues. The voting rights proportion of SEG Real Estate and its person acting in concert, Huguang Investment, reaches 60%. The board of SEG Property Management Co., Ltd. includes five members, among whom two directors are appointed by SEG Real Estate and one by Huguang Investment. The Chairman of the Board is appointed by SEG Real Estate. In all, the Company controls SEG Property Management Co., Ltd.

2. Important non-wholly-owned subsidiaries

Subsidiary name	Equity proportion of minority shareholders	Current gains of losses of minority shareholders	Current dividends paid to minority shareholders	Minority shareholders' equity at the end of the period	Remarks
Shenzhen SEG Credit Co., Ltd.	46.00	347,544.46	-	87,847,643.88	
Changsha SEG Development Co., Ltd.	54.00	2,891,201.21	-	40,562,914.59	
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	33.42	10,077,007.13	8,751,855.82	38,852,479.01	
SEG Recreation Enterprise Development Co., Ltd.	45.00	10,992,788.17	21,600,000.00	16,173,205.89	

Shenzhen SEG Real Estate Investment Co., Ltd.	20.98	93,987,945.61	14,190,000.00	392,824,112.53	
Total		118,296,486.58	44,541,855.82	576,260,355.90	

3. Main financial information on important non-wholly-owned subsidiaries

Main financial information of these subsidiaries is the amount before offset but adjusted according to the fair value on the consolidation date and unified accounting policies:

Subsidiary name	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen SEG Credit Co., Ltd.	13,849,320.90	402,697,281.76	416,546,602.66	225,573,463.80	-	225,573,463.80
Changsha SEG Development Co., Ltd.	35,975,785.28	60,960,746.17	96,936,531.45	21,820,022.95	-	21,820,022.95
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	108,544,679.10	55,638,626.24	164,183,305.34	47,859,253.40	68,878.37	47,928,131.77
SEG Recreation Enterprise Development Co., Ltd.	61,871,675.68	34,289,100.35	96,160,776.03	60,220,318.50	-	60,220,318.50
Shenzhen SEG Real Estate Investment Co., Ltd.	3,559,889,623.33	159,754,370.14	3,719,643,993.47	1,906,782,506.38	832,359,283.59	2,739,141,789.97
Total	3,780,131,084.29	713,340,124.66	4,493,471,208.95	2,262,255,565.03	832,428,161.96	3,094,683,726.99

Continued:

Subsidiary name	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen SEG Credit Co., Ltd.	46,318,409.29	480,810,002.12	527,128,411.41	336,910,803.99	---	336,910,803.99
Changsha SEG Development Co., Ltd.	25,093,857.23	65,239,972.01	90,333,829.24	20,571,397.06	---	20,571,397.06

Shenzhen SEG Baohua Enterprise Developmen t Co., Ltd.	101,240,832.43	59,162,353.63	160,403,186.06	47,726,906.59	148,221.40	47,875,127.99
SEG Recreation Enterprise Developme nt Co., Ltd.	84,090,064.54	18,564,209.15	102,654,273.69	43,142,234.31	0.00	43,142,234.31
Shenzhen SEG Real Estate Investment Co., Ltd.	3,708,887,665.7 3	150,796,100.3 8	3,859,683,766.1 1	1,971,156,623.5 0	1,112,701,900.7 2	3,083,858,524.2 2
Total	3,965,630,829.2 2	774,572,637.2 9	4,740,203,466.5 1	2,419,507,965.4 5	1,112,850,122.1 2	3,532,358,087.5 7

Continued:

Subsidiary name	Amount incurred in the current period			Amount incurred in the previous period		
	Operating income	Net profit	Net cash flow from operating activities	Operating income	Net profit	Net cash flow from operating activities
Shenzhen SEG Credit Co., Ltd.	49,137,832.39	755,531.44	137,485,596.21	78,351,087.18	31,709,669.74	38,865,913.70
Changsha SEG Development Co., Ltd.	23,401,682.40	5,354,076.32	10,837,961.41	24,597,175.67	6,004,911.59	10,536,670.49
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	96,869,873.70	30,152,624.56	31,810,521.44	80,289,375.74	26,881,089.95	14,373,704.46
SEG Recreation Enterprise Development Co., Ltd.	53,247,077.93	24,428,418.15	28,072,475.78	51,729,379.01	21,120,751.57	20,017,516.94
Shenzhen SEG Real Estate Investment Co., Ltd.	1,222,751,774.10	188,968,963.11	357,965,280.05	528,712,807.89	122,802,044.24	462,422,495.14
Total	1,445,408,240.52	249,659,613.58	566,171,834.89	763,679,825.49	208,518,467.09	546,216,300.73

(II) Equity in joint venture arrangements or joint ventures

1. Important joint ventures and associates

Name of joint venture or associate	Main business address	Place of registration	Business Nature of business	Shareholding proportion (%)		Accounting treatment method
				Direct	Indirect	
Shenzhen Huakong SEG Co., Ltd.	Shenzhen	Shenzhen	Manufacturing	18.01	---	Equity method
Shanghai SEG Electronics Market Co., Ltd.	Shanghai	Shanghai	Service industry	35	---	Equity method
Shenzhen International Consumer Electronic Exhibition/Exchange Center Co., Ltd.	Shenzhen	Shenzhen	Wholesale industry	30	---	Equity method
Suzhou SEG Electronics Market Co., Ltd.	Suzhou	Suzhou	Service industry	45	---	Equity method

2. Main financial information on important associates

Item	Closing balance/amount incurred in the current period			
	Shenzhen Huakong SEG Co., Ltd.	Shanghai SEG Electronics Market Co., Ltd.	Shenzhen International Consumer Electronics Exhibition/Exchange Center	Suzhou SEG Electronics Market Co., Ltd.
Current assets	1,117,755,056.91	15,270,591.94	13,864,082.85	18,279,140.01
Non-current assets	1,685,943,266.81	129,706.04	149,472.09	3,959,940.27
Total assets	2,803,698,323.72	15,400,297.98	---	---
Current liabilities	1,617,589,932.20	5,579,622.67	7,247,020.08	20,909,367.32
Non-current liabilities	93,503,520.50	---	---	---
Total liabilities	1,711,093,452.70	5,579,622.67	---	---
Minority shareholders' equity	435,772,323.65	---	---	---
Shareholders' equity attributable to the parent company	656,832,547.37	9,820,675.31	6,766,534.86	1,329,712.96
Net asset shares calculated based on shareholding ratio	118,295,541.78	3,437,236.36	2,029,960.46	598,370.83
Adjustment items	53,002,056.65	-1,200,946.55	---	---
-Goodwill	---	---	---	---
-Unrealized profit from internal transaction	---	---	---	---
-Others	53,002,056.65	-1,200,946.55	---	---
Book value of equity investment in associates	171,297,598.43	2,236,289.81	2,029,960.46	598,370.83
Fair value of equity investment with public offer	915,455,647.30	---	---	---

Item	Closing balance/amount incurred in the current period			
	Shenzhen Huakong SEG Co., Ltd.	Shanghai SEG Electronics Market Co., Ltd.	Shenzhen International Consumer Electronics Exhibition/Exchange Center	Suzhou SEG Electronics Market Co., Ltd.
Operating income	412,929,685.18	7,209,054.03	-	23,307,308.98
Net profit	32,644,084.17	527,804.99	-15,051,507.20	-3,991,359.40
Net profit after termination of operation	---	---	---	---
Other comprehensive income	-703.88	---	---	---
Total comprehensive income	32,643,380.29	527,804.99	-15,051,507.20	-3,991,359.40
Dividends received from associates in the current period	---	500,000.00	---	1,105,000.00

Continued:

Item	Opening balance/amount incurred in the previous period			
	Shenzhen Huakong SEG Co., Ltd.	Shanghai SEG Electronics Market Co., Ltd.	Shenzhen International Consumer Electronics Exhibition/Exchange Center	Suzhou SEG Electronics Market Co., Ltd.
Current assets	766,903,441.43	17,721,103.96	22,840,830.74	31,241,373.41
Non-current assets	546,820,625.68	182,099.19	166,109.34	5,477,250.32
Total assets	1,313,724,067.11	17,903,203.15	23,006,940.08	
Current liabilities	509,176,585.61	8,075,870.33	1,188,898.02	25,297,551.37
Non-current liabilities	3,640,118.77	---	---	-
Total liabilities	512,816,704.38	8,075,870.33	1,188,898.02	
Minority shareholders' equity	176,677,423.85	---	---	
Shareholders' equity attributable to the parent company	624,229,938.88	9,827,332.82	21,818,042.06	11,421,072.36
Net asset shares calculated based on shareholding ratio	118,609,930.69	3,439,566.49	6,545,412.62	5,139,482.56
Adjustment items	55,942,143.30	-888,008.43	---	
Goodwill	---	---	---	
-Unrealized profit from internal transaction	---	---	---	
-Others	55,942,143.30	-888,008.43	---	
Book value of equity investment in associates	174,552,073.99	2,551,558.06	6,545,412.62	5,139,482.56
Fair value of equity investment with public offer	1,591,435,838.72	---	---	
Operating income	297,563,205.88	7,333,583.64	4,675,561.08	41,978,978.54

Item	Opening balance/amount incurred in the previous period			
	Shenzhen Huakong SEG Co., Ltd.	Shanghai SEG Electronics Market Co., Ltd.	Shenzhen International Consumer Electronics Exhibition/Exchange Center	Suzhou SEG Electronics Market Co., Ltd.
Net profit	8,723,287.17	491,843.57	-8,181,957.94	5,980,331.82
Net profit after termination of operation	-	-	-	-
Other comprehensive income	937.89	-	-	-
Total comprehensive income	8,724,225.06	491,843.57	-8,181,957.94	5,980,331.82
Dividends received from associates in the current period	-	1,000,000.00	-	900,000.00

IX. Risk disclosure related to financial instruments

The operating activities of the Company may be exposed to a variety of financial risks: credit risks, liquidity risks, and market risks (mainly currency risks and interest rate risks). The overall risk management plan of the Company is designed to reduce the potential adverse impact of the unpredictability of the financial market on the financial performance of the Company.

(I) Credit risk

Credit risks of the Company mainly arise from monetary funds, notes receivable, accounts receivable, and other receivables. The management has formulated appropriate credit policies and continuously monitored credit risk exposure.

Monetary funds held by the Company are mainly deposited in state-owned banks and other large and medium-sized commercial banks, as the management believes that these commercial banks with good reputation and financial standing are subject to major credit risks or major losses arising from breach of contract by the counterparty.

For notes receivable, accounts receivable, and other receivables, the Company has formulated relevant policies to control credit risk exposure. The Company evaluates the credit qualification of customers and sets the corresponding credit period based on the financial standing of customers, possibility of guarantee from the third party, credit record, and other factors such as the present market condition. The Company will regularly monitor customers' credit records. For customers with bad credit records, the Company will send a payment reminder, shorten the credit period, or cancel the credit period to ensure that the overall credit risk of the Company is controllable.

As of December 31, 2017, the accounts receivable balances of the top five customers of the Company account for 52.49% of the total accounts receivable of the Company.

The maximum credit risk that the Company is exposed to is the carrying amount of each financial asset (including derivative financial instruments) in the balance sheet statement. The Company has not provided any guarantee that will expose the Company to credit risks other than the financial guarantee set out in Note 12.

(II) Liquidity risk

Liquidity risk is the risk that the Company is unable to obtain sufficient funds in a timely manner to meet the

business development needs or to pay due debts and other payment obligations.

The Company has continuously monitored its short-term and long-term capital needs to maintain sufficient cash reserves. The Company has also continuously monitored compliance with the terms of the Loan Agreement, and obtained commitments on provision of sufficient reserve funds from major financial institutions to meet short-term and long-term capital needs.

As of December 31, 2017, the undiscounted cash flows of financial assets and financial liabilities based on the due date are shown in the following table:

Item	Closing balance					
	Net book value	Original book value	Within 1 year	1-2 years	2-5 years	Over 5 years
Monetary fund	951,482,605.92	951,482,605.92	951,482,605.92	---	---	---
Notes receivable	-	-	-	---	---	---
Accounts receivable	61,934,101.56	84,229,825.41	84,229,825.41	---	---	---
Other receivables	94,057,159.50	142,049,840.10	142,049,840.10	---	---	---
Subtotal of financial assets	1,107,473,866.98	1,177,762,271.43	1,177,762,271.43	---	---	---
Short-term borrowings	534,792,000.00	534,792,000.00	534,792,000.00	---	---	---
Accounts payable	470,088,158.63	470,088,158.63	470,088,158.63	---	---	---
Interest payable	3,357,745.13	3,357,745.13	3,357,745.13	---	---	---
Dividends payable	15,132,970.78	15,132,970.78	15,132,970.78	---	---	---
Other payables	1,290,431,866.37	1,290,431,866.37	1,290,431,866.37	---	---	---
Long-term loan	1,009,750,000.00	1,009,750,000.00	255,000,000.00	754,750,000.00	---	---
Subtotal of financial liabilities	3,323,552,740.91	3,323,552,740.91	2,568,802,740.91	754,750,000.00	---	---

Continued:

Item	Opening balance					
	Net book value	Original book value	Within 1 year	1-2 years	2-5 years	Over 5 years
Monetary fund	1,131,523,641.19	1,131,523,641.19	1,131,523,641.19	---	---	---
Notes receivable	100,792.00	100,792.00	100,792.00	---	---	---
Accounts receivable	58,949,389.88	71,045,950.88	71,045,950.88	---	---	---
Other receivables	117,036,077.02	162,631,813.35	162,631,813.35	---	---	---
Subtotal of financial assets	1,307,609,900.09	1,365,302,197.42	1,365,302,197.42	---	---	---
Short-term borrowings	355,000,000.00	355,000,000.00	355,000,000.00	---	---	---
Accounts payable	31,010,953.20	31,010,953.20	31,010,953.20	---	---	---

Item	Opening balance					
	Net book value	Original book value	Within 1 year	1-2 years	2-5 years	Over 5 years
Interest payable	3,599,878.48	3,599,878.48	3,599,878.48	---	---	---
Dividends payable	3,340,969.82	3,340,969.82	3,340,969.82	---	---	---
Other payables	798,082,723.93	798,082,723.93	798,082,723.93	---	---	---
Long-term loan	1,518,000,000.00	1,518,000,000.00	488,000,000.00	1,030,000,000.00	---	---
Subtotal of financial liabilities	2,709,034,525.43	2,709,034,525.43	1,679,034,525.43	1,030,000,000.00	---	---

(III) Market risk

1. Currency risk

Main operation of the Company takes place in China and its main businesses are settled in RMB. As of December 31, 2017, the Company held foreign currency 10,558.70 HKD (equivalent to RMB 8,826.12) only and no foreign currency financial liabilities. Therefore, the overall currency risk is controllable.

2. Interest rate risk

The interest rate risk of the Company mainly arises from bank borrowings. Financial liabilities at a floating rate may expose the Company to the cash flow interest rate risk while financial liabilities at a fixed rate may expose the Company to the fair value interest rate risk. The Company determines the relative proportion of fixed rate contracts to floating rate contracts based on the prevailing market environment.

The financial department of the Company has continuously monitored the interest rate of the Company. The increase in the interest rate will result in increase in the cost of new interest-bearing debts and interest expenses on interest-bearing debts not yet paid by the Company at a floating rate and have a material adverse impact on the Company's financial performance. The management will make adjustments in a timely manner based on the latest market condition, which can be interest rate swap arrangements to reduce interest rate risks.

X. Fair value

(I) Financial instruments measured by fair value

The Company listed the book value of financial asset instruments measured by fair value on December 31, 2017 based on three levels of fair value. The fair value is classified into three levels according to the lowest level that each important input value used in measurement of fair value is attributed to. Definitions of three levels:

Level 1: Unadjusted quotes of same assets or liabilities available on the date of measurement in the active market.

Level 2: Directly or indirectly observable input values of relevant assets or liabilities other than input values at level 1.

Input values at level 2 include: (1) quotes of similar assets or liabilities in the active market; (2) quotes of same or similar assets or liabilities in the non-active market; (3) other observable input values other than quotes, including observable interest rate and yield rate curves, implied volatility and credit spread in the interval of normal quotes; (4) input values proved by the market.

Level 3: Unobservable input values of relevant assets or liabilities.

(II) Measurement of fair value at the end of the period

Persistent fair value measurement

Item	Fair value at the end of the period			
	Level 1	Level 2	Level 3	Total
Total available-for-sale financial assets	365,918.49			365,918.49
Bond instrument investment				
Equity instrument investment	365,918.49			365,918.49
Other investment				

XI. Related parties and connected transactions

(I) Information on subsidiaries of the Company:

Name of parent company	Place of registration	Nature of business	Registered Capital (RMB 10,000)	Shareholding proportion over the Company (%)	Voting right proportion over the Company (%)
Shenzhen SEG Group Co., Ltd.	Shenzhen	Comprehensive business	138,112.16	55.70	55.70

1. The final controlling party of the Company is Shenzhen State-owned Assets Supervision and Administration Commission.

(II) For details of subsidiaries of the Company, see Note 8 (1) equity in subsidiaries

(III) Information on the joint ventures and associates of the Company

For details of important associates or joint ventures of the Company, see Note 8 (2) equity in joint venture arrangement or associates.

(IV) Information on other related parties

Name of other related parties	Relationship between other related parties and the Company
Shenzhen SEG Group Service Co., Ltd	Subsidiary of the controlling shareholder
Shenzhen SEG Computers Co., Ltd	Subsidiary of the controlling shareholder
Shenzhen SEG Hi-tech Industrial Co., Ltd.	Subsidiary of the controlling shareholder
Shenzhen SEG Business Operation Co., Ltd.	Branch of the controlling shareholder
Shenzhen Si Semiconductors Co., Ltd.	Subsidiary of the controlling shareholder
Shenzhen SEG Plaza Investment & Development Co., Ltd.	Subsidiary of the controlling shareholder
Shenzhen Talent Training Center	Branch of a subsidiary of the controlling shareholder
Huizhou SEG Property Service Co., Ltd.	Company held by a manager of a subsidiary of the controlling shareholder
Guangdong Kaiying Enterprise Management Co., Ltd.	Shareholder of a subsidiary of a holding subsidiary
Minghao Group	Former shareholder of a subsidiary of a holding subsidiary
Chen Huijie	Chairman of the Company

Name of other related parties	Relationship between other related parties and the Company
Zhang Liang	Director of the Company
Zhang Guangliu	Director of the Company
Yu Qian	Director of the Company
Xu Laping	Director of the Company
Liu Zhijun	Director, general manager and finance chief of the Company
Li Luoli	Independent director of the Company
Song Pingping	Independent director of the Company
Fan Zhiqing	Independent director of the Company
Zhang Yujie	Chairman of the Board of Supervisors of the Company
Wang Guancheng	Supervisor of the Company
Liu Fusong	Supervisor of the Company
Ru Guiqin	Employee supervisor of the Company
Zhang Haifan	Employee supervisor of the Company
Peng Aiyun	Vice general manager and secretary of the Board of Directors
Wang Li	Former chairman of the Company

(V) Connected transaction

1. The transactions among the subsidiaries that have controlling relationship with the Company and have been included in the consolidation scope as well as the transactions between the subsidiaries and the parent company have been offset.

2. Connected transaction for purchase of goods and receipt of labor services

Related party	Content of connected transaction	Amount incurred in the current period	Amount incurred in the previous period
Shenzhen SEG Group Co., Ltd.	House purchase		1,948,700.00
Total			1,948,700.00

3. Connected transaction for sales of goods and supply of labor services

Related party	Content of connected transaction	Amount incurred in the current period	Amount incurred in the previous period
Shenzhen SEG Group Co., Ltd.	Supply of property management services and collection of charges for water and electricity	887,101.50	885,353.20
Shenzhen SEG Group Co., Ltd.	House sales		127,515,337.24
Commercial Operations Branch of Shenzhen SEG Group Co., Ltd.	Supply of property management services and collection of charges for water and electricity		1,610,236.80
Shenzhen Talent Training Center	Supply of property management services	315,017.75	127,388.30
SEG High Technology	Supply of property management services	183,147.17	183,147.17
Total		1,385,266.42	130,321,462.71

4. Information on related-party trusteeship

(1) Information on commissioned management of the Company

Name of trustor	Name of trustee	Type of entrusted assets	Starting date	Ending date	Pricing basis for income from entrusted management/contracting	Trust profit recognized in the current reporting period
Shenzhen SEG Group Co., Ltd.	SEG Property Development Co., Ltd.	Underground parking lot of SEG Plaza	2000.5.31	2020.12.31	Trusteeship Agreement	143,444.42
Total						143,444.42

(2) Commissioning management of the Company

There is no commissioning management in the reporting period.

5. Related-party contracting

There is no related-party contracting in the reporting period.

6. Information on leases between the Company and related parties

(1) The Company as the lessor:

Name of lessee	Type of leased assets	Rental recognized in this period	Rental recognized in previous period
Shenzhen SEG Talent Training Center	11F, Building 4, Science Park		1,136,111.40
Shenzhen SEG Group Co., Ltd.	61F & 62F, SEG Plaza	1,573,782.86	-
Total		1,573,782.86	1,136,111.40

(2) The Company as the lessee:

Name of lessee	Type of leased assets	Rental recognized in this period	Rental recognized in previous period
Shenzhen SEG Group Co., Ltd.	Warehouse on 8F of SEG Plaza, covering 809.26 m ²	-	653,883.84
Commercial Operations Branch of Shenzhen SEG Group Co., Ltd.	8F, Recreation Building		223,448.07
Shenzhen SEG Group Co., Ltd.	The No. 2 Warehouse with an area of 66.7 square meters on the B1 floor of Seg Plaza	1,902,000.00	1,426,500.00
Shenzhen SEG Group Co., Ltd.	902, 1F, SEG Recreation Building; 8F, SEG Industrial Building, covering 647.73 m ² ; West Zone, Building 2, 8F, SEG Industrial Building, covering 904.15 m ² ; 3F, Building 101, Shangbu Industrial Zone; Room 506, Building 303, Pengji Shangbu Bachelor Apartment, covering 1,095.06 m ² ; 606-612, Building 102, SEG Technology Industrial Park,	7,837,332.00	

Name of lessee	Type of leased assets	Rental recognized in this period	Rental recognized in previous period
Shenzhen SEG Group Co., Ltd.	Warehouse on 8F of SEG Plaza, covering 809.26 m ²	-	653,883.84
	covering 317.45 m ² ; 6-1001, Lantian Mansion, covering 175.50 m ² ; 103, Building 13, Soingpingshan, covering 76.50 m ² ; 306, Jiuxu Mansion, covering 59.00 m ² ; 4F (including the connecting corridor), Tower A & Tower B, 101 Zhenxing Road, covering 1,941.94 m ² ; 2303, Futian Mansion, covering 98.36 m ² ; 1011, 10F, Building 26, No. 14, Pingyang Road, Taiyuan, covering 273.72 m ² ; Room 101, Building B19, Yihe Shanzhuang, Shengkeng Village, Liuyue, Henggang Town, Longguang District, covering 524.09 m ² ; 820-835, 8F, Building 3, Optical Fiber Building, covering 605.51 m ² ; Room 209, Building 9, Lianhua Yicun, covering 253.64 m ² ; 502, Haikou Kongzhong Huayuan, covering 307.73 m ² ; 5, 2F, Tower B, covering 9,672.12 m ² .		
Total		9,739,332.00	2,432,467.65

7. Related-party guarantee

There is no related-party guarantee in the reporting period.

8. Related-party borrowings and loans

(1) Borrowings from related parties

Related party	Borrowings	Start date	End date	Note
Shenzhen SEG Group Co., Ltd.	180,000,000.00	2016.5.13	2017.5.12	The principal balance of borrowings at the beginning of 2017 is RMB 132,484.663.00. As of December 31, 2017, the borrowings have been paid off, and the accrued interest is RMB5,762,522.16
Total	180,000,000.00			

(2) Loans to related parties

There are no loans to related parties in the reporting period.

9. Asset transfer and debt restructuring of related parties

Transferring party	Connected transaction
Shenzhen SEG Group Co., Ltd.	Shenzhen SEG Group Co., Ltd. transferred 100% of the equity of SegMaker, 55% of the equity of SEG Recreation, 100% of the equity of SEG Property Development and 79.02% of the equity of SEG Real Estate to the Company. The underlying assets were valued at RMB 5,157,147,200.00 on the base date of

assets evaluation (March 31, 2016). A total of 450,857,239 shares have been issued to Seger Group through a private offering of shares. As of December 31, 2017, the cash purchase price of the shares was 675,626,244.34 yuan.

10. Remuneration of key managers

Item	Amount incurred in the current period (RMB 10,000)	Amount incurred in the previous period (RMB 10,000)
Remuneration of key managers	327.88	314.72

11. Other connected transactions

On April 30, 2016, Shenzhen SegMaker Co., Ltd., Shenzhen SEG Real Estate Investment Co., Ltd., Shenzhen SEG Recreation Enterprise Development Co., Ltd. and Shenzhen Haocheng Industrial Co., Ltd. ("the principal") and Shenzhen SEG Group Co., Ltd. entered into the *Agreement of Entrusted Investment in the Renovation Project of SEG Industrial Building and Other Two Buildings*. According to the agreement, the principal shall contribute capital and commission SEG Group to renovate SEG Industrial Building and other two buildings. In 2017, SegMaker, SEG Real Estate and SEG Recreation paid the project fund of RMB 15,026,547.85 in total to SEG Group.

12. Accounts receivable from and payable to related parties

(1) Accounts receivable from related parties

Project name	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Other accounts receivable					
	Shenzhen SEG Group Co., Ltd.	3,618,412.09	---	19,152.93	---
	Commercial Operations Branch of Shenzhen SEG Group Co., Ltd.	-	---	52,040.36	---
	Shenzhen SEG Computer Co., Ltd.	9,950.00	---	9,950.00	---
	Shenzhen SEG Group Co., Ltd.	3,618,412.09	---	19,152.93	---
Accounts receivable					
	Shenzhen SEG Group Co., Ltd.	1,652,472.00	---		---

(2) Accounts payable to related parties

Project name	Related party	Closing balance	Opening balance
Dividends payable			
	Shenzhen SEG Group Co., Ltd.	287,100.00	12,088,800.00
	Shenzhen SEG Computer Co., Ltd.	662,310.00	662,310.00
	Shenzhen SEG Plaza Investment & Development Co., Ltd.	93,080.59	93,080.59

Project name	Related party	Closing balance	Opening balance
Other payables			
	Shenzhen SEG Group Co., Ltd.	718,303,321.37	177,951,414.50
	Shenzhen SEG High Technology Investment Co., Ltd.	203,438.70	203,438.70
	Shenzhen Si Semiconductors Co., Ltd.	30,993.00	30,993.00
Accounts payable			
	Shenzhen SEG Group Co., Ltd.	17,778,527.15	-

XII. Commitments and contingency

(I) Major commitments

1. Concluded lease contract being performed or to be performed and minimum rental to be paid the next year

Remaining lease term	Xi'an SEG Electronics Market Co., Ltd.	Shenzhen SEG Electronics Market Management Co., Ltd.	Xi'an Hairong SEG Electronics Market Co., Ltd.	Shenzhen SEG Nanjing Electronics Market Management Co., Ltd.
Within one year (including one year)	13,625,000.00	5,368,364.28	-	-
Above one year but within two years (including two years)	13,875,000.00	5,529,415.17	-	-
Above two years but within three years (including three years)	14,125,000.00	4,239,675.63	-	-
Over 3 years	7,125,000.00	-	-	-
Total	48,750,000.00	15,137,455.08	Note *1	Note *2

(Continued)

Remaining lease term	Wujiang SEG Electronics Market Co., Ltd.	Suzhou SEG Intelligent Technology Co., Ltd.	Shunde SEG Electronics Market Management Co., Ltd.	Suzhou SEG Digital Plaza Management Co., Ltd.
Within one year (including one year)	---	4,000,000.00	---	12,585,711.40
Above one year but within two years (including two years)	---	---	---	13,001,905.56
Above two years but within three years (including three years)	---	---	---	13,584,577.38
Over 3 years	---	---	---	38,756,000.18
Total	Note *3	4,000,000.00	Note *4	77,928,194.52

(Continued)

Remaining lease term	Huizhou Stars Real Estate Development Co., Ltd.	Beijing SEG Property Development Co., Ltd.	Shenzhen SEG Co., Ltd.
Within one year (including one year)	9,288,140.04	3,914,826.30	-
Above one year but within two years (including two years)	4,634,224.08	4,156,325.33	363,400.00
Above two years but within three years (including three years)	-	4,269,024.87	2,180,400.00
Over 3 years	-	11,087,432.13	3,997,400.00
Total	13,922,364.12	23,427,608.62	6,541,200.00

Note *1: According to the cooperation agreement signed by and between both parties, Xi'an Hairong SEG Electronics Market Co., Ltd. pays the rental at 70% of profits of the electronics market. Therefore, the amount of rental in the future is uncertain.

Note *2: The rental of Shenzhen SEG Electronics Market Management Co., Ltd. is adjusted according to the CPI. Therefore, the amount of rental in the future is uncertain.

Note *3: According to the cooperation agreement signed by and between both parties, Wujiang SEG Electronics Market Co., Ltd. pays the rental at 70% of pretax profits of the electronics market. Therefore, the amount of rental in the future is uncertain.

Note *4: According to the cooperation agreement signed by and between both parties, the rental payable by Shunde SEG Electronics Market Management Co., Ltd. shall be negotiated per year and implemented according to the supplementary agreement signed in the current year. Therefore, the amount of rental in the future is uncertain.

2. Other major financial commitment

(1) Asset mortgage

As of the end of the current reporting period, the Company mortgaged its own property for bank loans. Details of the mortgaged property and at the end of the current reporting period are as follows:

Owner of property	Name of property	Net value of property at the end of the period	Remarks
Shenzhen SEG Co., Ltd.	4F, SEG Plaza	42,436,948.47	Mortgage for bank loans
Shenzhen SEG Co., Ltd.	Some floors of Contemporary Window	50,543,203.67	Mortgage for bank loans
Shenzhen SEG Co., Ltd.	31F, Qunxing Plaza	8,984,817.19	Mortgage for bank loans
Shenzhen SEG Co., Ltd.	Caihong Mansion; 18F, Baohua	6,432,454.33	Mortgage for bank loans

Shenzhen SEG Real Estate Investment Co., Ltd.	Stars Plaza, SEG Industrial Zone, SEG Court, Xinge Building, Xinge Residential Community, Yidi Comprehensive Market, etc.	89,019,246.92	Mortgage for bank loans
Huizhou Stars Real Estate Development Co., Ltd.	Some houses of SEG Holiday Plaza	311,863,031.52	Mortgage for bank loans
Total		509,279,702.10	

(2) Asset pledge

According to the trust loan contract made by and between our sub-subsidiary Shenzhen SEG New Urban Construction Development Co., Ltd. (hereinafter referred to as "SEG New Urban") and Bohai International Trust Co., Ltd. (hereinafter referred to as "Bohai International Trust"), Bohai International Trust shall grant a loan of RMB 500,000,000.00 to SEG New Urban. According to the Right Pledge Contract made by and between our subsidiary, Shenzhen SEG Real Estate Investment Co., Ltd. (hereinafter referred to as "SEG Real Estate") and Bohai International Trust, the pledged right is the 52.0461% equity of SEG New Urban held by SEG Real Estate.

(3) Investment

On November 25, 2015, SEG Real Estate, Beijing Zhonghe Agricultural Investment Fund Management Co., Ltd., and Beijing Smart Agricultural Valley Investment Co., Ltd. concluded an agreement on increasing capital for Shenzhen SEG Real Estate Investment & Development Co., Ltd. (hereinafter referred to as "SEG Development") and developing the Pingshan Tiantou Community renovation project. According to the agreement, SEG Real Estate shall contribute RMB 66,670,000.00 cash to SEG Development and hold 40% equity of SEG Development after the contribution. Within 13 months after the agreement takes effect, SEG Real Estate has the right to decide whether to make an actual contribution to SEG Development. If SEG Real Estate fails to make an actual contribution, SEG Real Estate shall be deemed to waive its rights as a shareholder rather than breach the agreement. As of December 31, 2017, the Pingshan Tiantou Community renovation project has not been approved and SEG Real Estate has not contributed to SEG Development.

(4) External guarantee

1) On May 5, 2015, the subsidiary of SEG Real Estate, Huizhou Stars Real Estate Development Co., Ltd. (hereinafter referred to as "Huizhou Stars") and Huizhou Branch of China Construction Bank (hereinafter referred to as "Construction Bank") concluded the *Maximum Residential Housing (Commercial Housing) Loan Guarantee Contract*. According to the contract, Huizhou Stars shall offer phased joint liability guarantees to all debtors establishing a mortgage debtor-creditor relationship with Construction Bank by purchasing commercial houses of the "SEG Holiday Plaza" project at No. 20, Huizhou Avenue between January 23, 2015 and January 23, 2018 until the real estate proprietorship certificates and encumbrance mortgage registration certificates are handled and submitted to Construction Bank. Huizhou Stars shall retain 5% deposits, no more than RMB 3,000,000.

2) On May 6, 2016, the subsidiary of SEG Real Estate, SEG New Urban and Futian Sub-branch of Shenzhen Branch of Bank of Communications (hereinafter referred to as "Bank of Communications") concluded the *Agreement on Residential Housing Mortgage Loan Cooperation*. According to the Agreement, SEG New Urban shall offer joint liability guarantees to all debtors establishing a mortgage debtor-creditor relationship with Bank

of Communications by purchasing residential houses of the "SEG New Urban Plaza" project of SEG New Urban at Sanlian Community, Buji Street, Longgang District, Shenzhen until the real estate proprietorship certificates and encumbrance mortgage registration certificates are handled and submitted to Bank of Communications. SEG New Urban does not need to save deposits in Bank of Communications. The term of cooperation is ten years. The actual amount of guarantees as of December 31, 2017 was RMB 192,165, 000

3) On May 6, 2016, the subsidiary of SEG Real Estate, SEG New Urban and Shenzhen Diwang Sub-branch of Agricultural Bank of China (hereinafter referred to as "Agricultural Bank of China") concluded the *Agreement on New House Mortgage Loan Bank-Enterprise Cooperation*. According to the Agreement, SEG New Urban shall offer joint liability guarantees to all debtors establishing a residential housing debtor-creditor relationship with Agricultural Bank of China by purchasing commercial houses of the "SEG New Urban Plaza" project of SEG New Urban at Sanlian Community, Buji Street, Longgang District, Shenzhen until the mortgage registration are handled for the purchased houses and right certificates are submitted to Agricultural Bank of China. The term of cooperation is one years. When the term expires, this Agreement can remain in force as agreed by both parties. No actual amount secured under the contract as at 31 December 2017

4) On July 4, 2016, the subsidiary of SEG Real Estate, SEG New Urban and Buji Sub-branch of Shenzhen Rural Commercial Bank (hereinafter referred to as "Rural Commercial Bank") concluded the *Agreement on Building Mortgage Credit Granting*. According the Agreement, Rural Commercial Bank shall grant office building and apartment mortgage credits of no more than RMB 200 million without mortgage deposits to the "SEG New Urban Plaza Phase II" project (to be checked against the permit for pre-sale) at Sanlian Community, Buji Street, Longgang District, Shenzhen from July 7, 2016 to July 7, 2019. SEG New Urban shall offer joint liability guarantees until the mortgage registration are handled for the purchased houses and real estate proprietorship certificates are submitted to Rural Commercial Bank. The actual amount of guarantees as of December 31, 2017 was RMB15,820,000.

5) On May 6, 2016, the subsidiary of SEG Real Estate, SEG New Urban and Shenzhen Futian Sub-branch of Shenzhen Branch of China Merchants Bank (hereinafter referred to as "China Merchants Bank") concluded the *Agreement on Building Mortgage Loan Cooperation*. According to the Agreement, SEG New Urban may advise purchasers to apply for loans to China Merchants Bank to purchase houses of the "SEG New Urban Plaza Phase II" project at No. 18, Bulong Road, Buji Sub-district, Longgang District, Shenzhen. The maximum loan amount is 55% of the house price. The loan term shall be no more than ten years. The interest rate shall be subject to the rules of the People's Bank of China. SEG New Urban shall offer unconditional and irrevocable joint liability guarantees for the loans granted by China Merchants Bank to purchasers from the day China Merchants Bank and purchasers conclude loan contracts until the mortgage registration are handled for the purchased houses and real estate proprietorship certificates or real estate encumbrance certificates are submitted to China Merchants Bank. The actual amount of guarantees as of December 31, 2017 was RMB118,020,000.

6) On May 6, 2016, SEG New Urban, a subsidiary of SEG Real Estate, and Shenzhen Shangbu Sub-branch of Bank of China (hereinafter referred to as "Bank of China") concluded the *Agreement on Building Mortgage Loan Cooperation*. According to the Agreement, Bank of China shall grant mortgage credits of no more than RMB 300 million to the "SEG New Urban Plaza" project, and the amount of each mortgage loan granted to purchasers shall not exceed 55% of the house price. The loan term shall be no more than ten years. SEG New Urban shall issue a *Guarantee Contract* to Bank of China for each loan applicant. The guarantee period shall last

from the day the Contract takes effect until the mortgage registration are handled for the purchased houses and real estate proprietorship certificates or real estate encumbrance certificates are submitted to Bank of China. The Contract shall be valid for three years. The actual amount of guarantees as of December 31, 2017 was RMB 156,090,000.

7) SEG New Urban, a subsidiary of SEG Real Estate, and China Construction Bank Shenzhen Branch (hereinafter referred to as CCB Shenzhen Branch) concluded the *Guaranty Contract of Maximum Personal Housing (Commercial Housing) Loan* on February 7, 2017. As agreed in the Contract, SEG New Urban shall offer the phased joint liability guaranty to all debtors establishing a debtor-creditor relationship with CCB Shenzhen Branch for purchasing personal housing (commercial housing) under the "SEG New Urban Plaza" project at Sanlian Community, Buji Sub-district, Longgang District, Shenzhen. No upper limit shall be set on the amount of guaranty, and the guarantee period shall start from the day CCB Shenzhen Branch sign the loan contract with a debtor to the day the real estate (pre-sold) mortgage under the loan contract takes effect and supporting documents are checked and accepted by CCB Shenzhen Branch. Shenzhen SEG New Urban Construction Development Co., Ltd. is not obliged to transfer a deposit to CCB Shenzhen Branch. The cooperation period is five years. The actual amount of guarantees as of December 31, 2017 was RMB 9,300,000.

8) SEG New Urban, a subsidiary of SEG Real Estate, and China CITIC Bank Shenzhen Branch (hereinafter referred to as CITIC Shenzhen Branch) concluded the Contract of Maximum Guaranty on June 30, 2017. As agreed in the Contract, SEG New Urban shall offer the maximum guaranty to the debtor-creditor contracts made by and between CITIC Shenzhen Branch and Shenzhen Zhaocheng Group (hereinafter referred to as Zhaocheng Group, a customer purchasing the development project of SEG New Urban) between June 30, 2017 and June 13, 2018. The amount of guaranteed claims is limited to principal RMB 21,000 plus interest and default interest. The guarantee period shall be two years from the day the debt performance under the main contract expires or shall end from the day SEG New Urban transfers ownership of the property purchased by the customer into its name. SEG New Urban, a subsidiary of SEG Real Estate, and China CITIC Bank Shenzhen Branch concluded the Contract of Maximum Mortgage on July 6, 2017. As agreed in the Contract, SEG New Urban shall offer the maximum mortgage guaranty to the debtor-creditor contracts made by and between CITIC Shenzhen Branch and Shenzhen Zhaocheng Group (hereinafter referred to as Zhaocheng Group, a customer purchasing the development project of SEG New Urban) between June 30, 2017 and June 13, 2018. The amount of guaranteed claims is limited to principal RMB 26,000 plus interest and default interest. Collateral is property on Floors 2 to 5 of Building 1, SEG New Urban Plaza. The actual amount of guarantees as of December 31, 2017 was RMB 210,000,000.

(II) Contingency on the balance sheet date

1. Contingency arising from pending litigation or arbitration and its financial impact

Plaintiff	Defendant	Case	Amount of subject (RMB 10,000)	Basic information about the case	Progress of the case
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Nanning Haiqi Real Estate Development Co., Ltd. ("Nanning Haiqi")	Nanning SEG Electronics Market Management Co., Ltd. ("Nanning SEG"), Shenzhen SEG Co., Ltd.	Dispute over the lease contract	11.70	Case number: 2016 G. 0102 M. C. No. 4611 Nanning Haiqi alleged that Nanning SEG occupied its shop front located at No. 6, A Zone, 1F, Property Development Plaza, 158 East Renmin Road, Nanning and petitioned the court to order Nanning SEG to pay the occupancy expense of RMB 37,800, liquidated damages of RMB 71,300, and attorney fee of RMB 8,000, and that the Company should bear the joint liability.	1. According to the judgment of the first instance on April 10, 2017, the defendant shall pay the occupancy expense at RMB 44,388.39 per year to the plaintiff from September 1, 2016 to the date when the defendant Nanning SEG returns the store and the attorney fee of RMB 8,000.00. 2. The estimated liability of RMB 52,388.39 is accrued. 3. On March 2, 2018, the second instance ordered the defendant to pay a default loss of 8,000,000.00 and a lawyer's fee of 263,000.00 yuan. The company applied for retrial.
Nanning Haiqi Real Estate Development Co., Ltd.	Nanning SEG Electronics Market Management Co., Ltd., Shenzhen SEG Co., Ltd.	Dispute over the lease contract	104.19	Case number: 2016 G. 0102 M. C. No. 4612 Nanning Haiqi alleged that Nanning SEG failed to return the house in accordance with the Civil Judgment (2015) X. M. Y. C. Zi. No. 1393 made by the People's Court of Xingning District, Nanning and the <i>Lease Contract for Nanning SEG Electronics Market</i> and petitioned the court to order Nanning SEG to pay for rental and decoration losses of RMB 996,900 and the attorney fee of RMB 45,000, and that the Company should bear the joint liability.	1. According to the judgment of the first instance on June 30, 2017, the defendant shall compensate for losses on the leased premise of RMB 394,964.80 and the attorney fee of RMB 23,000.00. The estimated liability is accrued. 2. The original judgment is sustained in the second instance on December 15, 2017. 3. The projected liabilities are stated at \$417,964.80 in accordance with the order of first instance.
Nanning Haiqi Real Estate Development Co., Ltd.	Nanning SEG Electronics Market Management Co., Ltd., Shenzhen SEG Co., Ltd.	Dispute over the lease contract	1,026.30	Case number: 2016 G. 0102 M. C. No. 3653 Nanning Haiqi, Nanning SEG and the Company entered into the <i>Lease Contract for Nanning SEG Electronics Market</i>, and the rental and decoration fee as RMB 2,000,000 was paid to Nanning Haiqi as agreed in the Contract. As the lease contract was terminated according to the Civil Judgment (2015) X. M. Y. C. Zi. No. 1393 made by the People's Court of Xingning District, Nanning Haiqi petitioned the court to order Nanning SEG to pay for its decoration loss of RMB 2,000,000, liquidated damages of RMB 8,000,000, attorney fee of RMB 263,000, and that the Company should bear the joint liability.	1. According to the judgment of the first instance on April 10, 2017, the defendant shall pay the losses on breach of RMB 666,666.66. The estimated liability is accrued. 2. According to the judgment of the second instance on March 2, 2018, the defendant shall pay the losses on breach of RMB 8,000,000.00 and the attorney fee of RMB 263,000.00. The company applied for a retrial..

Nanning Yuanpeng Property Service Co., Ltd. ("Nanning Yuanpeng")	Nanning SEG Electronics Market Management Co., Ltd., Shenzhen SEG Co., Ltd.	Dispute over the property service contract	246.98	Case number: 2016 G. 0102 M. C. No. 3654 Nanning Yuanpeng, Nanning SEG and the Company entered into the <i>Property Management Service Contract</i> . Nanning Yuanpeng alleged that Nanning SEG delayed payment of the property fee as scheduled, and petitioned the court to order Nanning SEG to pay the property fee of RMB 1,316,200, overdue penalty of RMB 1,070,100, and attorney fee of RMB 83,500.	According to the judgment of the first instance on April 10, 2017, the <i>Property Management Service Contract</i> between the parties shall be terminated and other claims of the plaintiff were dismissed. The plaintiff instituted an appeal.
Nanning SEG Electronics Market Management Co., Ltd.	China Construction Bank Nanning Taoyuan Sub-branch ("CCB Taoyuan Sub-branch")	Dispute over the lease contract	88.64	Case number: 2016 G. 0102 M. C. No. 672 As CCB Taoyuan Sub-branch breached the <i>Lease Contract for Nanning SEG Electronics Market</i> , refused to pay the rent, and unreasonably occupied the shop front, Nanning SEG petitioned the court to order CCB Taoyuan Sub-branch to vacate and return the shop front and pay the rent and property management fee in arrears and liquidated damages of RMB 886,400.	According to the judgment of the first instance on August 29, 2017, the defendant shall pay the rents and occupancy expense of RMB 375,022.46, the property management expense of RMB 15,930.97, and the residual value of decoration in the remaining lease period of RMB 47,800.00 to the plaintiff.
Shenzhen SEG Industrial Investment Co., Ltd. ("SEG Industrial")	Shenzhen Wonder Industry Co., Ltd., Liu Guiyun and Liu Yu	Dispute over the purchase and sales contract	839.41	Case number: (2017) Y. 0304 M. C. No. 5092 As Shenzhen Wonder Industry Co., Ltd. delayed the payment for goods, SEG Industrial petitioned the court to order the former to make the payment for goods of RMB 7,899,800 as of January 2017 and the overdue fine of RMB 514,300 and to hold Liu Guiyun and Liu Yu jointly liable.	1. According to the judgment of the first instance on December 25, 2017, the defendant shall make the payment for goods of RMB 7,714,270.54 and the liquidated damages of RMB 135,203.50 as of August 31, 2016. The plaintiff was the prevailing party. 2. The company applied for property preservation, the court has frozen the other party's property.
Shenzhen SEG Industrial Investment Co., Ltd.	Shenzhen Yixin Zhongtian Technology Co., Ltd., Zhe Shaojun, Zhao Xiaoyan, Xinjiang Jiazhaohengye Electronic Technology Co., Ltd., Xinjiang Zhongdi Communication Equipment Co., Ltd.	Dispute over the purchase and sales contract	1,480.57	Case number: (2017) Y. 0304 M. C. No. 5088 As Shenzhen Yixin Zhongtian Technology Co., Ltd. delayed the payment for goods, SEG Industrial petitioned the court to order the former to make payment for goods of RMB 13,241,700 as of January 2017 and overdue fine of RMB 1,564,000.	1. According to the judgment of the first instance on December 21, 2017, the defendant shall make the payment for goods of RMB 13,241,726.25 and the liquidated damages of RMB 135,348.51 as of July 31, 2016. The plaintiff was the prevailing party. 2. The company applied for property preservation, the court has frozen the other party's property.

Shenzhen SEG Industrial Investment Co., Ltd.	Shenzhen Comnet Technology Co., Ltd., Xiao Qingshan, Zhou Ronghua, Anhua Meishan Small Loan Co., Ltd., and Shenzhen Baiyide Technology Co., Ltd.	Dispute over the purchase and sales contract	515.54	Case number: (2017) Y. 0304 M. C. No. 7976 As Shenzhen Comnet Technology Co., Ltd. delayed the payment for goods, SEG Industrial petitioned the court to order the former to make payment for goods of RMB 5,144,200 as of the end of February 2017 and overdue fine of RMB 11,200.	1.The case has been in session on April 20, 2018 but not heard. 2.Company has applies for property preservation and the cout has frozen the property of the other party
Shenzhen SEG Industrial Investment Co., Ltd.	Shenzhen Runneng Digital Co., Ltd., Xiao Qingshan, Zhou Ronghua, Anhua Meishan Small Loan Co., Ltd., and Shenzhen Baiyide Technology Co., Ltd.	Dispute over the purchase and sales contract	1,534.50	Case number: (2017) Y. 0304 M. C. No. 7977 As Shenzhen Runneng Digital Technology Co., Ltd. delayed the payment for goods, SEG Industrial petitioned the court to order the former to make payment for goods of RMB 15,251,100 as of the end of February 2017 and overdue fine of RMB 93,900.	1.The case has been in session on April 20, 2018 but not heard. 2.Company has applies for property preservation and the cout has frozen the property of the other party

2. Issued letter of guarantee (L/G) and letter of credit (L/C)

L/G No.	Beneficiary	Bank	L/G amount	Unused amount	Due date
GC1783916000848	Shenzhen Tongchan Group Co., Ltd	Bank of China Shenzhen Branch	3,510,192.00	3,510,192.00	2018.4.22

Except the preceding contingency, the Company has no significant commitments that shall be disclosed but have not been disclosed as of December 31, 2017.

XIII. Events after the balance sheet date

(I) Major non-adjustment items

1. Issuance of stocks and securities

On March 30, 2018, the *Proposal of Shenzhen SEG Co., Ltd. for Public Offering of Corporate Bonds* was deliberated and adopted at the first extraordinary general meeting of Shenzhen SEG Co., Ltd. of 2018. RMB 600-800 million bonds will be issued through public offering at one time or in installments after approval by the CSRC. Such bonds shall have a maturity of no more than five years (included), including products of a single maturity and hybrid products of multiple maturities.

As of the financial report date, bond issuance is underway.

2. Major investment

On January 19, 2018, the *Proposal for Shenzhen SEG Longyan Energy Technology Co., Ltd.'s Investment and Establishment of Hangzhou SEG Longyan Energy Technology Co., Ltd.* was deliberated and adopted at the 28th interim meeting of the 7th Board of Directors of Shenzhen SEG Co., Ltd. Shenzhen SEG Longyan Energy Technology Co., Ltd. ("SEG Longyan") jointly invested and established by the Company, SEG Longyan Energy Technology (Hangzhou) Co., Ltd. ("Longyan Energy"), and Shenzhen Energy Nanjing Holding Co.,

Ltd.intended to build the first production line by renting No. 2 Plant of Longyan Energy through negotiation with Longyan Energy. SEG Longyan invested and established a wholly-owned subsidiary in Hangzhou named Hangzhou SEG Longyan Energy Technology Co., Ltd. (subject to business registration) which will be responsible for investing and operating the first production line.

3. Business combination or disposal of major subsidiaries

(1) Transfer of 62% of the equity of Shenzhen SEG Credit Co., Ltd. (SEG Credit) held by the Company and holding subsidiaries

On March 30, 2018, the *Proposal for Transfer of 62% of the Equity of Shenzhen SEG Credit Co., Ltd. Held by the Company and Holding Subsidiaries* was deliberated and adopted at the first extraordinary general meeting of Shenzhen SEG Co., Ltd. of 2018. The equity transferred included 38% of the equity of SEG Credit held by the Company, 16% of the equity of SEG Credit held by Shenzhen SEG Industrial Investment Co., Ltd., and 8% of the equity of SEG Credit held by SEG Property Development Co., Ltd. The counterparty was Shenzhen SEG Group Co., Ltd., the controlling shareholder of the Company. This transaction was a connected transaction. On April 19, 2018, the business change registration for equity transfer was completed.

(2) Cancellation of Yantai SEG Times Plaza Development Co., Ltd.

On March 30, 2018, the *Proposal for Cancellation of Yantai SEG Times Plaza Development Co., Ltd.* was deliberated and adopted at the first extraordinary general meeting of Shenzhen SEG Co., Ltd. of 2018.

Yantai SEG Times Plaza Development Co., Ltd. ("Yantai SEG") was incorporated by the Company on April 2014. The Company participated in public bid for the land of SEG Times Plaza in the name of Yantai SEG but failed to bid for the land. The Company contributed RMB 45 million as the deposit for auction on April 2014 and recovered it on May 2014 for failure. Not planning to carry out real estate development or relevant business in Yantai in short time, the Company intends to cancel Yantai SEG Times Plaza Development Co., Ltd.

(II) Profit distribution

On April 20, 2018, the Board of Directors of the Company deliberated and adopted the proposal for 2017 profit distribution. The Company plans to distribute cash dividend of RMB 0.55 (tax included) for every 10 shares to all shareholders based on 1,235,656,249 share capital. The total cash dividend of RMB 67,961,093.70 will be distributed. The Company plans not to transfer capital reserves into share capital and not to distribute bonus shares in 2017.

The foregoing profit distribution proposal is to be deliberated and adopted by the general meeting.

Other than the foregoing events after the balance sheet date, the Company has no major events after the balance sheet date to be disclosed but undisclosed as of the approved date of publication of the financial report.

XIV. Notes to other important matters

(I) Purchase of financial products with idle funds

At the 2nd general meeting on July 21, 2014, the Company approved the *Proposal on Purchase of Financial Products Using Idle Funds of the Company*, which allows the company and its subsidiaries to invest and manage wealth by using idle funds of not more than RMB 1 billion Yuan and the capital can be rolled over within the forgoing limit. The shareholder's meeting passed a resolution that general manager of the Company shall make decisions for specific projects and the management shall carry out such decisions. The investment period is from the date of resolution to June 30, 2016 (subject to the time of purchasing financial products).

At the 2nd extraordinary general meeting (2016) on September 3, 2016, the Company approved the *Proposal on Purchase of Financial Products Using Idle Funds of the Company*, and extended the investment term to June 30, 2019 (calculated from the time when financial products are purchased).

As of December 31, 2017, the balance of financial products purchased by the Company and its subsidiaries is as follows:

Unit: RMB 10,000

Company name	Shenzhen SEG Co., Ltd.	Wujiang SEG Electronics Market Co., Ltd.	Shenzhen SEG Baohua Enterprise Development Co., Ltd.	Nantong SEG Commercial Operation Management Co., Ltd.	Xi'an Hairong SEG Electronics Market Co., Ltd.
Amount	10,000.00	1,200.00	8,500.00	900.00	1,750.00

Continued:

Company name	Xi'an SEG Electronics Market Co., Ltd.	Shenzhen SEG Credit Co., Ltd.	Changsha SEG Development Co., Ltd.	Shenzhen SEG Longyan Energy Technology Co., Ltd.	SEG Recreation Enterprise Development Co., Ltd.
Amount	800.00	600.00	3,180.00	1,600.00	5,700.00

Continued:

Company name	SEG Property Development Co., Ltd.	Shenzhen SegMaker Co., Ltd.	Shenzhen SEG Real Estate Investment Co., Ltd.	Total
Amount	8,000.00	8,839.00	100.00	51,169.00

XV. Notes to main items in the financial statements of the parent company

Note 1. Accounts receivable

1. Accounts receivable disclosed by type

Type	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable with single significant amount and single bad debt provision	7,163,876.44	71.82	7,163,876.44	100.00	-
Accounts receivable with bad debt provision accrued based on credit risk feature combinations	1,105,493.93	11.08	-	-	1,105,493.93
Accounts receivable with no single significant amount but with single provision for bad debts	1,705,306.44	17.1	1,705,306.44	100.00	-
Total	9,974,676.81	100.00	8,869,182.88	88.92	1,105,493.93

Continued:

Type	Opening balance
------	-----------------

	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable with single significant amount and single bad debt provision	7,163,876.44	77.07	7,163,876.44	100.00	---
Accounts receivable with bad debt provision accrued based on credit risk feature combinations	426,069.15	4.58	---	---	426,069.15
Accounts receivable with no single significant amount but with single provision for bad debts	1,705,306.44	18.35	1,705,306.44	100.00	---
Total	9,295,252.03	100.00	8,869,182.88	95.42	426,069.15

Notes to types of accounts receivable:

(1) Accounts receivable with single significant amount and single bad debt provision

Name of company	Closing balance			
	Other accounts receivable	Bad debt provision	Proportion of provision (%)	Reason for provision
Jiangsu Unicom	3,092,011.09	3,092,011.09	100.00	Unable to be recovered for aging of over 5 years
Shenzhen Liyuanshun Industrial Co., Ltd.	1,906,865.35	1,906,865.35	100.00	Unable to be recovered for aging of over 5 years
Shanghai Tianci Industrial Co., Ltd.	899,000.00	899,000.00	100.00	Unable to be recovered for aging of over 5 years
Zhejiang Financial Information	786,000.00	786,000.00	100.00	Unable to be recovered for aging of over 5 years
Sichuan Huiyuan Electronics Co., Ltd.	480,000.00	480,000.00	100.00	Unable to be recovered for aging of over 5 years
Total	7,163,876.44	7,163,876.44	100.00	

(2) Accounts receivable with no single significant amount but single bad debt provision

Name of company	Closing balance			
	Other accounts receivable	Bad debt provision	Proportion of provision (%)	Reason for provision
Shenzhen Wal-Mart Zhujiang Department Store	198,348.57	198,348.57	100.00	Unable to be recovered for aging of over 5 years
Shenzhen Properties Department Store Co., Ltd.	162,985.00	162,985.00	100.00	Unable to be recovered for aging of over 5 years
Jiang Weibin	126,925.35	126,925.35	100.00	Unable to be recovered for aging of over 5 years
Shenzhen Jinhuasheng Electronics	85,000.00	85,000.00	100.00	Unable to be recovered for

Name of company	Closing balance			Reason for provision
	Other accounts receivable	Bad debt provision	Proportion of provision (%)	
Co., Ltd.				aging of over 5 years
Other 43 companies	1,132,047.52	1,132,047.52	100.00	Unable to be recovered for aging of over 5 years
Total	1,705,306.44	1,705,306.44	100.00	

(3) Accounts receivable in Combinations, for which bad debt provision is accrued by the aging analysis method:

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Proportion of provision (%)
Less than one year	1,105,493.93	-	-
1-2 years		-	-
2-3 years		-	-
Over 3 years		-	-
Total	1,105,493.93	-	-

2. Accrual, recovery and write-back of current bad debt provision

The accrual amount of the current bad debt provision is RMB 0.00.

The recovery or write-back amount of the current bad debt provision is RMB 0.00.

3. No other accounts receivable are written back in the current period.

4. Accounts receivable with top 5 closing balance collected based on debtors.

Name of company	Closing balance	Percentage in the total amount of accounts receivable	Accrued bad debt provision
Jiangsu Unicom	3,092,011.0900	31.00	3,092,011.0900
Shenzhen Liyuanshun Industrial Co., Ltd.	1,906,865.3500	19.12	1,906,865.3500
Shanghai Tianci Industrial Co., Ltd.	899,000.0000	9.01	899,000.0000
Zhejiang Financial Information Co., Ltd	786,000.0000	7.88	786,000.0000
Sichuan HuiYuan Electronics Co., Ltd.	480,000.0000	4.81	480,000.0000
Total	7,163,876.4400	71.82	7,163,876.4400

5. There are no accounts receivable derecognized due to transfer of financial assets in the reporting period.

6. There are no assets or liabilities arising from transfer of and continuous involvement in accounts receivable in the reporting period.

Note 2. Other accounts receivable

1. Other receivables disclosed by type

Type	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other accounts receivable with single significant amount and single bad debt provision	8,530,276.35	0.81	8,530,276.35	100.00	-
Other accounts receivable with bad debt provision accrued based on credit risk feature combinations	1,027,198,567.69	97.57	35,203.58	---	1,027,163,364.11
Other accounts receivable with no single significant amount but with single provision for bad debts	17,070,353.09	1.62	17,070,353.09	100.00	-
Total	1,052,799,197.13	100.00	25,635,833.02	2.44	1,027,163,364.11

Continued:

Type	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other accounts receivable with single significant amount and single bad debt provision	14,227,563.86	1.90	14,227,563.86	100.00	---
Other accounts receivable with bad debt provision accrued based on credit risk feature combinations	724,666,448.71	96.58	7,478.53	---	724,658,970.18
Other accounts receivable with no single significant amount but with single provision for bad debts	11,373,065.58	1.52	11,373,065.58	100.00	---
Total	750,267,078.15	100.00	25,608,107.97	3.41	724,658,970.18

Notes to types of other accounts receivable:

(1) Other accounts receivable with single significant amount and single bad debt provision

Name of company	Closing balance			
	Other accounts receivable	Bad debt provision	Proportion of provision (%)	Reason for provision
Yangjiang Yuntong Grease Co., Ltd.	8,530,276.35	8,530,276.35	100.00	Unable to be recovered for aging of over 5 years
Total	8,530,276.35	8,530,276.35	100.00	

(2) Other accounts receivable with no single significant amount but single bad debt provision

Name of company	Closing balance
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	Other accounts receivable	Bad debt provision	Proportion of provision (%)	Reason for provision
Shenzhen Tuopu Industrial Co., Ltd.	3,281,387.96	3,281,387.96	100.00	Unable to be recovered for aging of over 5 years
Shenzhen Lianjing Trade Co., Ltd.	5,697,287.51	5,697,287.51	100.00	Unable to be recovered for aging of over 5 years
Yunsen Trade Co., Ltd.	1,668,343.74	1,668,343.74	100.00	Unable to be recovered for aging of over 5 years
Shenzhen Shoujia Industrial Development Co., Ltd.	1,611,184.04	1,611,184.04	100.00	Unable to be recovered for aging of over 5 years
Other 19 companies	4,812,149.84	4,812,149.84	100.00	Unable to be recovered for aging of over 5 years
Total	17,070,353.09	17,070,353.09	100.00	

(3) Other accounts receivable in combinations, for which bad debt provision is accrued by the aging analysis method:

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Proportion of provision (%)
Less than one year	996,743.96	-	-
1-2 years	415,904.76	20,795.24	5.00
2-3 years	126,319.44	12,631.94	10.00
Over 3 years	8,882.00	1,776.40	20.00
Total	1,547,850.16	35,203.58	2.27

(4) Other accounts receivable in Combinations rather than the aging analysis method include deposit, security deposit, and account with related parties in the context of the merger.

2. Accrual, recovery and write-back of current bad debt provision

The amount of the current bad debt provision accrued is RMB 27,725.05.

3. No other accounts receivable are written off in the current period.

4. Classification of other receivables by nature

Item	Closing balance	Opening balance
Receivables of related parties	1,020,269,292.61	720,586,858.45
Creditor's right transfer cost	25,600,629.44	25,600,629.44
Imprest	679,557.34	929,258.20
Deposit and security deposit	5,381,424.92	1,338,309.78
Others	868,292.82	1,812,022.28
Total	1,052,799,197.13	750,267,078.15

5. Other receivables with top 5 closing balance collected based on arrears party

Name of company	Nature of receivables	Closing balance	Aging	Percentage in the total amount of other accounts receivable	Bad debt provision Closing balance
Nantong SEG Times Plaza Development Co., Ltd.	Loans and interests	767,168,975.4700	Over 5 years	72.87	-
Headquarters of Shenzhen SEG Real Estate Investment Co., Ltd.	Loans and interests	200,348,333.3300	Within one year	19.03	-
Shenzhen SEG Industrial Investment Co., Ltd.	Loans and interests	42,048,490.0000	Over 5 years	3.99	-
Suzhou SEG Digital Plaza Management Co., Ltd.	Loan principal	10,000,000.0000	2-3 years	0.95	-
Yangjiang Yuntong Grease Co., Ltd.	Debt transfer payment	8,530,276.3500	Over 5 years	0.81	8,530,276.3500
Total		1,028,096,075.1500		97.65	8,530,276.3500

6. There are no accounts receivable related to government subsidies in the current period.

7. There are no other receivables derecognized due to transfer of financial assets in the current period.

8. There are no assets or liabilities arising from transfer of and continuous involvement in other receivables in the current period.

Note 3. Long-term equity investment

Nature of receivables	Closing balance			Opening balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Investment in subsidiaries	1,243,774,056.16		1,243,774,056.16	269,935,426.24	---	269,935,426.24
Investment in associates and joint ventures	175,849,296.17		175,849,296.17	183,649,044.67	---	183,649,044.67
Total	1,419,623,352.33		1,419,623,352.33	453,584,470.91	---	453,584,470.91

1. Investment in subsidiaries

Invested organization	Initial investment cost Cost	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Accrued impairment provision in the current period	Closing balance of impairment provision
Shenzhen SEG Baohua Enterprise Development	20,512,499.04	20,512,499.04	---	---	20,512,499.04	---	---

Invested organization	Initial investment cost Cost	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Accrued impairment provision in the current period	Closing balance of impairment provision
Co., Ltd.							
Shenzhen SEG Industrial Investment Co., Ltd.	29,181,027.20	29,181,027.20	---	---	29,181,027.20	---	---
Changsha SEG Development Co., Ltd.	69,000,000.00	69,000,000.00	---	---	69,000,000.00	---	---
Shenzhen SEG Electronics Market Management Co., Ltd.	2,100,000.00	2,100,000.00	---	---	2,100,000.00	---	---
Suzhou SEG Electronics Market Co., Ltd.	1,350,000.00	1,350,000.00	---	1,350,000.00	-	---	---
Xi'an SEG Electronics Market Co., Ltd.	1,950,000.00	1,950,000.00	---	---	1,950,000.00	---	---
Shenzhen SEG Credit Co., Ltd.	54,000,000.00	59,251,900.00	---	---	59,251,900.00	---	---
Shenzhen SEG Nanjing Electronics Market Management Co., Ltd.	20,000,000.00	20,000,000.00	---	---	20,000,000.00	---	---
Xi'an Hairong SEG Electronics Market Co., Ltd.	1,530,000.00	1,530,000.00	---	---	1,530,000.00	---	---
Wujiang	1,530,000.00	1,530,000.00	---	---	1,530,000.00	---	---

Invested organization	Initial investment cost Cost	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Accrued impairment provision in the current period	Closing balance of impairment provision
SEG Electronics Market Co., Ltd.							
Wuxi SEG Electronics Market Co., Ltd	1,530,000.00	1,530,000.00	---	1,530,000.00	-	---	---
Shunde SEG Electronics Market Management Co., Ltd.	6,000,000.00	6,000,000.00	---	---	6,000,000.00	---	---
Nanning SEG Electronics Market Management Co., Ltd.	8,000,000.00	8,000,000.00	---	---	8,000,000.00	---	---
Nantong SEG Times Plaza Development Co., Ltd.	30,000,000.00	30,000,000.00	---	---	30,000,000.00	---	---
Suzhou SEG Digital Plaza Management Co., Ltd.	8,000,000.00	8,000,000.00	---	---	8,000,000.00	---	---
Xi'an Fengdong New Town SEG Times Plaza Properties Co., Ltd.	30,000,000.00	---	---	---	---	---	---
Suzhou SEG Intelligent Technology Co., Ltd.	10,000,000.00	10,000,000.00	---	---	10,000,000.00	---	---
Shenzhen	82,500,000.00		82,500,000.00		82,500,000.00		

Invested organization	Initial investment cost Cost	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Accrued impairment provision in the current period	Closing balance of impairment provision
SEG Longyan Energy Technology Co., Ltd.							
SEG Recreation Enterprise Development Co., Ltd.	34,025,375.47		34,025,375.47		34,025,375.47		
SEG Lianzhong Internet Technology Co., Ltd.	13,640,000.00		13,640,000.00		13,640,000.00		
Shenzhen SEG Zhongtong Technology Co., Ltd.	980,000.00		980,000.00		980,000.00		
Shenzhen SEG Investment Management Co., Ltd.	1,500,000.00		1,500,000.00		1,500,000.00		
SEG Property Development Co., Ltd.	61,749,318.18		61,749,318.18		61,749,318.18		
Shenzhen SegMaker Co., Ltd.	238,750,258.57		238,750,258.57		238,750,258.57		
Shenzhen SEG Real Estate Investment Co., Ltd.	542,553,677.70		542,553,677.70		542,553,677.70		
Shenzhen SEG Yicheng	1,020,000.00		1,020,000.00		1,020,000.00		

Invested organization	Initial investment cost Cost	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Accrued impairment provision in the current period	Closing balance of impairment provision
Science and Technology Co., Ltd.							
Total	1,271,402,156.16	269,935,426.24	976,718,629.92	2,880,000.00	1,243,774,056.16		

2. Investment in associates and joint ventures

Invested organization	Opening balance	Increase/Decrease of the year			
		Additional investment	Negative investment	Investment profit and loss confirmed under the equity method	Adjustment of other comprehensive income
I. Associates					
Shanghai SEG Electronics Market Co., Ltd.	2,551,558.06			184,731.75	
Shenzhen Huakong SEG Co., Ltd.	174,552,073.99		-9,125,553.30	5,871,204.49	-126.75
Shenzhen International Consumer Electronics Exhibition/Exchange Center	6,545,412.62			-4,515,452.16	
Suzhou SEG Electronics Market Co., Ltd.		1,350,000.00		-1,424,552.53	
Total	183,649,044.67	1,350,000.00	-9,125,553.30	115,931.55	-126.75

Continued:

Invested organization	Increase/Decrease of the year				Closing balance	Closing balance of impairment provision
	Other changes in equity	Declared cash dividends or profits distribution	Accrued impairment provision	Others		
I. Associates						
Shanghai SEG Electronics Market Co., Ltd.		-500,000.00			2,236,289.81	
Shenzhen Huakong SEG Co., Ltd.					171,297,598.43	
Shenzhen International Consumer Electronics Exhibition/Exchange Center					2,029,960.46	
Suzhou SEG Electronics Market	360,000.00				285,447.47	

Invested organization Co., Ltd.	Increase/Decrease of the year				Closing balance	Closing balance of impairment provision
	Other changes in equity	Declared cash dividends or profits distribution	Accrued impairment provision	Others		
Total	360,000.00	-500,000.00	-	-	175,849,296.17	-

Note 4. Operating revenue and operating cost

1. Operating income and operating cost

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Main business	85,112,846.04	75,540,023.72	100,960,545.53	74,670,318.50
Other businesses			---	---
Total	85,112,846.04	75,540,023.72	100,960,545.53	74,670,318.50

Note 5. Investment income

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income by the cost method	126,141,028.41	33,647,355.51
Long-term equity investment income by the equity method	115,931.55	-387,059.05
Income from disposal of long-term equity investments	56,981,723.57	76,252,009.03
Income from holding financial assets measured by fair value with changes recognized in current profit or loss		---
Income from disposal of financial assets measured by fair value with changes recognized in current profit or loss		---
Income from holding of held-to-maturity investments		---
Investment income during the possession of available-for-sale financial assets		---
Income from disposal of held-to-maturity investments		---
Income from disposal of available-for-sale financial assets		---
Profit from re-measurement of fair value of the remaining equity after loss of control		---
Realized gains (losses) on the invalid cash flow hedges		---
Others	26,754,761.47	31,725,185.43
Total	209,993,445.00	141,237,490.92

XVII. Supplementary material

(I) Details of non-recurring profit and loss

Item	Amount	Notes
Profit and loss from disposal of non-current assets	54,066,201.12	
Tax refund, reduction or exemption upon approval exceeding authorized	-	

Item	Amount	Notes
limits or without formal documents		
Government subsidies recognized in current profit or loss (except those closely related to corporate business and enjoyed according to national standards or certain quota)	6,416,623.72	
Fund appropriation charges for non-financial entities recognized in current profit or loss	2,376,532.33	
Gains from the margin between the investment cost of the Company for acquisition of subsidiaries, joint ventures and joint operation enterprises and the recognizable fair value of net assets of invested units at the time of acquisition	-	
Loss from transfer of non-monetary assets	-	
Profit or loss from entrusting investment or managing assets	15,843,427.61	
Provision for assets impairment withheld for Force Majeure	-	
Profit or loss from debt restructuring	-	
Expenditures for corporate restructuring, such as expenses for relocation of employees and for integration	-	
Profit or loss from unfairly priced transactions in which the transaction value exceeds the fair value	-	
Net current profit and loss of a subsidiary due to the business combination under common control from the beginning of period to the date of merger	10,632,970.71	
Profit or loss from contingency items irrelevant with regular operation of the Company	-	
Profit or loss from changes in fair value by holding of transaction financial assets and liabilities, except effective hedging business related to regular operation of the Company, and investment income from disposal of transaction financial assets and liabilities as well as available-for-sale financial assets	-	
Transferred-back impairment provision for accounts receivable, for which separate impairment tests are carried out	-	
Profit and loss for external entrusted loans	-	
Profit or loss from changes in fair value of investment properties, whose subsequent measurement is carried out based on the fair value mode	-	
Influence on current profit and loss by one-off adjustment according to tax and accounting laws and regulations	-	
Trustee fee from entrusted operation	143,444.42	
Other non-operating income and expenses except the above-mentioned items	8,349,713.60	
Other profit and loss fitting the definition of non-recurring profit and loss	-	
Less: Influenced amount of income tax	24,815,042.12	
Amount of influence of minority shareholders' equity (after tax)	2,138,166.61	
Total	70,875,704.78	

(II) ROE and EPS

Profit in current reporting period	Weighted average return on equity (ROE) (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to common shareholders of the Company	11.96	0.1777	0.1777
Net profit attributable to common shareholders of the Company after deduction of non-recurring losses and gains	8.10	0.1241	0.1241

Chapter 12 Documents Available for Reference

- (1) Financial Statements with signatures and seals of the legal person, the responsible person of accounting work and the responsible person of the accounting institution;
- (2) Original of the audit report with signatures and seals of the accounting firm and CPAs;
- (3) Originals of all the files and the manuscripts of public notices of the Company disclosed on the newspapers specified by the CSRC in the reporting period.

Shenzhen SEG Co., Ltd.

Board of Directors

April 20, 2018