



**Shenzhen SEG Co., Ltd.**

**2015 Q1 Report**

**2015-022**

**April 2015**

## **Chapter 1 Important Notes**

**The Board of Directors and Board of Supervisors of the Company, its directors, supervisors and senior executives shall guarantee the authenticity, accuracy, and completeness of this quarterly report and no existence of false record, misleading statement or major omission and meanwhile, and shall assume individual and/or joint liabilities.**

**All the directors have attended this board meeting reviewing this quarterly report.**

**Wang Li, the person in charge of the Company, Liu Zhijun, the person in charge of the accounting work, and Ying Huadong, the responsible person of the accounting institution (accountant in charge) hereby declare that the Financial Statements enclosed in this quarterly report are true, accurate and complete.**

## Chapter 2 Change of the Major Financial Data and Shareholders

### I. Major Accounting Data and Financial Indexes

Are retrospective adjustments made to previous financial statements due to accounting policy changes or accounting errors?

☐ Yes ☒ No

	Amount of this report period	The same period of the previous year	Year-on-year increase/decrease
Operating revenue (Yuan)	191,029,218.56	145,841,677.48	30.98%
Net profit attributable to shareholders of the listed company (Yuan)	21,348,553.12	22,449,590.92	-4.90%
Net profit attributable to shareholders of the listed company after deduction of non-recurring gains and losses (Yuan)	21,168,892.76	22,292,348.81	-5.04%
Net cash flow arising from operating activities (Yuan)	-37,829,627.54	103,593.07	-36,617.53%
Basic EPS (Yuan/Share)	0.0272	0.0286	-4.90%
Diluted EPS (Yuan/Share)	0.0272	0.0286	-4.90%
Weighted average ROE	1.63%	1.80%	-0.17%
	Amount at end of this report period	Amount at end of the previous year	Year-on-year increase/decrease
Total assets (Yuan)	2,548,913,984.04	2,659,717,718.28	-4.17%
Net assets attributable to shareholders of the listed company (Yuan)	1,320,384,119.37	1,298,970,719.85	1.65%

Items of non-recurring profit and loss and related amounts:

☒ Applicable ☐ Not applicable

Unit: Yuan

Item	The amount from the beginning of this year to the end of this report period	Remarks
Government subsidies recorded into current gains and losses (except those closely related with corporate business and enjoyed according to national standards or certain quota)	206,014.06	Special funds for development of the biological, Internet and new energy businesses gained from Shenzhen Municipal People's Government and Special funds of emerging strategic development from Shenzhen Municipal

Item	The amount from the beginning of this year to the end of this report period	Remarks
		People's Government
Other non-operating income and expenses except the above-mentioned items	87,606.53	
Less: Amount of affected income tax	14,729.27	
Amount of influence of minority shareholders' equity (after tax)	99,230.96	
Total	179,660.36	--

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

In this report period, it does not happen that the company defines the non-recurring profit and loss items defined or listed by *Interpretive Bulletin No. 1 on Information Disclosure by Companies Publicly Issuing Securities — Non-recurring Gains and Losses* as recurring profit and loss items.

## II. Total Number of Shareholders and Shareholding Information of Top Ten Shareholders at the End of this Report Period

### 1. Total Number of Ordinary Shareholders and Shareholding Information of Top Ten Ordinary Shareholders at the End of this Report Period

Unit: Share

Total number of ordinary shareholders at the end of this report period		49,827				
Information of the top 10 ordinary shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares	Quantity of restricted shares held	Information on pledged or frozen shares	
					Share status	Quantity
Shenzhen SEG Group Co., Ltd.	State-owned legal person	30.24%	237,359,666	0	Frozen	83,679,833
Zeng Ying	Domestic natural person	1.02%	8,040,826	0		0
Phillip Securities (Hong Kong) Groups	Overseas legal person	0.86%	6,716,223	0		0
Liu Guocheng	Domestic natural	0.85%	6,691,302	0		0

	person					
Gong Qianhua	Overseas natural person	0.61%	4,819,020	0		0
China Merchants Securities (Hong Kong) Co., Ltd.	Overseas legal person	0.50%	3,927,131	0		0
Liu Guohong	Domestic natural person	0.39%	3,092,441	0		0
Xiamen International Trust Co., Ltd – Rongzhi No.1 Securities Investment Portfolio Capital Trust Plan	Others	0.39%	3,080,400	0		0
Minmetals International Trust Co., Ltd – Minmetals Trust – RUIZHJINQU Securities Investment Portfolio Capital Trust Plan	Others	0.34%	2,653,932	0		0
Xiamen International Trust Co., Ltd – Zhenda No.1 New Structured Securities Investment Portfolio Capital Trust Plan	Others	0.29%	2,301,400	0		0
Information on top ten ordinary shareholders of non-restricted shares						
Name of shareholder	Quantity of unrestricted ordinary shares held		Type of share			
			Type of share		Quantity	
Shenzhen SEG Group Co., Ltd.	237,359,666		RMB ordinary shares		237,359,666	
Zeng Ying	8,040,826		Domestically listed foreign		8,040,826	

		shares	
Phillip Securities (Hong Kong) Groups	6,716,223	Domestically listed foreign shares	6,716,223
Liu Guocheng	6,691,302	Domestically listed foreign shares	6,691,302
Gong Qianhua	4,819,020	Domestically listed foreign shares	4,819,020
China Merchants Securities (Hong Kong) Co., Ltd.	3,927,131	Domestically listed foreign shares	3,927,131
Liu Guohong	3,092,441	Domestically listed foreign shares	3,092,441
Xiamen International Trust Co., Ltd – Rongzhi No.1 Securities Investment Portfolio Capital Trust Plan	3,080,400	RMB ordinary shares	3,080,400
Minmetals International Trust Co., Ltd – Minmetals Trust – RUIZHJINQU Securities Investment Portfolio Capital Trust Plan	2,653,932	RMB ordinary shares	2,653,932
Xiamen International Trust Co., Ltd – Zhenda No.1 New Structured Securities Investment Portfolio Capital Trust Plan	2,301,400	RMB ordinary shares	2,301,400
Explanations on the association relationship or concerted action among the above-mentioned shareholders	Shenzhen SEG Group Co., Ltd. (hereinafter called "SEG ") has no associated relationship with other shareholders, nor is it a concerted action unit as described by the <i>Management Methods for Disclosure of Information on Changes of Shareholding Status of Shareholders of Listed Companies</i> . It is unknown whether other shareholders are concerted action units or not.		
Information of top ten ordinary shareholders participating in financing business (if any)	None		

Whether the top ten ordinary shareholders of the Company or top ten ordinary shareholders of non-restricted shares conducted 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. Total Number of Preferential Shareholders and Information of Top Ten Preferential Shareholders at the End of this Report Period**

☐ Applicable ☒ Not applicable

## Chapter 3 Significant Events

### I. Particulars and explanations of changes in main items of accounting statements and financial indexes in this report period

√ Applicable □ Not applicable

Unit: Yuan

(I) Items on the Consolidated Balance Sheet

Item	Closing balance	Opening balance	Difference	Increase/decrease of the current year compared with that of the previous year (%)
Monetary funds	203,963,874.32	383,056,680.70	-179,092,806.38	-46.75%
Notes receivable	169,071.26	84,618.08	84,453.18	99.81%
Other accounts receivable	52,052,452.08	95,366,156.27	-43,313,704.19	-45.42%
Inventory	364,491,597.78	278,281,586.72	86,210,011.06	30.98%
Intangible assets	1,114,680.21	655,587.54	459,092.67	70.03%
Other non-current assets	0.00	4,655,063.54	-4,655,063.54	-100.00%
Accounts payable	125,313,980.20	200,129,651.92	-74,815,671.72	-37.38%
Payroll payable	10,192,924.79	18,858,843.33	-8,665,918.54	-45.95%
Interest payable	14,810,834.00	10,295,250.65	4,515,583.35	43.86%
Retained earnings	27,648,352.53	6,299,799.41	21,348,553.12	338.88%

1. The monetary capitals decreased by RMB 179.09 million Yuan compared with the period-beginning amount, with a decrease of 46.75%. Mainly due to:

- ① Part of capitals are used for the loads delivery of the small load business.
- ② Part of capitals are put into the Nantong SEG Times Square project.

2. The Notes receivable increased by RMB 80,000 Yuan compared with the period-beginning amount, with an increase of 99.81%. The increase is mainly because the subsidiary received the rent from the merchants by means of bank acceptance bill at the end of this report period.

3. The other receivables decreased by RMB 43.31 million Yuan compared with the period-beginning amount, with an decrease of 45.42%. The decrease is mainly because the subsidiary Xi'an Fengdong New Town SEG Times Square Properties Co., Ltd (Xi'an Fengdong SEG for short) recovered the land auction margin within this

report period.

4. The inventory increased by RMB 86.21 million *Yuan* compared with period-beginning amount, with an increase of 30.98%. The increase is mainly because the subsidiary Nantong SEG invested the construction of the Nantong SEG Times Square project.

5. The intangible assets increased by RMB 460,000 *Yuan* compared with period-beginning amount, with an increase of 70.03%. The increase is mainly because the Company purchased the financial software within this report period.

6. Other current assets decreased by RMB 4.66 million *Yuan* compared with the period-beginning amount, with a decrease of 100.00%. The decrease is mainly because of the carry-over of related asset projects of the prepaid software and project funds in the previous year within this report period.

7. The accounts payable decreased by RMB 74.82 million *Yuan* compared with the period-beginning amount, with a decrease of 37.38%. The decrease is mainly because the subsidiary Shenzhen SEG E-Commerce Co., Ltd (SEG E-commerce for short) decreased the amount purchased and settled the account payable with the suppliers within this report period.

8. The wages payable decreased by RMB 8.67 million *Yuan* compared with the period-beginning amount, with a decrease of 45.95%. The decrease is mainly because part of wages and bonuses for the previous year withdrawn within this report period.

9. Interests payable increased by RMB 4.52 million *Yuan* compared with the period-beginning amount, with an increase of 43.86%. The increase is mainly because that the accrued interest of the short-term bonds released by the Company increased within this report period.

10. Undistributed profits increased by RMB 21.35 million *Yuan* compared with the period-beginning amount, with an increase of 338.88%. The increase is mainly because the net profits of the parent company increased within this report period.

## (II) Items in the Consolidated Profit Statement

Item	Amount incurred in this report period	Amount incurred in the previous period	Difference	Increase/decrease of the current year compared with that of the previous year (%)
Operating income	191,029,218.56	145,841,677.48	45,187,541.08	30.98%
Service charges and commissions income	26,296.11	16,833.81	9,462.30	56.21%
Operating cost	142,109,576.55	107,920,992.72	34,188,583.83	31.68%
Interest expenses	2,066,755.56	912,972.23	1,153,783.33	126.38%

Financial cost	4,943,864.72	-1,957,187.32	6,901,052.04	---
Loss from asset impairment	744,585.68	0.00	744,585.68	---
Investment income	2,736,686.86	5,202,783.84	-2,466,096.98	-47.40%
Non-operating expenses	23,408.91	103,735.57	-80,326.66	-77.43%

1. The operating income increased by RMB 45.19 million Yuan over the same period of last year, with an increase of 30.98%. The increase is mainly because the trading revenue of subsidiary Shenzhen SEG Industrial Investment Co., Ltd (hereinafter referred to as SEG Industry) increased.

2. The Service charges and commissions income increased by RMB 10,000 Yuan over the same period of last year, with an increase of 56.21%. The increase is mainly because the loan commissions of subsidiary Shenzhen SEG Credit Co., Ltd (hereinafter referred to as SEG Credit) increased.

3. The operating cost increased by RMB 34.19 million Yuan over the same period of last year, with an increase of 31.68%. The increase is mainly because the business costs of subsidiary SEG Industry increased together with the increased business income.

4. The interest expenses increased by RMB 1.15 million Yuan over the same period of last year, with an increase of 126.38%. The increase is mainly because the loan interest expenses of subsidiary SEG Credit increased with the increased bank loans.

5. The financial expenses increased by RMB 6.9 million Yuan over the same period of last year. The increase is mainly because the interest expenses of the short-term financing and bank loans of the Company and the subsidiaries increased.

6. The losses from asset impairment increased by RMB 740,000 Yuan over the same period of last year. The increase is mainly because the loan balance released by SEG Credit increased and the provision for loan losses preparation increased accordingly.

7. The investment income decreased by RMB 2.47 million Yuan over the same period of last year, with a decrease of 47.40%. The decrease is mainly because the maturity of bank financial products was centralized over the same period of last year, and therefore there were larger financial gains; in this report period, the maturity of bank financial products was separated, and therefore there were less financial gains.

8. The non-operating expenses decreased by RMB 80,000 Yuan over the same period of last year, with a decrease of 77.43%. The decrease is mainly because the compensation expenses paid by the Company to the merchants decreased within this report period.

### (III) Items in the Consolidated Cash Flow Statement

Item	Amount incurred in this report period	Amount incurred in the previous period	Difference	Increase/decrease of the current year compared with that of the previous year (%)
Cash received from interest and commissions	18,488,846.37	13,197,482.98	5,291,363.39	40.09%
Tax refunds	88,433,998.57	3,563,641.53	84,870,357.04	2381.56%
Other cash received relating to operating activities	153,340,389.27	112,183,330.08	41,157,059.19	36.69%
Net increase of loans to customers and advances	36,505,671.00	-29,550,762.00	66,056,433.00	----
Cash paid for interest, service charges and commissions	4,773.87	237,331.00	-232,557.13	-97.99%
Taxes paid	21,844,523.26	38,018,451.62	-16,173,928.36	-42.54%
Cash received from investment income	4,548,451.09	7,441,599.94	-2,893,148.85	-38.88%
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	2,231,465.50	3,729,911.54	-1,498,446.04	-40.17%
Borrowings received	80,000,000.00	31,000,000.00	49,000,000.00	158.06%
Cash paid for repayment of debts	59,246,687.38	45,000,000.00	14,246,687.38	31.66%
Cash paid for distribution of dividends and profit or repayment of interest	2,705,734.42	1,324,064.01	1,381,670.41	104.35%
Other cash paid relating to financing activities	59,712,120.18	0.00	59,712,120.18	----

1. Cash from charging interests, procedure fee, and commission increased by RMB 5.29 million Yuan over the same period of last year, with an increase of 40.09%. The increase is mainly because the loan scale of the subsidiary SEG Credit increased and the interests from the small loan increased within this report period.
2. The tax refunds increased by RMB 84.87 million Yuan over the same period of last year, with an increase of 2381.56%. The increase is mainly because the export tax rebates received by subsidiary SEG E-Commerce for the supply chain services increased within this report period.
3. Other cash received relating to operating activities increased by RMB 41.16 million Yuan over the same period of last year, with an increase of 36.69%. The increase is mainly because the settlement amount of subsidiary SEG E-Commerce for the supply chain services increased within this report period.
4. The net increase of loans to customers and advances increased by RMB 66.06 million Yuan over the same period of last year. The increase is mainly because the scale of loans released by the subsidiary SEG Credit

increased within this report period.

5. The cash paid for interest and commissions decreased by RMB 230,000 Yuan over the same period of last year, with a decrease of 97.99%. The decrease is mainly because the expired bank loans of subsidiary SEG Credit decreased within this report period and the corresponding paid interest expenses decreased accordingly.

6. The taxes paid decreased by RMB 16.17 million Yuan over the same period of last year, with a decrease of 42.54%. The decrease is mainly because the VAT levied by the Company's electronics markets for the merchants decreased within this report period.

7. The cash received from investment income decreased by RMB 2.89 million Yuan over the same period of last year, with a decrease of 38.88%. The decrease is mainly because the maturity of bank financial products was centralized over the same period of last year, and therefore there were larger financial gains; in this report period, the maturity of bank financial products was separated, and therefore there were less financial gains.

8. The cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets decreased by RMB 1.5 million Yuan over the same period of last year, with a decrease of 40.17%. The decrease is mainly because the renovation and decoration expenses of the Company's electronics markets decreased within this report period.

9. The cash received from borrowings increased by RMB 49 million Yuan over the same period of last year, with an increase of 158.06%. The increase is mainly because the new bank loans of the Company increased within this report period.

10. The cash paid for repayment of debts increased by RMB 14.25 million Yuan over the same period of last year, with an increase of 31.66%. The increase is mainly because the bank loans repaid by the Company increased within this report period.

11. The cash paid for distribution of dividends and profit or repayment of interest increased by RMB 1.38 million Yuan over the same period of last year, with an increase of 104.35%. The increase is mainly because the bank loans increased and the interest expenses increased accordingly.

12. The cash paid relating to other financing activities increased by RMB 59.71 million Yuan over the same period of last year. The increase is mainly because the SEG E-Commerce paid the lending funds within this report period.

## **II. Progress of important events, relevant influence and analysis and explanation of solutions**

√ Applicable □ Not applicable

### **(I) Related transactions related to daily operation**

On March 26, 2015, the 6<sup>th</sup> Meeting of the 6<sup>th</sup> Board of Directors approved that, in 2015, in order to meet the needs of developing the business of electronics market, the Company shall lease part of the eight floor of SEG Plaza estate from its controlling shareholder, SEG Group, as the warehouse for the Company's business tenants.

During the lease term, the Company should pay rent and property management fee to SEG Group. With related directors avoided in the voting, the Board of Directors agreed that, for the year of 2015, the Company can have intercompany transactions on estate lease with SEG Group based on the market fair value within the limit of RMB 1.2 million Yuan. (The event can be referred to in the *Public Notice on the Resolutions of the 6<sup>th</sup> Provisional Meeting of the 6<sup>th</sup> Board of Directors of Shenzhen SEG Co., Ltd.* and the *Public Notice of Shenzhen SEG Co., Ltd. on Estimated Matters Related to Daily Related Transactions Relating to Operating Activities in 2015* disclosed on the *China Securities Journal*, the *Securities Times*, the *Securities Daily*, the *Hong Kong Commercial Daily* and the Cninfo Website on March 28, 2015).

Within this report period, the company shall totally pay RMB 273,500 Yuan for the rent and the property management fee to SEG.

## **(II) Internal control implementation**

In this report period, the Company carried out the 2014 internal control self-evaluation. The *Self-evaluation Report of Shenzhen SEG Co., Ltd on the Internal Control in 2014* was disclosed on the Cninfo Website on March 28, 2015, which was filed and deliberated and adopted at the 6<sup>th</sup> Meeting of the 6<sup>th</sup> Board of Directors. The Company hired Da Hua Certified Public Accountants (Special General Partnership) to conduct the 2014 internal control audit, which issued the *Audit Report of Shenzhen SEG Co., Ltd on the Internal Control numbered as DA HUA NEI ZI [2015] 000057*. The Report holds 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, 2014. The Audit Report was disclosed on the Cninfo Website on March 28, 2015.

## **(III) Major lawsuits**

1. On February 4, 2013, Suzhou SEG Electronics Market Management Co., Ltd. (hereinafter referred to as "Suzhou SEG") signed with Suzhou Rail Transit Group Co., Ltd. (hereinafter referred to as "Rail Transit Group") the *Lease Contract of Underground Large Space Commerce of Guangji Road (S) along No. 1 Line of Suzhou Rail Transit*, under which it is agreed that Suzhou SEG leases the underground large space of Guangji Road (S) along the No. 1 Line of Suzhou Rail Transit owned by Suzhou Rail Transit Group, and the lease term is 96 months. After the contract was signed, difficulties occurred in the project operation because of market change. Thus the both parties in cooperation negotiated repeatedly for modifying the conditions of cooperation, however, no agreement on renewed conditions of cooperation could be reached finally. Therefore, this project entered into the clearing stage at last.

On January 26, 2015, the Rail Transit Group submitted a case to the court, requesting the latter to order Suzhou SEG to assume the liquidated damages of RMB 2.1 million Yuan and the rents of RMB 0.8 million Yuan for the decoration period and water and electricity consumption of RMB 364231.55 Yuan. The first instance of this case was to be held in Suzhou Gusu District People's Court on March 19, 2015 originally, but the opening of a court session has been delayed due to preparation for litigation. At present this case is just in the stage of waiting for the opening of a court session.

2. On June 29, 2011, the Company's controlled subsidiary Shenzhen SEG Industrial Investment Co., Ltd. (hereinafter referred to as "SEG Industry") signed with Shenzhen Cyber Mart Digital Technology Co., Ltd. (hereinafter referred to as "Cyber Mart") the *Lease Contract*, under which SEG Industry leases 240 m<sup>2</sup> in total of its shop locating in the annex building of Window of the Times to Cyber Mart, and the duration of the contract is from July 1, 2011 to June 30, 2019. In the late period of the duration, because of various causes including the impact from the construction of Shenzhen Metro along Huaqiang Road (N), and problems occurred in Cyber Mart's operation and so on, both parties signed the *Supplementary Agreement* on February 20, 2014, renewing the conditions on rent and liquidated damages and so on.

In August 2014, SEG Industry received the *Notice of Cancelling the Contract and Handing and Taking over the Shop*. SEG Industry communicated with Cyber Mart for many times for the issues concerning liquidated damages agreed in the Lease Contract, but no further agreement has been reached. In order to reliably protect its self-interest, SEG Industry decided through internal discussion to entrust the lawyer to carry out the representative action on risk basis. At present, SEG Industry has already entrusted Guangdong Ruiting Law Firm to prosecute Cyber Mart. Now this case was registered at Shenzhen Futian District People's Court on April 15, 2015, and SEG Industry applied for preservative measures on April 16.

Overview of important events	Disclosure date	Inquiry index for the websites disclosing the temporary reports
1. Nantong SEG Times Square obtained the pre-sale permit.	March 20, 2015	The announcement for <i>Nantong SEG Times Square Obtained the Pre-sale Permit</i> was disclosed on the Cninfo Website at <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> .
2. Equity transfer of Shenzhen SEG Group Co., Ltd	March 10, 2015	The announcement for <i>Equity Transfer of Shenzhen SEG Group Co., Ltd</i> was disclosed on the Cninfo Website at <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> .
3. Matters concerning the borrowing quota	February 13, 2015	The <i>Public Notice of the Resolution of 21<sup>st</sup> Interim</i>

of additional RMB 300 million Yuan to be provided to Nantong SEG Times Square Co., Ltd.		Meeting of 6 <sup>th</sup> Board of Directors disclosed by the Company on the Cninfo Website at <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> .
4. Matters concerning the modification of registered capital of the subsidiary Shenzhen SEG E-commerce Co., Ltd.	February 13, 2015	The Public Notice of the Modification of Registered Capital of the Controlled Subsidiary Shenzhen SEG E-commerce Co., Ltd. disclosed by the Company on the Cninfo Website at <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> .

### III. Commitments made by the Company or the shareholders holding more than 5% shares, which were made in or lasted into the reporting period

√ Applicable □ Not applicable

Commitments	Promisor	Content	Commitment date	Commitment term	Fulfillment
Commitment for share reform	Not applicable				
Commitments in the Acquisition Report and the Report of Changes on Equity	Not applicable				
Commitments made at the time of restructuring of major assets	Not applicable				
Commitment made at the time of initial public offerings or refinancing	Shenzhen SEG Group Co., Ltd.	In accordance with Article 5 of <i>Equity Transfer Agreement</i> signed between the Company and SEG Group, SEG group agrees: the Company and its affiliates and joint ventures can use the eight trademarks of SEG Group registered in China Trademark Office; the Company can use the above-mentioned trademark and similar marks as the Company's mark and can use them in operating activities; the Company does not need to pay SEG Group for use of the above-mentioned trademarks or marks.	July 01, 1996	Long-term	Commitments were fulfilled in this report period.
Other commitments (including additional commitments)	SEG Group	For the problem that there remained horizontal competition in the same trade between the Company and SEG Group indicated in spot	September 14, 2007	Long-term	Commitments were fulfilled in this report period.

Commitments	Promisor	Content	Commitment date	Commitment term	Fulfillment
		inspection by Shenzhen Securities Supervisory Bureau, the Company received written <i>Commitment Letter</i> from SEG Group on September 14, 2007 and the content was as follows: our Group has similar business in Shenzhen electronic market with Shenzhen SEG Co., Ltd. (Shenzhen SEG), and the business was resulted by history and it has objective market development background. Our Group hereby promises that we will not individually operate a market in a same city whose business is similar with that of Shenzhen SEG.			
		The 6 <sup>th</sup> interim meeting of the 5 <sup>th</sup> Board of Directors held on January 26, 2011 reviewed and approved the <i>Proposal of Solving the Horizontal Competition between the Company and Its Controlling Shareholder</i> . 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, 2015, totally five years, and the contract was expired within this report period.	Commitments were fulfilled in this report period. The renewed Entrusted Operation Contract to be renewed is being under negotiation right now.
Other commitments made to the medium and small shareholders of the Company	Not applicable				
Whether commitments were fulfilled on time	Yes				

Commitments	Promisor	Content	Commitment date	Commitment term	Fulfillment
Reason for not fulfilling the commitments and future plan (if applicable)	N/A				

#### IV. Estimation of the Business Performance from January to June in 2015

Warning and reasons for forecasts on loss of the accumulated net profit from the year beginning to the end of next period or sharp year-on-year changes in net profit

☐ Applicable ☒ Not applicable

#### V. Investment in securities

☒ Applicable ☐ Not applicable

Stock type	Stock code	Short form of the security	The initial investment cost (Yuan)	Shares held at period beginning	Initial shareholding percentage	Shares held at period end	Share-holding proportion at period end (%)	Ending book value	Gains and losses in this report period	Accounting item	Source of shares
Share	600778	Youhao Group	90,405.00	60,683	0.04%	60,683	0.04%	684,504.24	0.00	Financial assets available for sale	Initial share
Share	000068	Huakong SEG	279,307,046.38	201,345,033	22.45%	201,345,033	20.00%	76,357,109.46	-2,166,299.37	Long-term equity investment	Initial share
Total			279,397,451.38	201,405,716	--	201,405,716	--	77,041,613.70	-2,166,299.37	--	--

#### VI. Equity of other listed companies held by the Company

☐ Applicable ☒ Not applicable

The Company does not hold the equity of other listed companies within this report period.

#### VII. Investment in derivatives

☐ Applicable ☒ Not applicable

No investment in derivatives is involved within this report period.

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

√ Applicable □ Not applicable

Time	Place	Means	Type	Object	Main content of discussion and the materials provided
January 9, 2015	At the Company	Phone call	Individual use	Investor	Asked about the results of 29.51% equity listed for transfer. The company answered that no related information about the SEG Group equity transfer was received. For details, please focus on the real-time notifications on the Shenzhen Stock Exchange website.
January 12, 2015	At the Company	Phone call	Individual use	Investor	Asked whether the Company has an owned enterprise reform program. The Company answered that no formal notice from the parent unit has been received yet.
January 14, 2015	At the Company	Phone call	Individual use	Investor	Asked about the results of 29.51% equity listed for transfer. The company answered that no related information about the SEG Group equity transfer was received. For details, please focus on the real-time notifications on the Shenzhen Stock Exchange website.
January 15, 2015	At the Company	Phone call	Individual use	Investor	Inquired why the share of the Company is not appreciated? The Company provided the basic information and regularly disclosed reports of the Company.
January 22, 2015	At the Company	Phone call	Individual use	Investor	Inquired when Nantong SEG Times Square can obtain the pre-sale permit. The Company answered that currently the Company was promoting the related matters and will disclose the related information when the pre-sale permit was received.
January 26, 2015	At the Company	Phone call	Individual use	Investor	Inquired when Nantong SEG Times Square can obtain the pre-sale permit. The Company answered that currently the Company was promoting the related matters and will disclose the related information when the pre-sale permit was received.
January 29, 2015	At the Company	Phone call	Individual use	Investor	Asked why the Huakong SEG Co., Ltd was suspended. The Company suggested the investor to consult the information from the board secretary office.
January 30, 2015	At the Company	Phone call	Individual use	Investor	Asked why the Huakong SEG Co., Ltd was suspended. The Company suggested the investor to

Time	Place	Means	Type	Object	Main content of discussion and the materials provided
					consult the information from the board secretary office.
February 1, 2015	At the Company	Phone call	Individual use	Investor	Inquired the number of shareholders till January 31. The Company answered that releasing the register of shareholders of B shares requires T+3 working days and therefore the corresponding information cannot be provided.
February 4, 2015	At the Company	Phone call	Individual use	Investor	Inquired the number of shareholders till January 31. The Company provided the information released by the Securities Depository and Clearing Corporation.
February 5, 2015	At the Company	Phone call	Individual use	Investor	Inquired the specific operating conditions in Q1. The Company suggested the investor to focus the 2015 Q1 Report to be disclosed soon.
February 10, 2015	At the Company	Phone call	Individual use	Investor	Inquired when Nantong SEG Times Square can obtain the pre-sale permit. The Company answered that currently the Company was promoting the related matters and will disclose the related information when the pre-sale permit was received.
February 13, 2015	At the Company	Phone call	Individual use	Investor	Inquired when Nantong SEG Times Square can obtain the pre-sale permit. The Company answered that currently the Company was promoting the related matters and will disclose the related information when the pre-sale permit was received.
March 9, 2015	At the Company	Phone call	Individual use	Investor	Inquired the time for disclosing the annual report. The Company answered that the annual report was to be disclosed on March 28, 2015.
March 10, 2015	At the Company	Phone call	Individual use	Investor	Inquired the number of shareholders till February 28. The Company provided the information released by the Securities Depository and Clearing Corporation.
March 13, 2015	At the Company	Phone call	Individual use	Investor	Inquired the specific operating conditions in Q1. The Company suggested the investor to focus the 2015 Q1 Report to be disclosed soon.
March 17, 2015	At the Company	Phone call	Individual use	Investor	Inquired the number of shareholders till March 15. The Company provided the information released by the Securities Depository and Clearing Corporation.
March 24, 2015	At the Company	Phone call	Individual use	Investor	Inquired the specific operating conditions in Q1. The Company suggested the investor to focus the 2015 Q1 Report to be disclosed soon.

## Chapter 4 Financial Statements

### I. Financial Statements

#### 1. Consolidated Balance Sheet

Prepared by: Shenzhen SEG Co., Ltd.

March 31, 2015

Unit: Yuan

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	203,963,874.32	383,056,680.70
Deposit reservation for balance		
Loans to banks and other financial institutions	30,000,000.00	30,000,000.00
Financial assets measured by fair value and whose change was counted into current gains and losses		
Derivative financial assets		
Notes receivable	169,071.26	84,618.08
Accounts receivable	148,239,499.27	185,866,040.16
Advances	95,949,905.16	94,633,317.07
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance deposit receivable		
Interest receivable		
Dividends receivable		
Other accounts receivable	52,052,452.08	95,366,156.27
Redemptory monetary capital for resale		
Inventory	364,491,597.78	278,281,586.72
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	482,352,869.14	443,543,013.49
Total current assets	1,377,219,269.01	1,510,831,412.49
Non-current assets:		
Loans and advances issued	487,878,157.38	452,517,072.06

Item	Closing balance	Opening balance
Financial assets available for sale	34,479,897.07	34,350,035.45
Held-to-maturity investment		
Long-term receivables		
Long-term equity investment	80,887,352.11	82,100,197.01
Investment properties	457,863,195.02	462,562,882.78
Fixed assets	40,515,623.33	41,408,298.43
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Productive biological assets		
Oil & gas assets		
Intangible assets	1,114,680.21	655,587.54
Development expenses		
Goodwill	10,328,927.82	10,328,927.82
Long-term expenses to be amortized	48,177,247.93	49,768,678.00
Deferred income tax assets	10,449,634.16	10,539,563.16
Other non-current assets	0.00	4,655,063.54
Total non-current assets	1,171,694,715.03	1,148,886,305.79
Total assets	2,548,913,984.04	2,659,717,718.28
Current liabilities:		
Short-term borrowing	210,000,000.00	189,246,687.38
Loans from central bank		
Deposits attracted and placement from banks and other financial institutions		
Loans from banks and other financial institutions		
Financial liabilities measured by fair value and whose change was counted into current gains and losses		
Derivative financial liabilities		
Notes payable		
Accounts payable	125,313,980.20	200,129,651.92
Advances from customers	160,927,151.92	183,059,311.31
Financial assets sold for repurchase		
Service charges and commissions payable		
Payroll payable	10,192,924.79	18,858,843.33

Item	Closing balance	Opening balance
Taxes payable	47,955,956.19	39,445,696.47
Interest payable	14,810,834.00	10,295,250.65
Dividends payable	1,717,882.74	1,717,882.74
Other payables	176,947,923.43	244,804,403.06
Reinsurance accounts payable		
Insurance deposit		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Held-for-sale liabilities		
Non-current liabilities due within one year		
Other current liabilities	250,000,000.00	250,000,000.00
Total current liabilities	997,866,653.27	1,137,557,726.86
Non-current liabilities:		
Long-term borrowing		
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Long-term payables		
Payroll payable		
Special payables		
Estimated liabilities		
Deferred income	9,687,556.95	9,705,371.01
Deferred income tax liabilities	16,840,777.80	17,085,543.80
Other non-current liabilities		
Total non-current liabilities	26,528,334.75	26,790,914.81
Total liabilities	1,024,394,988.02	1,164,348,641.67
Owners' equity:		
Share capital	784,799,010.00	784,799,010.00
Other equity instruments		
Including: Preferred stock		
Perpetual capital securities		
Capital reserve	404,727,257.72	404,727,257.72
Less: Treasury shares		

Item	Closing balance	Opening balance
Other comprehensive income	296,663.45	231,817.05
Special reserve		
Surplus public reserve	102,912,835.67	102,912,835.67
General risk provision		
Retained earnings	27,648,352.53	6,299,799.41
Total owners' equity attributable to the parent company	1,320,384,119.37	1,298,970,719.85
Minority shareholders' equity	204,134,876.65	196,398,356.76
Total owners' equity	1,524,518,996.02	1,495,369,076.61
Total liabilities and owners' equity	2,548,913,984.04	2,659,717,718.28

Legal representative: Wang Li

Person in charge of accounting: Liu Zhijun

Responsible person of the accounting institution: Ying Huadong

## 2. Balance sheet of the parent company

March 31, 2015

Unit: Yuan

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	61,879,500.77	204,395,253.65
Financial assets measured by fair value and whose change was counted into current gains and losses		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Advances	1,822,948.26	
Interest receivable	1,259,913.86	897,225.78
Dividends receivable		
Other accounts receivable	504,329,584.04	410,453,048.03
Inventory	663,197.00	786,589.00
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	578,100,000.00	463,590,246.68
Total current assets	1,148,055,143.93	1,080,122,363.14
Non-current assets:		
Financial assets available for sale	33,515,392.83	33,515,392.83

Item	Closing balance	Opening balance
Held-to-maturity investment		
Long-term receivables		
Long-term equity investment	350,870,878.35	382,083,723.25
Investment properties	292,289,193.27	294,918,970.98
Fixed assets	19,425,681.69	19,583,422.45
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Productive biological assets		
Oil & gas assets		
Intangible assets	752,780.50	271,067.06
Development expenses		
Goodwill		
Long-term expenses to be amortized	4,217,103.25	4,589,158.00
Deferred income tax assets	8,264,161.37	8,354,062.87
Other non-current assets	0.00	1,313,063.54
Total non-current assets	709,335,191.26	744,628,860.98
Total assets	1,857,390,335.19	1,824,751,224.12
Current liabilities:		
Short-term borrowing	150,000,000.00	100,000,000.00
Financial liabilities measured by fair value and whose change was counted into current gains and losses		
Derivative financial liabilities		
Notes payable		
Accounts payable	1,500.00	1,500.00
Advances from customers	44,407,849.79	65,628,441.87
Payroll payable	5,626,997.44	9,907,467.00
Taxes payable	28,118,333.94	20,697,003.64
Interest payable	14,810,834.00	10,237,500.66
Dividends payable	119,803.29	119,803.29
Other payables	68,883,278.91	87,202,387.17
Held-for-sale liabilities		
Non-current liabilities due within one year		

Item	Closing balance	Opening balance
Other current liabilities	250,000,000.00	250,000,000.00
Total current liabilities	561,968,597.37	543,794,103.63
Non-current liabilities:		
Long-term borrowing		
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Long-term payables		
Payroll payable		
Special payables		
Estimated liabilities		
Deferred income	9,500,000.00	9,500,000.00
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	9,500,000.00	9,500,000.00
Total liabilities	571,468,597.37	553,294,103.63
Owners' equity:		
Share capital	784,799,010.00	784,799,010.00
Other equity instruments		
Including: Preferred stock		
Perpetual capital securities		
Capital reserve	405,955,264.44	405,955,264.44
Less: Treasury shares		
Other comprehensive income		
Special reserve		
Surplus public reserve	102,912,835.67	102,912,835.67
Retained earnings	-7,745,372.29	-22,209,989.62
Total owners' equity	1,285,921,737.82	1,271,457,120.49
Total liabilities and owners' equity	1,857,390,335.19	1,824,751,224.12

Legal representative: Wang Li

Person in charge of accounting: Liu Zhijun

Responsible person of the accounting institution: Ying Huadong

**3. Consolidated profit statement**

March, 2015

Unit: Yuan

Item	Amount incurred in this report period	Amount incurred in the previous period
1. Total operating revenue	201,742,250.86	156,296,410.46
Including: Operating revenue	191,029,218.56	145,841,677.48
Interest income	10,686,736.19	10,437,899.17
Earned premiums		
Service charges and commissions income	26,296.11	16,833.81
2. Total operating cost	164,200,736.22	121,162,948.72
Including: Operating cost	142,109,576.55	107,920,992.72
Interest expenses	2,066,755.56	912,972.23
Commissions		
Surrender value		
Net compensation pay-outs		
Net insurance deposit accrued		
Insurance dividends		
Reinsurance expenses		
Operating tax and surcharges	6,369,343.37	6,288,053.02
Sale expenses	459,391.03	381,151.00
Management expenses	7,507,219.31	7,616,967.07
Financial cost	4,943,864.72	-1,957,187.32
Loss from asset impairment	744,585.68	0
Income from change of sound value (Loss is marked with "-")		
Income from investment (Loss is marked with "-")	2,736,686.86	5,202,783.84
Including: Income from investment in joint ventures and associated enterprises	-2,088,190.80	-2,238,816.10
Income from exchange (Loss is marked with "-")		
III. Operating profit (Loss is marked with "-")	40,278,201.50	40,336,245.58
Add: Non-operating revenue	317,029.50	378,109.51
Including: Gains on disposal of non-current assets		
Less: Non-operating expenses	23,408.91	103,735.57
Including: Loss from disposal of non-current assets		

Item	Amount incurred in this report period	Amount incurred in the previous period
IV. Total profit (Total loss is marked with "-")	40,571,822.09	40,610,619.52
Less: Income tax	11,519,298.89	10,981,390.41
V. Net profit (Net loss is marked with "-")	29,052,523.20	29,629,229.11
Net profit attributable to shareholders of the parent company	21,348,553.12	22,449,590.92
Profit and loss of minority shareholders	7,703,970.08	7,179,638.19
VI. Net of tax of other comprehensive incomes	97,396.21	-30,038.08
Total owners' net of tax of other comprehensive incomes attributable to the parent company	64,846.40	-19,999.35
1. Other comprehensive incomes that cannot be reclassified into gains and losses		
(1) Changes of net liabilities or net assets of the re-measured defined benefit plans		
(2) Shares of the investee of other comprehensive incomes that cannot be reclassified into gains and losses under the equity method		
2. Other comprehensive incomes that can be categorized as gains and losses	64,846.40	-19,999.35
(1) Shares of the investee of other comprehensive incomes that can be categorized as gains and losses under the equity method		
(2) Gains and losses from changes of fair value of the available-for-sale financial assets	64,846.40	-19,999.35
(3) Held-to-maturity investments categorized as gains and losses from the available-for-sale financial assets		
(4) Effective gains or loss from cash flows		
(5) Translation difference of the financial statements in foreign currency Less:		
(6) Others		
Net of tax of other comprehensive incomes attributable to minority shareholders	32,549.81	-10,038.73
VII. Total comprehensive income	29,149,919.41	29,599,191.03
Total comprehensive income attributable to shareholders of the parent company	21,413,399.52	22,429,591.57
Total comprehensive income attributable to minority shareholders	7,736,519.89	7,169,599.46

Item	Amount incurred in this report period	Amount incurred in the previous period
VIII. Earnings per share		
(1) Basic earnings per share	0.0272	0.0286
(2) Diluted earnings per share	0.0272	0.0286

During the merger of the enterprises under the control of a same entity in this report period, the net profit of the acquired party realized before the merger was: RMB 0.00 Yuan, and net profit of the purchased party realized before the merger in the previous period was: RMB 0.00 Yuan.

Legal representative: Wang Li

Person in charge of accounting: Liu Zhijun

Responsible person of the accounting institution: Ying Huadong

#### 4. Profit statement of the parent company

March, 2015

Unit: Yuan

Item	Amount incurred in this report period	Amount incurred in the previous period
I. Operating revenue	32,055,262.64	34,948,805.08
Less: Operating cost	12,080,463.34	19,328,224.88
Operating tax and surcharges	1,797,527.76	1,949,533.93
Sale expenses		
Management expenses	2,733,599.16	2,911,191.34
Financial cost	3,949,820.68	-4,467,780.55
Loss from asset impairment	-400,000.00	0
Income from change of sound value (Loss is marked with "-")	0	0
Income from investment (Loss is marked with "-")	7,934,946.64	3,062,605.83
Including: Income from investment in joint ventures and associated enterprises	-2,088,190.80	-2,238,816.10
III. Operating profit (Loss is marked with "-")	19,828,798.34	18,290,241.31
Add: Non-operating revenue	0.19	5,124.10
Including: Gains on disposal of non-current assets		
Less: Non-operating expenses	21,350.50	10,270.00
Including: Loss from disposal of non-current assets	4,100.50	0
IV. Total profit (Total loss is marked with "-")	19,807,448.03	18,285,095.41
Less: Income tax	5,342,830.70	5,130,977.88
V. Net profit (Net loss is marked with "-")	14,464,617.33	13,154,117.53

Item	Amount incurred in this report period	Amount incurred in the previous period
V. Net of tax of other comprehensive incomes		
1. Other comprehensive incomes that cannot be reclassified into gains and losses		
(1) Changes of net liabilities or net assets of the re-measured defined benefit plans		
(2) Shares of the investee of other comprehensive incomes that cannot be reclassified into gains and losses under the equity method		
2. Other comprehensive incomes that can be categorized as gains and losses		
(1) Shares of the investee of other comprehensive incomes that can be categorized as gains and losses under the equity method		
(2) Gains and losses from changes of fair value of the available-for-sale financial assets		
(3) Held-to-maturity investments categorized as gains and losses from the available-for-sale financial assets		
(4) Effective gains or loss from cash flows		
(5) Translation difference of the financial statements in foreign currency Less:		
(6) Others		
VI. Total comprehensive income	14,464,617.33	13,154,117.53
VII. Earnings per share		
(1) Basic earnings per share		
(2) Diluted earnings per share		

Legal representative: Wang Li

Person in charge of accounting: Liu Zhijun

Responsible person of the accounting institution: Ying Huadong

## 5. Consolidated cash flow statement

March, 2015

Unit: Yuan

Item	Amount incurred in this report period	Amount incurred in the previous period
I. Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	363,168,639.74	469,413,208.88

Item	Amount incurred in this report period	Amount incurred in the previous period
Net increase in customer bank deposits and placement from banks and other financial institutions		
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 of financial assets measured by fair value and whose change was counted into current gains and losses		
Cash received from interest and commissions	18,488,846.37	13,197,482.98
Net increase of loans from banks and other financial institutions		
Net increase of redemption capital		
Tax refunds	88,433,998.57	3,563,641.53
Other cash received relating to operating activities	153,340,389.27	112,183,330.08
Subtotal of cash inflow from operating activities	623,431,873.95	598,357,663.47
Cash paid for goods and service	458,011,469.10	463,260,003.61
Net increase of loans to customers and advances	36,505,671.00	-29,550,762.00
Net increase in deposits with central bank and other financial institutions		
Cash paid for compensation pay-outs of primary insurance contracts		
Cash paid for interest, service charges, and commissions	4,773.87	237,331.00
Cash paid as insurance dividends		
Cash paid to and on behalf of employees	26,984,453.72	22,492,493.78
Taxes paid	21,844,523.26	38,018,451.62
Other cash paid relating to operating activities	117,910,610.54	103,796,552.39
Subtotal of cash outflow in operating activities	661,261,501.49	598,254,070.40
Net cash flow from operating activities	-37,829,627.54	103,593.07
II. Cash flows from investing activities:		
Cash received from withdrawal of investment	564,986,772.09	609,900,000.00
Cash received from investment income	4,548,451.09	7,441,599.94

Item	Amount incurred in this report period	Amount incurred in the previous period
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other business units		
Other cash received relating to investing activities		
Subtotal of cash inflow from investing activities	569,535,223.18	617,341,599.94
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	2,231,465.50	3,729,911.54
Cash paid for investment	666,902,394.54	553,700,000.00
Net increase of mortgage loans	0.00	0.00
Net cash paid for acquisition of subsidiaries and other business units		
Other cash paid relating to investing activities		
Subtotal of cash outflow in investing activities	669,133,860.04	557,429,911.54
Net cash flow from investing activities	-99,598,636.86	59,911,688.40
III. Cash flow from financing activities:		
Cash received from attraction of investment		
Including: Cash received by subsidiaries from investment of minority shareholders		
Borrowings received	80,000,000.00	31,000,000.00
Cash received from bond issue		
Other cash received relating to financing activities		
Subtotal of cash inflow from financing activities	80,000,000.00	31,000,000.00
Cash repayments of amounts borrowed	59,246,687.38	45,000,000.00
Cash paid for dividend and profit distribution or interest payment	2,705,734.42	1,324,064.01
Including: Dividends and profit paid by subsidiaries to minority shareholders		
Other cash paid relating to financing activities	59,712,120.18	0.00
Subtotal of cash outflow in financing activities	121,664,541.98	46,324,064.01
Net cash flow arising from financing activities	-41,664,541.98	-15,324,064.01
IV. Influence of exchange rate fluctuation on cash and cash equivalents	0.00	0.00
V. Net Increase of cash and cash equivalents	-179,092,806.38	44,691,217.46

Item	Amount incurred in this report period	Amount incurred in the previous period
Add: Opening balance of cash and cash equivalents	382,056,680.70	335,593,493.81
VI. Ending balance of cash and cash equivalents	202,963,874.32	380,284,711.27

Legal representative: Wang Li

Person in charge of accounting: Liu Zhijun

Responsible person of the accounting institution: Ying Huadong

## 6. Cash flow statement of the parent company

March, 2015

Unit: Yuan

Item	Amount incurred in this report period	Amount incurred in the previous period
I. Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	20,686,855.63	23,517,116.05
Tax refunds		
Other cash received relating to operating activities	47,259,414.68	51,124,214.57
Subtotal of cash inflow from operating activities	67,946,270.31	74,641,330.62
Cash paid for goods and service	16,515,352.87	5,127,754.65
Cash paid to and on behalf of employees	9,947,346.96	9,607,292.80
Taxes paid	10,646,562.67	27,217,282.67
Other cash paid relating to operating activities	146,150,832.27	57,766,967.59
Subtotal of cash outflow in operating activities	183,260,094.77	99,719,297.71
Net cash flow from operating activities	-115,313,824.46	-25,077,967.09
II. Cash flows from investing activities:		
Cash received from withdrawal of investment	598,500,000.00	523,000,000.00
Cash received from investment income	9,556,491.03	5,301,421.93
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	400,000.00	0.00
Net cash received from disposal of subsidiaries and other business units	0.00	0.00
Other cash received relating to investing activities	0.00	0.00
Subtotal of cash inflow from investing activities	608,456,491.03	528,301,421.93
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	8,975.00	361,937.00
Cash paid for investment	683,600,000.00	443,000,000.00

Item	Amount incurred in this report period	Amount incurred in the previous period
Net cash paid for acquisition of subsidiaries and other business units	0.00	0.00
Other cash paid relating to investing activities	0.00	
Subtotal of cash outflow in investing activities	683,608,975.00	443,361,937.00
Net cash flow from investing activities	-75,152,483.97	84,939,484.93
III. Cash flow from financing activities:		
Cash received from attraction of investment		
Borrowings received	50,000,000.00	0.00
Cash received from bond issue		
Other cash received relating to financing activities		
Subtotal of cash inflow from financing activities	50,000,000.00	0.00
Cash repayments of amounts borrowed		
Cash paid for dividend and profit distribution or interest payment	2,049,444.45	0.00
Other cash paid relating to financing activities		
Subtotal of cash outflow in financing activities	2,049,444.45	0.00
Net cash flow arising from financing activities	47,950,555.55	0.00
IV. Influence of exchange rate fluctuation on cash and cash equivalents		
V. Net Increase of cash and cash equivalents	-142,515,752.88	59,861,517.84
Add: Opening balance of cash and cash equivalents	204,395,253.65	173,141,378.64
VI. Ending balance of cash and cash equivalents	61,879,500.77	233,002,896.48

Legal representative: Wang Li

Person in charge of accounting: Liu Zhijun

Responsible person of the accounting institution: Ying Huadong

## II. Auditor's Report

Has the first quarterly report been audited?

☐ Yes ☒ No

The Q1 Report has not been audited.