

Stock code: 000058 200058

Stock abbreviation: SHEN SEG、SHEN SEG B

Notice No.: 2015-046



Shenzhen SEG Co., Ltd.

2015 Semi-Annual Report

August 2015

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 semi-annual report is authentic, accurate and complete, and it has no false records, misleading statements or major omissions, and that they commit to the individual and joint legal liabilities.

All the directors have attended this board meeting reviewing the semi-annual report.

Shenzhen SEG Co., Ltd. plans not to distribute cash dividends and bonus shares or convert accumulated funds into share capital.

Chairman of the Board Wang Li, 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.

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Definitions

Definition	Refers to	Description
The Company, Company, and Shenzhen SEG	Refers to	Shenzhen SEG Co., Ltd.
Shenzhen SEG Group Co., Ltd.	Refers to	Shenzhen SEG Group Co., Ltd.
Subsidiary	Refers to	Subsidiary SEG Electronics Market of Shenzhen SEG Co., Ltd.
Huakong SEG	Refers to	Shenzhen Huakong SEG Co., Ltd.
SEG Baohua	Refers to	Shenzhen SEG Baohua Enterprise Development Co., Ltd.
Xi'an SEG	Refers to	Xi'an SEG Electronics Market Co., Ltd.
Suzhou SEG	Refers to	Suzhou SEG Electronics Market Co., Ltd.
Xi'an Hairong SEG	Refers to	Xi'an Hairong SEG Electronics Market Co., Ltd.
Nanjing SEG	Refers to	Shenzhen SEG Electronics Market Management Co., Ltd.
Shanghai SEG	Refers to	Shanghai SEG Electronics Market Co., Ltd.
Nantong SEG	Refers to	Nantong SEG Times Square Management Co., Ltd.
Changsha SEG	Refers to	Changsha SEG Development Co., Ltd.
Mellow Orange Hotel	Refers to	Shenzhen Mellow Orange Business Hotel Management Co., Ltd.
Longgang SEG	Refers to	Shenzhen SEG Electronics Market Management Co., Ltd.
SEG Industry	Refers to	Shenzhen SEG Industrial Investment Co., Ltd.
SEG E-Commerce	Refers to	Shenzhen SEG E-Commerce Co., Ltd.
SEG Credit	Refers to	Shenzhen SEG Credit Co., Ltd.
SEG Navigations	Refers to	Shenzhen SEG GPS Scientific Navigations Co., Ltd.
Wujiang SEG	Refers to	Wujiang SEG Electronics Market Co., Ltd.
Shunde SEG	Refers to	Shunde SEG Electronics Market Management Co., Ltd.
Wuxi SEG	Refers to	Wuxi SEG Electronics Market Co., Ltd.
Nanning SEG	Refers to	Nanning SEG Digital Plaza Management Co., Ltd.
Suzhou SEG Digital	Refers to	Suzhou SEG Digital Plaza Management Co., Ltd.
Zhengzhou SEG	Refers to	Zhengzhou SEG Digital Plaza Management Co., Ltd.
Xi'an Fengdong SEG	Refers to	Xi'an Fengdong New Town SEG Times Square Properties Co., Ltd.
Nantong SEG Operation Company	Refers to	Nantong SEG Commercial Operation Management Co., Ltd.
SEG Universal	Refers to	An integrated informatization platform for market management with the functions of access control management, micro-payment, query system and information distribution.
MIS System	Refers to	The internal management system developed by this Company to focus on the business of electronics market, and it is the software platform to deal with the business in the management of berth position, lease contract, customer information, site operation and management, and

Definition	Refers to	Description
		electronic office and so on in the SEG electronics markets everywhere, as well as the information platform for this Company to monitor the relevant business condition of various electronics markets and data query and analysis.
Youhao Group	Refers to	Xinjiang Youhao (Group) Co., Ltd.
Shenzhen Securities Regulatory Bureau	Refers to	Shenzhen Securities Regulatory Bureau of China Securities Regulatory Commission
Shenzhen SASAC	Refers to	State-owned Assets Supervision and Administration Commission of Shenzhen Municipality
Shenzhen United Exchange	Refers to	Shenzhen United Property and Share Rights Exchange
The Articles of Association	Refers to	<i>The Articles of Association of Shenzhen SEG Co., Ltd.</i>
Unless otherwise specified, the amount referred to in the report	Refers to	Amount in Renminbi Yuan

Chapter 2 Company Profile

I. Company Profile

Stock abbreviation	SHEN SEG	Stock code	000058
Changed stock abbreviation (if any)	Shenzhen SEG Co., Ltd.		
Listed on	Shenzhen Stock Exchange		
Company name in Chinese	深圳赛格股份有限公司		
Company name in English (if any)	Shenzhen SEG Co., Ltd.		
Company name abbreviations in English (if any)	None		
Legal representative	Wang Li		

II. Contact Information

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

III. Other Information

1. Contact information of the company

Whether the registered address, office address, zip code, website, and e-mail address of the company are changed in the report period

☐ Applicable ☒ Not applicable

No changes of the registered address, office address, zip code, website, and e-mail address of the company in the report period, please refer to the 2014 Annual Report.

2. The place where the information is disclosed and prepared

Whether the information disclosure and filing site are changed in the report period?

☐ Applicable ☒ Not applicable

The newspaper specified by the Company to disclose information, the website specified by CSRC to publish the semi-annual report and the filing site for the semi-annual report are not changed in the report period. See the 2014 Annual Report for detailed information.

3. Change of the registration information

Whether the registration information is changed in the report period?

☐ Applicable ☒ Not applicable

The registration date and locale, license registration number of enterprise legal person, tax registration number and organization code are not changed in the report period. See the 2014 Annual Report for detailed information.

Chapter 3 Summary of Accounting Data and Financial Indexes

I. Main 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 the report period	Amount of the same period of the previous year	Year-on-year increase/decrease
Operating revenue (Yuan)	374,555,135.61	316,141,381.01	18.48%
Net profit attributable to shareholders of the listed company (Yuan)	34,906,133.61	37,645,842.28	-7.28%
Net profit attributable to shareholders of the listed company after deduction of non-recurring gains and losses (Yuan)	34,698,254.31	36,738,936.70	-5.55%
Net cash flow arising from operating activities (Yuan)	-98,587,833.62	-104,382,196.59	
Basic EPS (Yuan/Share)	0.0445	0.0480	-7.29%
Diluted EPS (Yuan/Share)	0.0445	0.0480	-7.29%
Weighted average ROE	2.55%	2.97%	-0.42%
	Amount at end of the report period	Amount at end of the previous year	Year-on-year increase/decrease
Total assets (Yuan)	2,495,946,288.44	2,659,717,718.28	-6.16%
Net assets attributable to shareholders of the listed company (Yuan)	1,435,903,974.96	1,298,970,719.85	10.54%

II. 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 report period, the company's net profits and net assets have no difference 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 overseas accounting standards and Chinese accounting standards

☐ Applicable ☒ Not applicable

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

III. Items and amount of non-recurring gains and losses:

√ Applicable □ Not applicable

Unit: Yuan

Item	Amount	Remarks
Gains and losses on disposal of non-current assets (including the write-off of assets depreciation reserves)	-177,731.11	Disposal loss of fixed assets
Government subsidies recorded into current gains and losses (except those closely related with corporate business and enjoyed according to national standards or certain quota)	223,828.12	Mainly because the Company has received the load interest subsidy from Shenzhen Futian District Economic Promotion Bureau and the financial support for SEG E-commerce trade platform from Shenzhen Economic and Trade and Information Technology Commission.
Transferred-back impairment provision for accounts receivable, for which separate impairment tests are carried out	400,000.00	
Other non-operating income and expenses except the above-mentioned items	-215,906.84	Liquidated damages were paid to tenants.
Less: Amount of affected income tax	35,945.98	
Amount of influence of minority shareholders' equity (after tax)	-13,635.11	
Total	207,879.30	--

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 the 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.

Chapter 4 Report of The Board of Directors

I. Overview

In the first half of the year 2015, the domestic and international situation of economy confronted by our country became more complex and severe, the pressure from economic downstream became increasingly heavy, multiple difficulty and challenge multiply twisted, and the physical economy remained stable at low level but was weak for recovery. Facing the increasingly severe economic situation and furious market competition, in the report period, according to the operating policy of “transformation, innovation and development”, and through adopting a series of effective measures including organizational structure reform, implementing project system, and resources to be distributed to the first-line business preferentially, the Company made continuous innovation in management tool, endeavored to enhance the level of management and operation, and ceaselessly strengthened the core business competence, so that the major economic indicators of the Company and each investment company increase over the previous year.

In the report period, the Company achieved a total operating income of 425,220,000 Yuan, a 26.10% increase over the previous year, mainly due to: (1) substantial increase in the income of the agent purchasing and channel retailing terminal business; (2) substantial increase in the income of the microcredit; and (3) year-on-year income of the Suzhou SEG Digital and Xingsha store of Mellow Orange Hotel.

In the report period, the Company achieved a total profit of 72,190,000 Yuan, a 2.45% increase over the previous year, mainly due to the increase in the income and profit of the microcredit business.

II. Analysis of Main Business

Main business of the Company includes development and operation of specialized electronics market and supporting projects, property lease service, IT product channel retail terminal service, e-commerce and value-added microcredit service.

(I) Operation of the electronics markets

In the first half year, facing the intense market competition and the impact from new-type commercial pattern, the Company actively explored the new development pattern, constantly enhanced the operating capability and innovation capability of electronics market mainly operated, built and optimized the operating mode of “physical store + e-commerce + channel” and duplicated this mode in other SEG electronics markets outside Shenzhen, at the same time, the Company strengthened the building of physical channel and continued to cultivate Tmall of SEG electronics market. In the field of selecting products, the Company achieved precision and novelty, as well as lowered down the costs.

The Company seizes the opportunity that Shenzhen Municipal Government intends to build Huaqiang North as the maker center. Based on its own advantages, the Company established the SEG International Maker Product Exhibition and Promotion Center. The Company intends to attract high-quality and innovative products through SEG electronics market, build vertical O2O channel with segmentation, take smart hardware and maker’s products as the core concept, fully exert the capability of distributing resources, link the upstream and downstream channels of market, and finally for the Company’s own platform. It will be beneficial to attract consumers to

market, achieve the diversified competition with other professional markets, and to promote the Company's business transformation and upgrading.

In the report period, the Company's electronics market business achieved a total operating income of 158,490,000 Yuan, a decrease of 0.47% over the previous year and a total profit of 44,790,000 Yuan, a decrease of 11.69% over the previous year, mainly due to the decrease of the rental income of Nanning SEG market and the earlier-stage fees incurred by Suzhou SEG Digital.

(II) Business of property leasing service

In the report period, the property rental business of the headquarters and the Company's subsidiary SEG Baohua continues to increase steadily.

With the continuous depression in the property rental industry in the entire Shenzhen Huaqiang North area, the vacancy rate of the surrounding offices continues to increase, and the rental level maintains the status quo or has a slight decline. SEG Baohua has overcome the difficulties by improving service levels and by taking effective management measures, such as grasping the golden opportunity of Huaqiang North Maker Center and so on., SEG Baohua actively explores new performance growth points and stabilizes the occupancy rate at 99% or higher in the report period. Meanwhile, SEG Baohua remains the rental at the highest level among the surrounding offices in Huaqiang North.

In the report period, the Company's property rental service yielded a total operation income of 37,380,000 Yuan, a year-on-year increase of 6.98%, and a total profit of 8,760,000 Yuan, a year-on-year increase of 46.97%.

(III) Business of the channel retailing terminal of IT products

In the report period, the overall business in the channel retailing terminal of IT products of SEG Industry, the wholly owned subsidiary of the Company, is in good conditions, and each economic indicator achieved a dramatic increase compared with that of the previous year. In the first half of 2015, SEG Industry has formally signed a memorandum of cooperation documents with Apple and officially obtained the authorized Apple distributor for big customers in the China Southern Region. In mid-June, SEG Industry has achieved good results in the first App recommended council for big customers held in Shenzhen after the cooperation.

In the report period, the Company's channel business achieved a total operating income of 54,340,000 Yuan, a 51.62% increase over the previous year, mainly due to the increase of the mobile phone distribution and communications distribution business over the previous year.

(IV) E-Commerce

In the report period, the SEG E-commerce achieved a total operating income of 14,830,000 Yuan, a 36.54% decrease over the previous year, and the total profit decreased over the previous year, mainly due to the decrease of the supply chain business in the current report period.

Till the date of disclosure of this report, the Company's board had approved the *Proposal for Transferring 51% of the SEG E-commerce Share Held by Shenzhen SEG*. At present, the Company has submitted the application for the equity transfer issue to the related departments, and the third-party organization is orderly implementing the auditing and evaluation. It is expected to complete the share transfer work in the third quarter. The Company will timely disclose the related information according to the specific progress.

(V) Business of small loan

The SEG Microcredit business runs well in the report period, and the indicators are increased considerably on year-on-year basis. At present, SEG Microcredit has reached strategic cooperation with major commercial tenants of SEG Electronics Market. Based on the warehouse receipt pledge mode, SEG Microcredit provides the agent purchasing business, therefore relieving the cash flow pressure of the commercial tenants and achieving a win-win situation.

In the report period, SEG Microcredit achieved a total operating income of 48,060,000 Yuan, a 127.99% increase over the previous year, a total profit of 16,380,000 Yuan, a 27.37% increase over the previous year, mainly due to the increase of the loan scale and loan interests over the previous year.

(IV) Hotel Business

Up to the report period, SEG Baohua, the subsidiary controlled by the Company, invested in three chain business hotels in total, including Mellow Orange Hotel Changsha Branch, Mellow Orange Hotel Xingsha Branch and Mellow Orange Hotel Bao'an Branch, mainly dealing in the business of accommodation, catering and conference service and so on.

In the report period, the Company's hotel business achieved a total operating income of 12,900,000 Yuan, a 24.77% increase over the previous year, and a total profit of 1,963,000 Yuan, a 0.39% increase over the previous year, mainly because the increase of Mellow Orange Hotel Xingsha Branch is newly added in, and the increase of hotel quantity makes that of income and profit.

Year-on-year changes of the major financial data

Unit: Yuan

	Amount of the report period	The same period of the previous year	Year-on-year increase/decrease (%)	Reason for change
Operating income	374,555,135.61	316,141,381.01	18.48%	The trade business is increased over the previous year in the report period.
Operating cost	317,303,931.44	248,349,208.37	27.77%	The trade business is increased over the previous year in the report period.
Sale expenses	941,405.12	1,002,320.62	-6.08%	The store expenses of the trade business decreased in the report period.
Management expenses	16,004,563.26	15,637,568.42	2.35%	
Financial cost	843,057.23	388,862.46	116.80%	The short-term financing bonds and bank borrowings are increased over the previous year, and the accrued loan interest is increased accordingly.

	Amount of the report period	The same period of the previous year	Year-on-year increase/decrease (%)	Reason for change
Income tax	20,121,370.92	18,633,100.05	7.99%	
Research spending	0.00	759,513.21	-100.00%	No investment is put into the research and development of the SEG Universal software in the report period.
Net cash flow from operating activities	-98,587,833.62	-104,382,196.59		
Net cash flow from investing activities	76,375,411.91	-30,287,254.56		The bank financial investment in the report period was reduced over the same period of last year.
Net cash flow arising from financing activities	-204,572,249.79	428,415,242.53	-147.75%	The Company has paid back the mature short-term financing bonds and bank borrowings in the report period.
Net increase in cash and cash equivalents	-226,784,670.23	293,745,798.77	-177.20%	The comprehensive influence exerted by the cash flow of the activities above caused the increase in the project.

Major changes occur in the profit structure or the profit sources of the Company in the report period.

☐ Applicable ☒ Not applicable

No major changes occur in the profit structure or the profit sources of the Company in the report period.

The prospectus, fund-raising notes, and asset restructuring reports of the Company disclose the future development and plans proceeding in the report period.

☐ Applicable ☒ Not applicable

The prospectus, fund-raising notes, and asset restructuring reports of the Company do not disclose the future development and plans proceeding in the report period.

(3) The company reviews and summarizes how the previously disclosed operation plan is progressed in the report period.

In the first half of 2015, according to the Company's "transformation, innovation, and development" guideline for management, the Company actively develops new business while maintaining the steady development of the

existing business. Driven by the capital and resources, the Company creates a multi-channel profit model and mainly implements the following work in the report period:

(I) Organizational reformation

Given the changes in the external business environment and customer needs, the Company is required to accelerate the pace of business transformation and innovation, deepen the customer value, build a multi-channel profit model, and integrate various resources, to build a capital-driven and resource-driven business-oriented development model. For this purpose, the Company has adjusted the original organizational structure in the first half of 2015 and introduced the project system. Till now, the Company has set up dozens of project teams.

The new organizational structure adopts a flexible organizational structure and matrix management. It functions in a "fixed and flexible" combined mode. This organizational structure promotes the Company to rapidly and flexibly respond to the market, technical, and user changes. It helps the Company to efficiently integrate the resources and improve management decision-making efficiency.

In the first half of 2015, the Company has completed the organizational structure adjustment, work transfer in new departments, and department-level organizational performance assessment principles, according to the plan. The newly introduced project system is implemented orderly. Each project team functions in accordance with the plans.

(II) Actively developing new markets and exploring new service model of the electronics market

In the current environment, the Company uses the asset-light model to explore new markets. In the first half of 2015, the Company has been completed the signing of the Tangshan SEG and Nanchang SEG entrust management projects.

Faced with the impact of increasingly severe competition in the market and shock of new business model, led by the Internet, the Company has continued to research and try the new models of the electronics market. The Company actively develops and attempts the Internet+ business development model by taking advantage of the entity resources in the national market chains and ensuring smooth operation of the stock market.

(III) Orderly promoting the commercial real estate project

The Nantong SEG Times Square project has obtained the sales license for three towers in the late March 2015. The permitted total construction area for pre-sale is 29,911.11 square meters, mainly for SOHO and LOFT office area.

To improve the attractiveness and competitiveness of the entire project, the Company is currently planning to build China's first animation industry entrepreneurs and makers base, together with Nantong municipal government, Gangzha district government, Kungfu Animation company, venture capital institutions, and universities and colleges. On June 18, the Nantong SEG Times Square project was officially received the "Nantong Animation Industry Base" award. Meanwhile, three animation-related companies had signed the settlement agreements with the Company. In the future, it is expected to have dozens of animation companies and auxiliary business companies settled in Nantong SEG Times Square. To provide comprehensive supporting facilities and living and office areas for the animation industry practitioners in the base, the loft product with 5.4-meter storey height is temporarily suspended for sales.

Nantong SEG Times Square is expected to become the animation industry base in Nantong. By means of integrating the upstream and downstream resources in the animation industry and gradually developing the Nantong animation industry innovation park, Nantong SEG Times Square integrates the technology, experience

and business investment themes and intends to build an integrated business complex. Meanwhile, the international animation museum is expected to become the first batch of well-known museum of international animation brands in China.

(IV) Actively researching the new projects

1. To promote the transformation and upgrading of the Company's main industry and extension to the upstream of the industry chain, the Company has established a strategic cooperation partnership with Dongguan EONTEC company (hereinafter referred to as EONTEC), making use of own advantages in technology research and resources. The cooperation intends to promote the development and application in the consumer electronics and related fields of new materials such as liquid metal. Both parties signed the *Strategic Cooperation Framework Agreement of EONTEC and Shenzhen SEG* on May 27, 2015.

2. Establishing the SEG International Maker Product Exhibition and Promotion Center

In the report period, the Company seizes the opportunity that Shenzhen Municipal Government intends to build Huaqiang North as the maker center and therefore sets up a project team. The project team has researched the feasibility of building the SEG International Maker Product Exhibition and Promotion Center. The SEG International Maker Product Exhibition and Promotion Center will set up field service areas, provide appropriate space, and introduce resource parties or partners to provide resource and service support for the makers; give advice and suggestions to the pilot production, marketing, planning and packaging, and brand development of the makers' products; function as a maker brand incubator; and build China's largest intelligent hardware-based, international, and never-ending promotion platform to exhibit online and offline products.

Till the date of disclosure of this report, the Company's board had approved the *Proposal for Setting up the SEG International Maker Product Exhibition and Promotion Center*, and the Company has established the Shenzhen SEG Maker Product Collection Company and provide financial support services for the promotion center by means of setting venture capital funds.

III. Constitutes of Main Business

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
Classified by industry						
Electronics markets and property lease business	195,872,817.87	143,745,324.31	26.61%	0.88%	9.21%	-5.60%
Trade	153,550,908.27	150,697,647.62	1.86%	73.99%	73.31%	0.39%
Finance	48,064,462.25	3,300,242.35	93.13%	128.06%	64.30%	2.66%
Classified by product						
Not applicable						
Region						

	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
Shenzhen	321,511,517.45	223,229,790.02	30.57%	35.47%	34.34%	0.58%
Xi'an	29,443,257.17	20,713,438.12	29.65%	7.93%	7.17%	0.50%
Su Zhou	34,087,416.94	32,359,314.25	5.07%	23.46%	43.68%	-13.36%
Changsha	17,940,235.52	15,375,226.87	14.30%	21.75%	24.67%	-2.01%
Nanjing	16,104,715.99	16,513,882.66	-2.54%	-26.50%	-19.32%	-9.13%
Foshan	1,126,574.84	1,006,893.56	10.62%	0.27%	-2.49%	2.53%
Wuxi	3,547,872.49	2,882,602.37	18.75%	110.66%	40.24%	40.79%
Nanning	1,457,463.69	5,222,783.59	-258.35%	-73.68%	17.50%	-278.08%
Nantong	0	0	0	0	0	0

IV. Analysis of the Core Competitiveness

The Company has formed its major business segments, including the development and operation of professional electronics market and auxiliary projects, property lease service, channel retail terminal of IT products, E-commerce, and small loan.

The Company directly operates Shenzhen SEG Electronics Market, which has taken a leading position in the industry and is the founder of the professional electronics market operation model in China. The Company has won various honorary titles such as "China Five-star Electronics Market", "Most Influential Professional Market in Shenzhen in 30 years", and "China Influence Company".

Up to now, the Company has operated nearly 30 professional electronics markets in China in direct operation, joint operation, and entrusted operation modes. The electronics market covers the Pearl River Delta and Yangtze River Delta, with a radiation to the entire China. SEG Electronics Market has successfully combined IT complex self-construction, leasing and trusted management, combined market service and value-added financial service, and combined professional market, SEG factory store and distribution channels. SEG Electronics Market stood out as the largest specialized electronics markets in China and even in Asia covering electronic components, IT products, and communications products and has great brand influence at home and abroad.

Confronting increasingly severe market competition environment and under the impact from new-type commercial pattern represented by Internet, the Company takes electronics market business and "O2O" e-commerce as the entry point, and starts with the three aspects including e-commerce platform building, exploration of whole-sale channel, and sales in physical store, so to implement the combined-type business pattern of "physical store + e-commerce + channel"; at the same time, based on SEG MIS system and SEG Tone and relying on "PC + mobile terminal", the Company builds up and integrates the platform to share resources between market tenants, suppliers and purchasers and consumers and to achieve the interaction between on-line and off-line and the linkage of resources in markets nationwide.

Under the time background of "public starting-up and mass innovation", the Company fully takes advantage of locating in Huaqiang North area and the distributing center of the electronics product industry such as the electronics components. Relying on the rich experience accumulated in 27 years and the industry position, and

through the establishment of SEG International Maker Product Exhibition and Promotion Center, the Company forms SEG's new platform value, at the same time, also provides SEG makers' ecosphere with the channel to demonstrate and promote their products. The Company will utilize its own unique advantages in locality, market, brand, resources and channel to deeply explore and comprehensively satisfy the makers' demand, push the capitalization and industrialization of makers' products and results, stimulate the innovative vitality of physical store, ceaselessly extend and enrich the business value chain, and finally to promote the Company's transformation and upgrading in business.

V. Analysis of the Investment Situation

1. External equity investment

(1) External investment

√ Applicable □ Not applicable

Investment of the Company		
Investment in the report period (RMB Yuan)	Investment over the same period of last year (RMB Yuan)	Increase/decrease (%)
126,000,000.00	83,185,191.97	51.47%
Information about the invested companies		
Company name	Main business	Equity ratio of listed company in invested company
Nantong SEG Times Square Development Co., Ltd.	Development and operation of real estate, lease and sales of self-owned house, property management, and sales of electronic products	100.00%

(2) Equity of the financing enterprises held by the company

□ Applicable √ Not applicable

The Company does not hold the equity of the financing enterprises within the report period.

(3) Security investment

√ Applicable □ Not applicable

Stock type	Stock code	Short form of the security	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 the report period	Accounting item	Source of shares
Share	600778	Youhao Group	90,405.00	60,683	0.04%	60,683	0.04%	976,996.30	0.00	Financial assets available	Initial share

										for sale	
Share	000068	Huakong SEG	279,307,046.38	201,345,033	22.45%	201,345,033	20.00%	175,996,684.39	-4,342,943.63	Long-term equity investment	Initial share
Total			279,397,451.38	201,405,716	--	201,405,716	--	176,973,680.69	-4,342,943.63	--	--

(4) Equity of other listed companies held by the Company

☐ Applicable ☒ Not applicable

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

2. Entrusted financing, investment of derived products, and entrusted loaning

(1) Entrusted financing

☒ Applicable ☐ Not applicable

Unit: RMB ten thousand Yuan

Name of trustee	Associated relationship	Connected transaction or not	Product Type	Amount of entrusted financing	Start Date	End Date	Remuneration confirmation method	Principal amount returned in the report period	Projected income	Actual loss and gain amount in the report period
China Citic Bank	N/A	No	CITIC-CP cash management	3,000	December 22, 2014	January 13, 2015	Float income	3,000	11	11
Industrial and Commercial Bank of China	N/A	No	ZST	240	December 5, 2014	January 8, 2015	Float income	240	0.83	0.83
Bank of China	N/A	No	AMZYJZT	600	July 4, 2014	January 9, 2015	Float income	600	15.53	15.53
Shanghai Pudong Development Bank	N/A	No	Liduoduo	3,000	December 30, 2014	January 12, 2015	Float income	3,000	3.74	3.74
China Merchants Bank	N/A	No	Dian Jin Gu Zhi Ying	500	October 16, 2014	January 19, 2015	Float income	500	6.29	6.29
Bank of China	N/A	No	GSRJYL01	300	January 5, 2015	January 21, 2015	Float income	300	0.37	0.37
Shanghai Pudong Development Bank	N/A	No	Liduoduo	6,400	December 23, 2014	January 22, 2015	Float income	6,400	29.46	29.46
Bank of China	N/A	No	GSRJYL01	200	January 5, 2015	January 27, 2015	Float income	200	0.34	0.34

Name of trustee	Associated relationship	Connected transaction or not	Product Type	Amount of entrusted financing	Start Date	End Date	Remuneration confirmation method	Principal amount returned in the report period	Projected income	Actual loss and gain amount in the report period
Bank of China	N/A	No	GSRJYL01	100	January 8, 2015	January 28, 2015	Float income	100	0.18	0.18
Shanghai Pudong Development Bank	N/A	No	Liduoduo	5,800	December 30, 2014	January 29, 2015	Float income	5,800	26.7	26.7
Industrial and Commercial Bank of China	N/A	No	Structured Deposit Money	650	December 31, 2014	February 2, 2015	Float income	650	2.11	2.11
Bank of China	N/A	No	AMZYJZT	500	December 30, 2014	February 5, 2015	Float income	500	2.84	2.84
Industrial and Commercial Bank of China	N/A	No	ZST	500	December 15, 2014	February 12, 2015	Float income	500	3.53	3.53
Shanghai Pudong Development Bank	N/A	No	Liduoduo	6,000	January 16, 2015	February 15, 2015	Float income	6,000	27.62	27.62
Bank of China	N/A	No	AMZYJZT	500	November 11, 2014	February 17, 2015	Float income	500	6.31	6.31
China Minsheng Banking	N/A	No	Extraordinary asset management	300	August 25, 2014	February 26, 2015	Float income	300	7.83	7.83
China Minsheng Banking	N/A	No	Extraordinary asset management	300	August 25, 2014	February 26, 2015	Float income	300	7.83	7.83
Shanghai Pudong Development Bank	N/A	No	Liduoduo	6,460	January 28, 2015	February 27, 2015	Float income	6,460	29.73	29.73
Shanghai Pudong Development Bank	N/A	No	Liduoduo 2301137335	300	February 10, 2015	March 12, 2015	Float income	300	1.38	1.38
Bank of China	N/A	No	AMZYPW	1,500	March 20, 2014	March 16, 2015	Float income	1,500	83.08	83.08
Ping An Bank	N/A	No	AGT100002	3,000	2 March 12, 2015	March 16, 2015	Guaranteed minimum income	3,000	0.89	0.89
Ping An Bank	N/A	No	AGT100002	200	March 13, 2015	March 16, 2015	Guaranteed minimum income	200	0.04	0.04
Shanghai Pudong Development Bank	N/A	No	Liduoduo 2301137335	920	February 15, 2015	March 17, 2015	Float income	920	4.23	4.23

Name of trustee	Associated relationship	Connected transaction or not	Product Type	Amount of entrusted financing	Start Date	End Date	Remuneration confirmation method	Principal amount returned in the report period	Projected income	Actual loss and gain amount in the report period
Shanghai Pudong Development Bank	N/A	No	Liduoduo 2301137335	1,000	February 16, 2015	March 18, 2015	Float income	1,000	4.6	4.6
Industrial and Commercial Bank of China	N/A	No	WL35BBX	40	February 13, 2015	March 19, 2015	Float income	40	0.13	0.13
China Construction Bank	N/A	No	ZHQYBB	250	February 15, 2015	March 19, 2015	Float income	250	1.01	1.01
Shanghai Pudong Development Bank	N/A	No	Liduoduo 2301137335	6,030	February 17, 2015	March 19, 2015	Float income	6,030	27.75	27.75
Bank of China	N/A	No	AMZYPWHQ15085	1,900	February 16, 2015	March 23, 2015	Float income	1,900	9.02	9.02
Bank of China	N/A	No	AMZYJZT	300	December 23, 2014	March 24, 2015	Float income	300	3.81	3.81
Industrial and Commercial Bank of China	N/A	No	WL35BBX	430	February 17, 2015	March 24, 2015	Guaranteed minimum income	430	1.48	1.48
Bank of China	N/A	No	GSRJYL01	300	March 18, 2015	March 26, 2015	Float income	300	0.18	0.18
Bank of China	N/A	No	GSRJYL01	390	March 24, 2015	March 26, 2015	Float income	390	0.06	0.06
Ping An Bank	N/A	No	AGT100002	3,000	March 20, 2015	March 31, 2015	Guaranteed minimum income	3,000	2.22	2.22
Shanghai Pudong Development Bank	N/A	No	Liduoduo 2301137335	3,890	March 3, 2015	April 2, 2015	Float income	3,890	17.9	17.9
China Merchants Bank	N/A	No	e+ enterprise regular financing project	543	April 1, 2015	April 9, 2015	Guaranteed minimum income	543	0.01	0.01
China Merchants Bank	N/A	No	e+ enterprise regular financing project	793	April 1, 2015	April 9, 2015	Guaranteed minimum income	793	0.02	0.02
Industrial and Commercial Bank of China	N/A	No	WL63BBX	1,000	February 7, 2015	April 10, 2015	Guaranteed minimum income	1,000	6.39	6.39

Name of trustee	Associated relationship	Connected transaction or not	Product Type	Amount of entrusted financing	Start Date	End Date	Remuneration confirmation method	Principal amount returned in the report period	Projected income	Actual loss and gain amount in the report period
Bank of China	N/A	No	AMZYJZT	400	October 16, 2014	April 13, 2015	Float income	400	10	10
Bank of China	N/A	No	AMZYJZT-B15061	250	March 9, 2015	April 13, 2015	Float income	250	1.2	1.2
China Merchants Bank	N/A	No	e+ enterprise regular financing project	364	April 2, 2015	April 14, 2015	Guaranteed minimum income	364	0.02	0.02
Shanghai Pudong Development Bank	N/A	No	Liduoduo 2301137335	560	March 17, 2015	April 16, 2015	Float income	560	2.58	2.58
Bank of China	N/A	No	GSRJYL01	100	March 24, 2015	April 17, 2015	Float income	100	0.18	0.18
China Citic Bank	N/A	No	CITIC-CP short-term financing	20,000	January 14, 2015	April 20, 2015	Float income	20,000	315.62	315.62
Bank of China	N/A	No	GSRJYL01	110	March 24, 2015	April 23, 2015	Float income	110	0.25	0.25
Bank of China	N/A	No	GSRJYL01	190	April 22, 2015	April 23, 2015	Float income	190	0.01	0.01
Industrial Bank	N/A	No	37514031	2,800	March 27, 2015	April 27, 2015	Float income	2,800	13.32	13.32
Bank of China	N/A	No	AMZYJZT-LPA15175	2,000	March 24, 2015	April 28, 2015	Float income	2,000	9.49	9.49
China Construction Bank	N/A	No	ZHQYBB	200	March 23, 2015	April 29, 2015	Float income	200	0.89	0.89
Industrial and Commercial Bank of China	N/A	No	15JH013A	430	March 28, 2015	May 1, 2015	Guaranteed minimum income	430	1.8	1.8
Bank of China	N/A	No	AMZYJZT	400	January 9, 2015	May 5, 2015	Float income	400	6.61	6.61
Ping An Bank	N/A	No	AGT100002	400	April 2, 2015	May 6, 2015	Float income	400	1.01	1.01
Ping An Bank	N/A	No	AGT100002	1,300	April 10, 2015	May 6, 2015	Guaranteed minimum income	1,300	2.5	2.5
Ping An Bank	N/A	No	AGT100002	260	April 16, 2015	May 6, 2015	Guaranteed	260	0.38	0.38

Name of trustee	Associated relationship	Connected transaction or not	Product Type	Amount of entrusted financing	Start Date	End Date	Remuneration confirmation method	Principal amount returned in the report period	Projected income	Actual loss and gain amount in the report period
					2015	2015	minimum income			
Bank of China	N/A	No	GSRJYL01	300	April 22, 2015	May 7, 2015	Float income	300	0.35	0.35
Bank of China	N/A	No	AMZYJZT	1,000	February 5, 2015	May 8, 2015	Float income	1,000	12.6	12.6
Bank of China	N/A	No	GSRJYL01	400	April 22, 2015	May 11, 2015	Float income	400	0.58	0.58
China Citic Bank	N/A	No	CITIC-CP cash management No.3	2,900	April 1, 2015	May 12, 2015	Float income	2,900	17.55	17.55
China Citic Bank	N/A	No	CITIC-CP cash management No.3	20,300	April 27, 2015	May 12, 2015	Float income	20,300	46.11	46.11
China Minsheng Banking	N/A	No	20150430	650	April 30, 2015	May 13, 2015	Float income	650	1.22	1.22
Ping An Bank	N/A	No	AGT100002	1,400	May 8, 2015	May 13, 2015	Guaranteed minimum income	1,400	0.52	0.52
China Minsheng Banking	N/A	No	20150430	50	April 30, 2015	May 28, 2015	Float income	50	0.19	0.19
China Minsheng Banking	N/A	No	20150430	900	May 14, 2015	May 28, 2015	Float income	900	1.69	1.69
Bank of China	N/A	No	AMZYJZT-B15116	300	April 27, 2015	June 1, 2015	Float income	300	1.38	1.38
Bank of China	N/A	No	Ri Ji Yue Lei	100	May 29, 2015	June 2, 2015	Float income	100	0.03	0.03
Bank of China	N/A	No	AMZYJZT-A15267	300	May 5, 2015	June 9, 2015	Float income	300	1.38	1.38
Bank of China	N/A	No	Ri Ji Yue Lei	400	May 29, 2015	June 10, 2015	Float income	400	0.37	0.37
China Minsheng Banking	N/A	No	Extraordinary asset management	900	May 28, 2015	June 10, 2015	Float income	900	1.64	1.64
Bank of China	N/A	No	AMZYJZT-A15272	300	May 8, 2015	June 12, 2015	Float income	300	1.35	1.35
Industrial and	N/A	No	WL63BBX	650	April 14,	June 15,	Guaranteed	650	4.66	4.66

Name of trustee	Associated relationship	Connected transaction or not	Product Type	Amount of entrusted financing	Start Date	End Date	Remuneration confirmation method	Principal amount returned in the report period	Projected income	Actual loss and gain amount in the report period
Commercial Bank of China					2015	2015	minimum income			
Bank of China	N/A	No	Ri Ji Yue Lei	200	May 29, 2015	June 15, 2015	Float income	200	0.26	0.26
China Merchants Bank	N/A	No	Gu Zhi Ying 52299	50	March 19, 2015	June 18, 2015	Float income	50	0.56	0.56
China Minsheng Banking	N/A	No	Extraordinary asset management	900	May 28, 2015	June 25, 2015	Float income	900	2.9	2.9
Bank of China	N/A	No	Ri Ji Yue Lei	100	May 29, 2015	June 26, 2015	Float income	100	0.21	0.21
Bank of China	N/A	No	Ri Ji Yue Lei	100	June 24, 2015	June 26, 2015	Float income	100	0.02	0.02
Bank of China	N/A	No	AMZYPW	1,100	July 1, 2014	June 29, 2015	Float income	1,100	57.43	57.43
Bank of China	N/A	No	AMZYJZT-A15079	500	February 13, 2015	July 3, 2015	Float income		9.78	
Bank of China	N/A	No	AMZYJZT-A15079	100	February 13, 2015	July 3, 2015	Float income		1.96	
Industrial and Commercial Bank of China	N/A	No	WL63BBX	430	May 4, 2015	July 6, 2015	Guaranteed minimum income		3.08	
Bank of China	N/A	No	AMZYJZT-A15104	300	March 3, 2015	July 7, 2015	Float income		5.33	
Bank of China	N/A	No	AMZYJZT	600	January 12, 2015	July 9, 2015	Float income		15.36	
China Minsheng Banking	N/A	No	Extraordinary asset management	900	June 26, 2015	July 9, 2015	Float income		1.57	
Bank of China	N/A	No	AMZYJZT	1,000	July 14, 2014	July 13, 2015	Float income		52.85	
Bank of China	N/A	No	AMZYPWHQ-15213	300	April 16, 2015	July 16, 2015	Float income		3.7	
Bank of Communications	N/A	No	YTCF-RZL	150	May 4, 2015	August 3, 2015	Float income		1.87	
Bank of China	N/A	No	AMZYJZT-A15193	200	March 27, 2015	August 4, 2015	Float income		3.74	

Name of trustee	Associated relationship	Connected transaction or not	Product Type	Amount of entrusted financing	Start Date	End Date	Remuneration confirmation method	Principal amount returned in the report period	Projected income	Actual loss and gain amount in the report period
					2015	2015				
Bank of China	N/A	No	AMZYJZT-A15231	250	April 14, 2015	August 18, 2015	Float income		4.36	
Bank of China	N/A	No	AMZYJZT-A15231	400	April 14, 2015	August 18, 2015	Float income		6.97	
Industrial and Commercial Bank of China	N/A	No	995101010010200	650	June 19, 2015	August 21, 2015	Float income		4.66	
Bank of Communications	N/A	No	YTCF-RZL	100	May 29, 2015	September 3, 2015	Float income		3.65	
Bank of China	N/A	No	AMZYJZT	320	June 4, 2015	September 7, 2015	Float income		3.91	
Bank of China	N/A	No	AMZYJZT	80	June 8, 2015	September 10, 2015	Float income		1.02	
Bank of Communications	N/A	No	YTCF-RZL	150	June 15, 2015	September 14, 2015	Float income		3.65	
Bank of China	N/A	No	Ri Ji Yue Lei	350	June 16, 2015	September 18, 2015	Float income		4.24	
Bank of China	N/A	No	AMZYJZT	2,000	September 29, 2014	September 21, 2015	Float income		107.59	
Bank of China	N/A	No	AMZYPWHQ-15190	500	April 7, 2015	October 8, 2015	Float income		12.98	
Bank of Communications	N/A	No	YTCF-RZL	150	April 10, 2015	October 12, 2015	Float income		3.65	
Shanghai Pudong Development Bank	N/A	No	2301137338	400	April 29, 2015	October 24, 2015	Float income		10.85	
Bank of Communications	N/A	No	YTCF-RZL	100	April 27, 2015	October 26, 2015	Float income		2.39	
Bank of China	N/A	No	AMZYJZT	1,300	January 5, 2015	January 4, 2016	Float income		68.71	
Bank of China	N/A	No	AMZYJZT (364 days)	1,500	March 19, 2015	March 17, 2016	Float income		78.53	
Ping An Bank	N/A	No	TTL	3,300	December 31, 2014	June 25, 2015	Float income	3,300	47.57	47.57

Name of trustee	Associated relationship	Connected transaction or not	Product Type	Amount of entrusted financing	Start Date	End Date	Remuneration confirmation method	Principal amount returned in the report period	Projected income	Actual loss and gain amount in the report period
Ping An Bank	N/A	No	TTL	2,400	January 5, 2015	June 27, 2015	Float income	2,400	34.01	34.01
Ping An Bank	N/A	No	TTL	700	January 26, 2015	June 26, 2015	Float income	700	8.66	8.66
Industrial and Commercial Bank of China	N/A	No	1001RSYH	30	January 22, 2015	April 24, 2015	Float income	30	0.25	0.25
Industrial and Commercial Bank of China	N/A	No	1001RSYH	30	January 22, 2015	April 24, 2015	Float income	30	0.25	0.25
Industrial and Commercial Bank of China	N/A	No	1001RSYH	30	January 22, 2015	May 26, 2015	Float income	30	0.34	0.34
Industrial and Commercial Bank of China	N/A	No	1001RSYH	30	January 22, 2015	May 26, 2015	Float income	30	0.34	0.34
Industrial and Commercial Bank of China	N/A	No	1001RSYH	30	January 22, 2015	May 26, 2015	Float income	30	0.34	0.34
Industrial and Commercial Bank of China	N/A	No	1001RSYH	30	January 22, 2015	December 31, 2015	Float income			
Industrial and Commercial Bank of China	N/A	No	1001RSYH	30	January 22, 2015	December 31, 2015	Float income			
Industrial and Commercial Bank of China	N/A	No	1001RSYH	30	May 8, 2015	December 31, 2015	Float income			
Industrial and Commercial Bank of China	N/A	No	1001RSYH	30	May 8, 2015	December 31, 2015	Float income			
Industrial and Commercial Bank of China	N/A	No	1001RSYH	30	May 8, 2015	December 31, 2015	Float income			
Industrial and	N/A	No	1001RSYH	30	May 8,	December	Float income			

Name of trustee	Associated relationship	Connected transaction or not	Product Type	Amount of entrusted financing	Start Date	End Date	Remuneration confirmation method	Principal amount returned in the report period	Projected income	Actual loss and gain amount in the report period
Commercial Bank of China					2015	31, 2015				
Bank of China	N/A	No	GSRJYL01	510	April 22, 2015	May 26, 2015	Float income	510	1.33	1.33
The Agricultural Bank of China	N/A	No	995101010010200 phase 3	350	April 17, 2015	May 26, 2015	Guaranteed minimum income	350	0.98	0.98
Bank of China	N/A	No	Ri Ji Yue Lei	322	June 24, 2015	December 31, 2015	Float income			
Bank of China	N/A	No	Ri Ji Yue Lei	278	June 24, 2015	June 29, 2015	Float income	278	0.11	0.11
Industrial and Commercial Bank of China	N/A	No	ZQL180	31	June 30, 2015	December 31, 2015	Float income			
China Construction Bank	N/A	No	QYTF	100	June 12, 2015	December 31, 2015	Float income			
China Citic Bank	N/A	No	CITIC-CP cash management	6,000	June 4, 2015	December 31, 2015	Float income			
The Agricultural Bank of China	N/A	No	Hui Li Feng	5,000	June 10, 2015	December 31, 2015	Float income			
Total				156,251	--	--	--	131,888	1,375.88	959.48
Source of entrusted financial funding					Self-owned capital					
Cumulative amount of capital and profit unclaimed within the due					0					
Disclosure date of the public notice of the Board of Directors on entrusted finance approval (if any)					July 4, 2014					
Disclosure date of the public notice of the meeting of shareholders on entrusted finance approval (if any)					July 21, 2014					

(2) Investment of derived products

☐ Applicable ☒ Not applicable

No investment in derivatives is involved within the report period.

(3) Entrusted loaning

☐ Applicable ☒ Not applicable

No entrusted loaning is involved within the report period.

3. Use of the collected capital

☐ Applicable ☒ Not applicable

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

4. Analysis of the main subsidiaries and joint stock companies

☒ Applicable ☐ Not applicable

List of major subsidiaries and shareholding companies

Unit: Yuan

Company Name	Ownership Type	Industry	Major Products or Services	Registered Capital	Total Assets	Net Assets	Operating Income	Operating Profit	Net Profit
Wujiang SEG	Subsidiary	Electronics market	Operation and management of professional electronics market	3,000,000.00	27,826,537.46	3,956,253.74	6,987,343.05	827,851.56	743,300.66
Wuxi SEG	Subsidiary	Electronics market	Operation and management of professional electronics market	3,000,000.00	12,665,089.69	3,274,118.77	3,547,872.49	498,509.88	407,805.96
Nantong SEG	Subsidiary	Development and operation of real estate	Development and operation of real estate	30,000,000.00	445,819,758.86	27,501,779.68		79,042.75	112,042.82
Yantai SEG	Subsidiary	Development and operation of real estate	Development and operation of real estate	45,000,000.00					
Nanning SEG	Subsidiary	Electronics market	Operation and management of	8,000,000.00	6,552,812.69	3,677,549.98	1,457,463.69	-3,870,630.57	-4,108,604.95

Company Name	Ownership Type	Industry	Major Products or Services	Registered Capital	Total Assets	Net Assets	Operating Income	Operating Profit	Net Profit
			professional electronics market						
Shunde SEG	Subsidiary	Electronics market	Operation and management of professional electronics market	6,000,000.00	6,033,341.00	3,172,979.30	1,126,574.84	51,951.65	57,672.89
SEG E-Commerce	Subsidiary	E-commerce	E-commerce	48,000,000.00	148,244,878.20	7,920,793.82	15,226,983.53	-166,132.34	57,695.78
SEG Credit	Subsidiary	Finance	Micro-credit	150,000,000.00	534,733,717.45	194,170,434.78	48,064,462.25	16,044,857.79	12,426,082.81
SEG Baohua	Subsidiary	Property management	Property operation and management and hotel business	30,808,800.00	135,643,387.46	91,452,175.37	42,445,648.66	17,848,143.27	13,595,029.71
SEG Industry	Subsidiary	Electronic product channel service	Channel retail terminal of electronic products and property operation and management	25,500,000.00	81,541,514.95	33,540,727.18	154,293,592.57	1,792,549.14	1,792,549.14
Xi'an SEG	Subsidiary	Electronics market	Operation and management of professional electronics market	3,000,000.00	47,572,796.90	11,972,891.51	19,250,093.83	6,416,472.47	5,467,186.70
Longgang SEG	Subsidiary	Electronics market	Operation and management of professional electronics market	3,000,000.00	29,222,375.46	6,635,491.21	5,318,910.67	1,349,299.72	1,021,208.10

Company Name	Ownership Type	Industry	Major Products or Services	Registered Capital	Total Assets	Net Assets	Operating Income	Operating Profit	Net Profit
Suzhou SEG	Subsidiary	Electronics market	Operation and management of professional electronics market	3,000,000.00	43,670,915.64	7,932,854.28	20,051,586.91	4,534,304.90	3,262,500.35
Changsha SEG	Subsidiary	Electronics market	Operation and management of professional electronics market	35,000,000.00	145,819,880.58	110,631,739.19	11,490,331.21	1,911,806.01	1,315,968.42
Xi'an Hairong SEG	Subsidiary	Electronics market	Operation and management of professional electronics market	3,000,000.00	25,663,414.07	4,219,503.70	10,193,163.34	1,307,301.65	1,149,079.53
Nanjing SEG	Subsidiary	Electronics market	Operation and management of professional electronics market	20,000,000.00	29,864,201.54	10,488,378.31	16,104,715.99	-1,393,326.52	-1,370,593.52
Nantong SEG Operation Company	Subsidiary	Service industry	Business operation and property management	5,000,000.00					
Suzhou SEG Digital	Subsidiary	Electronics market	Operation and management of professional electronics market	8,000,000.00	25,266,834.38	-2,333,762.75	7,048,486.98	-3,787,052.32	-3,787,052.32
Xi'an Fengdong	Subsidiary	Development and operation	Development and operation	30,000,000.00					

Company Name	Ownership Type	Industry	Major Products or Services	Registered Capital	Total Assets	Net Assets	Operating Income	Operating Profit	Net Profit
SEG		of real estate	of real estate						
Huakong SEG	Shareholding company	Manufacturing of electronic components	Manufacturing and operation of color picture tube (CPT), CPT materials, and glass apparatus	1,006,671,464.00	637,076,423.92	609,972,908.33	16,994,189.98	-28,771,303.47	-28,588,277.77
Shanghai SEG	Shareholding company	Electronics market	Operation and management of professional electronics market	5,000,000.00	27,608,160.28	8,827,438.65	1,282,610.27	-1,609,685.56	-1,571,178.03
SEG Navigations	Shareholding company	Information industry	Production and operation network service of China GPS	60,000,000.00	370,653,954.93	160,727,416.77	111,809,097.50	-8,853,980.06	2,364,517.52

5. Major projects that are not invested by the collected capital

☐ Applicable ☒ Not applicable

No major projects that are not invested by the collected capital are involved in the report period.

VI. Forecasts of Operation Performance from January to September, 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

VII. Explanations of the Board of Directors and the Board of Supervisors to the “Non-standard Audit Report” made by the accounting firm in the report period

☐ Applicable ☒ Not applicable

VIII. Explanations of the Board of Directors to the relative information of the “Non-standard Audit Report” of the previous year

☐ Applicable ☒ Not applicable

IX. Distribution of Profit in the report period

Implementation or adjustment of the profit distribution scheme, especially the cash dividend scheme and the scheme of transferring the capital reserve to shares in the report period

☐ Applicable ☒ Not applicable

In the previous year, the profit distribution scheme of the company was no cash dividend, no bonus shares, and no transfer of the capital reserve to shares.

X. Plan of profit distribution and transferring the capital reserve to shares in the report period

☐ Applicable ☒ Not applicable

In the first half year, the Company plans not to distribute cash dividend or shares, nor to transfer the capital reserve to shares.

XI. Registration form for investigations, communication and interviews in the report 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	Investor	Asked about the results of 29.51% equity of SEG Group held by Huarong Asset Management Co., Ltd. being 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	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	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

Time	Place	Means	Type	Object	Main Content of Discussion and the Materials Provided
					on the real-time notifications on the Shenzhen Stock Exchange website.
January 15, 2015	At the Company	Phone call	Individual	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	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 if the pre-sale permit was received.
January 26, 2015	At the Company	Phone call	Individual	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 if the pre-sale permit was received.
January 29, 2015	At the Company	Phone call	Individual	Investor	Asked why Huakong SEG Co., Ltd was suspended. The Company suggested the investor to consult the information from Deputy General Manager office.
January 30, 2015	At the Company	Phone call	Individual	Investor	Asked why Huakong SEG Co., Ltd was suspended. The Company suggested the investor to consult the information from Deputy General Manager office.
February 1, 2015	At the Company	Phone call	Individual	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	Investor	Inquired the number of shareholders till January 31. The Company provided the information released by the Securities Depository and Clearing

Time	Place	Means	Type	Object	Main Content of Discussion and the Materials Provided
					Corporation.
February 5, 2015	At the Company	Phone call	Individual	Investor	Inquired the specific operating conditions in Q1. The Company suggested the investor to focus on the 2015 Q1 Report to be disclosed soon.
February 10, 2015	At the Company	Phone call	Individual	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 if the pre-sale permit was formally received.
February 13, 2015	At the Company	Phone call	Individual	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 if the pre-sale permit was formally received.
March 9, 2015	At the Company	Phone call	Individual	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	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	Investor	Inquired the specific operating conditions in Q1. The Company suggested the investor to focus on the 2015 Q1 Report to be disclosed soon.
March 17, 2015	At the Company	Phone call	Individual	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	Investor	Inquired the specific operating conditions in Q1. The Company suggested the investor to focus on the 2015 Q1 Report to be disclosed soon.

Time	Place	Means	Type	Object	Main Content of Discussion and the Materials Provided
May 7, 2015	At the Company	Phone call	Individual	Investor	Inquired that whether the revenues of Nantong SEG Time Square will be disclosed in the semi-annual report. The Company suggested the investor to focus on the 2015 Semi-annual Report to be disclosed soon.
May 20, 2015	At the Company	Phone call	Individual	Investor	Inquired the number of shareholders till May 15. The Company provided the information released by the Securities Depository and Clearing Corporation.
May 25, 2015	At the Company	Phone call	Individual	Investor	Inquired the sales situations of Nantong SEG Time Square. The Company suggested the investor to focus on the 2015 Semi-annual Report to be disclosed soon.
May 28, 2015	At the Company	Phone call	Individual	Investor	Inquired that whether the revenues of Nantong SEG Time Square will be disclosed in the semi-annual report. The Company suggested the investor to focus on the 2015 Semi-annual Report to be disclosed soon.
May 29, 2015	At the Company	Phone call	Individual	Investor	Inquired the specific implementation plans after the Company signed the strategic cooperation agreement with EONTEC. The Company suggested the investor to focus on the related public notice disclosed according to the progress.
June 1, 2015	At the Company	Phone call	Individual	Investor	Inquired the specific implementation plans after the Company signed the strategic cooperation agreement with EONTEC. The Company suggested the investor to focus on the related public notice disclosed according to the progress.
June 2, 2015	At the Company	Written reply	Institution	Hong Kong Sales Department of China International Capital	Inquired the information about SEG Baohua, SEG GPS, Huakong SEG, and Nantong SEG. The Company provided the written reply according to the disclosed public notice.

Time	Place	Means	Type	Object	Main Content of Discussion and the Materials Provided
				Corporation Limited	
June 3, 2015	At the Company	Phone call	Individual	Investor	Inquired the specific implementation plans after the Company signed the strategic cooperation agreement with EONTEC. The Company suggested the investor to focus on the related public notice disclosed according to the progress.
June 23, 2015	At the Company	Phone call	Individual	Investor	Inquired whether the Company will disclose important public notice. The Company replied no information that needs to be disclosed is undisclosed.
June 25, 2015	At the Company	Phone call	Individual	Investor	Inquired the specific operating conditions in Q2. The Company suggested the investor to focus on the 2015 Semi-annual Report to be disclosed soon.
June 30, 2015	At the Company	Phone call	Individual	Investor	Inquired whether the Company will disclose important public notice. The Company replied no information that needs to be disclosed is undisclosed.

Chapter 5 Important Matters

I. Governance of the Company

In the report period, the Company has constantly improved the governance structure and internal control structure and standardize the governance level in strict accordance with the *Company Law* of the People's Republic of China, the *Securities Law* of the People's Republic of China, the *Code of Corporate Governance for Listed Companies* in China, and other laws and regulations stipulated by China Securities Regulatory Commission. However, there were still problems as follows:

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 the 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 respect of assessment on human resources, the Company's controlling shareholder SEG Group implemented the annual performance assessment on Senior Executives according to the completing of annual operation indicators and other indicators stipulated by SEG Group.

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 report period is as follows:

S/N	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	Shenzhen SEG Group Co., Ltd.	Controlling shareholder (30.24%)	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 State-owned Asset Management Information System.	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)	The Board of Directors agrees to report.
2	Shenzhen SEG Group Co., Ltd.	Controlling shareholder (30.24%)	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	Monthly	The document <i>Notice about Formulation of the Monthly Flash Report of Enterprises Supervised by Stated-owned Assets Supervision and</i>	The Board of Directors agrees to report.

S/N	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
				reported through the State-owned Asset Management Information System.		<i>Administration Commission of the State Council</i> (SASAC [2003]23)	
3	Shenzhen SEG Group Co., Ltd.	Controlling shareholder (30.24%)	Summary sheet of monthly cash flow	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 State-owned Asset Management Information System.	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)	The Board of Directors agrees to report.
4	Shenzhen SEG Group Co., Ltd.	Controlling shareholder (30.24%)	Summary sheet of deposits, financing, and loans of the Headquarters	The financial personnel at the Headquarters prepare the sheet that is reported through the State-owned Asset Management Information System.	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)	The Board of Directors agrees to report.
5	Shenzhen SEG Group Co., Ltd.	Controlling shareholder (30.24%)	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 State-owned Asset Management Information System.	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)	The Board of Directors agrees to report.
6	Shenzhen SEG Group Co., Ltd.	Controlling shareholder (30.24%)	Summary sheet of quarterly information on investment properties of	It began to be reported since June 2009. The invested corporation of the Company and the financial staff at the	Quarterly	The document <i>Notice about Formulation of the Monthly Flash Report of Enterprises Supervised by Stated-owned Assets</i>	The Board of Directors agrees to report.

S/N	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
			the Company registered in Shenzhen	Headquarters prepare the sheet and consolidate the statements, which are reported through the State-owned Asset Management Information System.		<i>Supervision and Administration Commission of the State Council</i> (SASAC [2003]23)	
7	Shenzhen SEG Group Co., Ltd.	Controlling shareholder (30.24%)	Monthly consolidated statements (including the Balance Sheet, the Profit Statement, the Cash Flow Statement, the Notes to Preparation of the Statements and the Financial Statements)	They should be reported every month after being printed, signed and sealed and reported every quarter through the State-owned Asset Management Information System. They began to be reported on line from July 2008.	Monthly	<i>The Notice of Shenzhen SEG Co., Ltd on Submitting of Monthly Statements</i>	The Board of Directors agrees to report.
8	Shenzhen SEG Group Co., Ltd. Shenzhen Statistics Bureau	Controlling shareholder (30.24%) Government branch	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 <i>Statistics Law</i> and the regulations of the state and provide statistical data faithfully but not make a false report, conceal data,	The Board of Directors agrees to report.

S/N	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
						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.	
9	Shenzhen SEG Group Co., Ltd.	Controlling shareholder (30.24%)	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)	The Board of Directors agrees to report.
10	Shenzhen SASAC	Actual controller	Analysis of investor relations in 2015 Q1 and Q2	The list of the top 100 shareholders and the trading information of each quarter should be provided by the Securities Depository and Clearing Corporation.	Quarterly	The requirements from 2013 Shenzhen state-owned enterprise capital operation conference	The Board of Directors agrees to report.

II. Litigation Issues

Major Lawsuits and Arbitrations

☐ Applicable ☒ Not applicable

No major lawsuits and arbitrations are involved in the report period.

Other lawsuits

☒ Applicable ☐ Not applicable

Basic Information About
Lawsuits and Arbitrations

Amount
(RMB: ten

Whether
Estimated

Progress

Judgment
Result and

Judgment
Execution

Disclosure
Date

Disclos
ure

	thousand Yuan)	Liabilities Occurred	Impact			Index	
Eight cases related to the intellectual property rights: Such kind of case involves that the individual tenants in the electronics market operated by the Company were sued by the obligee because they sold some products which may possibly infringe the intelligence property owned by others, and the company is listed as the co-defendant. In these cases, the Company, as the manager of market, is not the actual seller of the product which may possibly infringe the intelligence property.	345.41	No	Six cases have not been closed, and two cases have been closed.	Two cases have been closed, one case has been judged, and one case has been withdrawn. The Company is not liable for compensation.	Normal		
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 <i>Commercial Lease Contract of Underground Large Space of Guangji Road (S) along No. 1 Line of Suzhou Rail Transit</i> , 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 of cooperation	326.42	No	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	--	--	April 30, 2015	http://www.cninfo.com.cn

negotiated repeatedly for modifying the conditions of cooperation, however, no agreement of 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 0.3642 million Yuan.

this case is located in the stage of waiting for the opening of a court session.

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 m² 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

No Now, this case was registered at Shenzhen Futian District People's Court on April 15, 2015, and a court session was opened for this case on 18 July 2015. The Company ism waiting for the result of judgment from the court.

April 30, 2015 <http://www.cninfo.com.cn>

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.

III. Matters Questioned by Media

☐ Applicable ☒ Not applicable

The Company did not have any matter commonly questioned by media in the report period.

IV. Bankruptcy and Reorganization

☐ Applicable ☒ Not applicable

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

V. Transaction in Assets

1. Information on Asset Acquisition

☐ Applicable ☒ Not applicable

No asset acquisition is involved in the report period.

2. Asset Sales

☐ Applicable ☒ Not applicable

No asset sale is involved in the report period.

3. Business Combination

☐ Applicable ☒ Not applicable

No business combination is involved in the report period.

VI. Implementation and Impact of the Stock Incentive Plan

☐ Applicable ☒ Not applicable

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

VII. Major Relevant Transactions

1. Transactions Concerning Routine Operation

☒ Applicable ☐ Not applicable

Related Party Transaction	Associated Relationship	Transaction Type	Associated Transactions	Pricing Principles of Associated Transactions	Transaction Amount (RMB ten thousand Yuan)	Amount Proportion Occupied in the Transactions of the Same Kind	Whether Exceeding the Approved Quota	Transaction Clearing Form	Disclosure Date	Disclosure Index
Shenzhen SEG Group Co., Ltd.	Controlling shareholder	Property lease	The company leased the SEG Square property owned by the controlling shareholders	Determined by the market	25.4	0.08%	No	According to the agreement	March 28, 2015	http://www.cninfo.com.cn (Cninfo Website)
Shenzhen SEG Group Co., Ltd.	Controlling shareholder	Property lease	The company leased the SEG Square property owned by the controlling shareholders	Determined by the market	31.06	0.10%	No	According to the agreement	March 28, 2015	http://www.cninfo.com.cn (Cninfo Website)
Total				--	56.46	--	--	--	--	--

2. Relevant Transactions Due to Asset Sales and Acquisition

☐ Applicable ☒ Not applicable

No relevant transaction due to asset sales and acquisition is involved in the report period.

3. Relevant Transactions Due to Joint External Investment

☐ Applicable ☒ Not applicable

No relevant transaction due to joint external investment is involved in the report period.

4. Creditor's Rights and Liabilities of Related Parties

☐ Applicable ☒ Not applicable

No creditor's rights and liabilities of related parties are involved in the report period.

5. Other Related Transactions

☐ Applicable ☒ Not applicable

No other major related transactions are involved in the report period.

VIII. 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 the controlling shareholders and related parties is involved in the report period.

IX. Important Contracts and Implementation

1. Trusteeship, Contracting, and Leasing Issues

(1) Trusteeship Issues

☒ Applicable ☐ Not applicable

Explanations to trusteeship

The controlling shareholder SEG Group entrusts the Company to manage the controlled SEG Communications Market.

Projects which bring the losses and gains that take up 10% of the profit amount of the Company in the report period.

☐ Applicable ☒ Not applicable

In the report period, the Company has no entrusted projects which bring the losses and gains that take up 10% of the profit amount of the Company in the report period.

(2) Contracting Issues

☐ Applicable ☒ Not applicable

No contracting issue is involved within the report period.

(3) Leasing Issues

☐ Applicable ☒ Not applicable

No leasing issue is involved within the report period.

2. Guarantee Issues

☒ Applicable ☐ Not applicable

Unit: RMB ten thousand Yuan

Guarantees for Holding Subsidiaries								
Name of the guaranteed	relevant announcement and disclosure date of the line of guarantee	Guarantee amount	Date of occurrence (Date of signing agreement)	Actual amount guaranteed	Type of guarantee	Term of guarantee	Whether the performance is completed	Whether guarantee is provided for the related parties
SEG Credit	October 11, 2014	7500	October 25, 2014	5000	Joint responsibility guarantee	1 year	No	No
Total guarantee amount for subsidiaries approved in the report period (B1)		7500		Total amount of the actual guarantee to the subsidiaries in the report period (B2)		5000		
Total guarantee amount for subsidiaries approved in the end of the report period (B3)		7500		Total amount of the guarantee balance to the subsidiaries at the end of the report period (B4)		5000		
Total of the guarantee amount (the sum of the two major items above)								
Total guarantee amount approved in the report period (A1+B1)		7500		Total amount of guarantees in the report period		5000		
Total guarantee amount approved in the end of the report period (A3+B3)		7500		Total balance of guarantees at the report period end (A)		5000		
Proportion of total guarantees in net assets (A4+B4)				3.48%				

Specific description for combined guarantee

(1) Violating External Guarantee Issues

☐ Applicable ☒ Not applicable

No violating external guarantee issue is involved in the report period.

3. Other Important Contracts

☒ Applicable ☐ Not applicable

The Company's name in signing contract	The counterpart's name in signing contract	Pricing principle	Transaction Price (Unit: RMB then thousand Yuan)	Connected transaction or not	Associated relationship	Execution by the end of the report period
Shenzhen SEG Co., Ltd.	Shenzhen SEG E-Commerce Co., Ltd.	Fair value	6,000	No	Not applicable	<p>On October 14, 2013, the 3rd special meeting of the 6th Board of Directors discussed and approved the <i>Proposal about Offering Shenzhen SEG E-Commerce Co., Ltd. with Financial Assistance</i>. The company offers the 51% share controlled SEG E-commerce with the financial assistance of 60,000,000 Yuan for one year (from September 15, 2013 to September 14, 2014) and pays based on the requirements of the e-commerce business. SEG E-Commerce pays expenses for using the funds to the Company based on its actual loan amount and period. The expenses for using the funds is charged with the benchmarking interest rate of the one-year bank loan in the same period and should be paid on due date.</p> <p>On December 5, 2014, the 5th special meeting of the 6th Board of Directors discussed and approved the <i>Proposal about Offering Shenzhen SEG E-Commerce Co., Ltd. with Financial Assistance</i>. This load is the renewal load with the term being one year. SEG E-commerce pays expenses for using the funds to the shareholders based on its actual load amount and period. The fund appropriation charge rate is 6.5%.</p>
Shenzhen SEG Co., Ltd.	Shenzhen SEG Industrial Investment Co., Ltd.	Interest not accrued	4,200	No	Not applicable	<p>The 15th special meeting of the 6th Board of Directors held on July 29, 2014 reviewed and approved the <i>Proposal on the Current Fund Loan of RMB 10,000,000 Yuan by Shenzhen SEG Industry Investment Co., Ltd from Shenzhen SEG Co., Ltd</i>. The Company provides</p>

The Company's name in signing contract	The counterpart's name in signing contract	Pricing principle	Transaction Price (Unit: RMB then thousand Yuan)	Connected transaction or not	Associated relationship	Execution by the end of the report period
						RMB 10,000,000 Yuan as cash flow for the wholly-owned subsidiary SEG Industry. Till now, the Company has loaned a total of RMB 42,000,000 Yuan for SEG Industry. No interest is accrued for the above funds.
Shenzhen SEG Co., Ltd.	Suzhou SEG Digital Plaza Management Co., Ltd.	Fair price	1,000	No	Not applicable	The 23 rd special meeting of the 6 th Board of Directors held on May 27, 2015 reviewed and approved the <i>Proposal on the Financial Aid of RMB 10,000,000 Yuan for Suzhou SEG Digital Square Management Co., Ltd.</i> The Company provides RMB 10,000,000 Yuan for the wholly-owned subsidiary Suzhou SEG Digital for helping the business development of Suzhou SEG Digital. No interest is accrued for the above funds. The loan term is one year (from June 8, 2015 to June 7, 2016).

4. Other Important Transactions

☐ Applicable ☒ Not applicable

No important transaction is involved in the report period.

X. Commitments Made by the Company or the Shareholders Holding More Than 5% Shares, Which Were Made in or Lasted into the Report 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	Shenzhen SEG	According to the Article Five of the	July 1, 1996	Long-term	Commitments

Commitments	Promisor	Content	Commitment date	Commitment term	Fulfillment
the time of initial public offerings or refinancing	Group Co., Ltd.	<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 does not need to pay any fee to SEG Group for using the aforesaid trademarks or signs.			were fulfilled in the report period.
	Shenzhen SEG Group Co., Ltd.	Shenzhen Securities Regulatory Bureau pointed out that "There is an issue of horizontal competition in the business of electronics markets between the Company and SEG Group" during the spot inspection in 2007; the Company received the Letter of Commitment in writing from SEG Group on September 14, 2007, which said that "SEG Group and Shenzhen SEG Co., Ltd. have similar business in electronics markets in Shenzhen (Shenzhen SEG) due to historic reasons and the objective background of market development; 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."	September 14, 2007	Long-term	Commitments were fulfilled in the report period.
	Shenzhen SEG Group Co., Ltd.	The 6 th interim meeting of the 5 th 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	January 26, 2011	From February 1, 2011 to January 31, 2015, totally five years, and the entrustment	Commitments were fulfilled in the report period.

Commitments	Promisor	Content	Commitment date	Commitment term	Fulfillment
		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 <i>Yuan</i> as entrust management expenses.		and operation contract was expired within this report period. Up to the end of the report period, the contract is renewed and the renewed validity period will be from February 1, 2015 to January 31, 2016.	
Other commitments made to the medium and small shareholders of the Company					
Whether commitments were fulfilled on time	Yes				
Reason for not fulfilling the commitments and future plan (if applicable)	N/A				

XI. Engagement and Dismissal of the Accounting Firm

Whether the semi-annual financial report is audited?

☐ Yes ☒ No

The Semi-Annual Report of the Company has not been audited.

XII. Punishment and Rectification Issues

☐ Applicable ☒ Not applicable

No punishment and rectification is involved in the report period.

XIII. Disclosure of Illegal Issues and Delisting Risks

□ Applicable √ Not applicable

No illegal issue and delisting risk is involved in the report period.

XIV. Notes on Other Important Matters

√ Applicable □ Not applicable

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.
2. Huarong Asset Management Co., Ltd. transfers through listing its 29.51% of stock equity of SEG Group, the holding shareholder of the Company	March 10, 2015	The announcement for <i>Equity Transfer of Shenzhen SEG Group Co., Ltd</i> was disclosed on the Cninfo Website.
3. <i>Providing a Loan of RMB 300 Million for the Company's Wholly-Owned Subsidiary Nantong SEG Times Square Co., Ltd. to Construct the Nantong SEG Times Square Project</i>	February 13, 2015	<i>The Public Notice on Resolutions of the 21st Meeting of the Sixth Board of Directors of Shenzhen SEG Co., Ltd</i> was disclosed on the Cninfo Website.
4. The controlled subsidiary Shenzhen SEG E-Commerce Co., Ltd changing its registered capital	February 13, 2015	The announcement for <i>Registered Capital Change of Shenzhen SEG E-Commerce Co., Ltd</i> was disclosed on the Cninfo Website.
5. The joint stock company Shenzhen SEG GPS Technology Co., Ltd. was accepted for the listing in China's SME share transfer system	April 18, 2015	The announcement for <i>Joint Stock Company Shenzhen SEG GPS Technology Co., Ltd. Was Accepted for the Listing in China's SME Share Transfer System</i> was disclosed on the Cninfo Website.
6. Strategic cooperation framework agreement signed with Dongguan EONTEC	May 29, 2015	The announcement for <i>Strategic cooperation framework agreement signed with Dongguan EONTEC</i> was disclosed on the Cninfo Website.

Chapter 6 Changes in Share Capital and Information on Shareholders**I. Information on Changes in Share Capital**

Unit: Share

	Before the change	Increase/decrease by (±)	After the change
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	Quantity	Percentage	New share offering	Bonus share	Capitalization of public reserve	Others	Subtotal	Quantity	Percentage
I. Restricted shares	26,689	0.00%	0	0	0	0	0	26,689	0.00%
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%	0	0	0	0	0	0	0.00%
3. Other domestic shares	26,689	0.00%	0	0	0	0	0	26,689	0.00%
Including: Shares held by overseas legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	26,689	0.00%	0	0	0	0	0	26,689	0.00%
4. Foreign shares	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	784,772,321	100.00%	0	0	0	0	0	784,772,321	100.00%
1. RMB ordinary shares	538,311,003	68.59%	0	0	0	0	0	538,311,003	68.59%
2. Domestically listed foreign shares	246,461,318	31.40%	0	0	0	0	0	246,461,318	31.40%
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%	0	0	0	0	0	784,799,010	100.00%

Reason for change

☐ Applicable ☒ Not applicable

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 report period

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

II. Information on the Number of Shareholders and Their Shareholding Status

Unit: Share

Total number of ordinary shareholders at the end of the report period	67,495			Total number of preferred shareholders restored with the voting rights (if any) (see note 8)	0			
Information on the shareholders holding more than 5% shares or top 10 ordinary shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of ordinary shares held at the end of the report period	Share increase/decrease in the report period	Quantity of restricted ordinary shares held	Quantity of unrestricted ordinary 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	0	237,359,666	Pledged	83,679,833
Zeng Ying	Domestic natural person	0.98%	7,679,449	-361,377	0	7,679,449		
Liu Guocheng	Domestic natural person	0.85%	6,691,302	+1,195,707	0	6,691,302		
Taifook Securities Company Limited-Account Client	Overseas legal person	0.52%	4,119,656	+2,367,952	0	4,119,656		
Liu Guohong	Domestic natural person	0.40%	3,127,958	+673,017	0	3,127,958		
Gong Qianhua	Overseas natural person	0.37%	2,940,000	-2,371,520	0	2,940,000		
Wang Jianguang	Domestic natural person	0.32%	2,497,771	+2,497,771	0	2,497,771		
KGI ASIA LIMITED	Overseas legal person	0.30%	2,334,076	+2,334,076	0	2,334,076		
Shaanxi International	Others	0.29%	2,249,943	2,249,943	0	2,249,943		

Trust Co., Ltd. – Shaanxi International Investment Weicai Securities & Investment Capital Trust scheme								
Phillip Securities (Hong Kong) Groups	Overseas legal person	0.28%	2,206,196	-4,510,027	0	2,206,196		
Strategic investors or general legal entities who became one of the top ten ordinary shareholders by participating in rights issue (If any) (see note 3)		None						
Explanations on the association relationship or concerted action among the above-mentioned shareholders		Shenzhen SEG Group Co., Ltd has no associated relationship with other shareholders, nor it is 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 have an associated relationship or are concerted action units or not.						
Information on top ten ordinary shareholders of non-restricted shares								
Name of shareholder	Ordinary shares held at the period end		Type of share					
			Type of share	Quantity				
Shenzhen SEG Group Co., Ltd.	237,359,666		RMB ordinary shares	237,359,666				
Zeng Ying	7,679,449		Domestically listed foreign shares	7,679,449				
Liu Guocheng	6,691,302		Domestically listed foreign shares	6,691,302				
Taifook Securities Company Limited-Account Client	4,119,656		Domestically listed foreign shares	4,119,656				
Liu Guohong	3,127,958		Domestically listed foreign shares	3,127,958				
Gong Qianhua	2,940,000		Domestically listed foreign shares	2,940,000				
Wang Jianguang	2,497,771		Domestically	2,497,771				

		listed foreign shares	
KGI ASIA LIMITED	2,334,076	Domestically listed foreign shares	2,334,076
Shaanxi International Trust Co., Ltd. – Shaanxi International Investment Weicai Securities & Investment Capital Trust scheme	2,249,943	RMB ordinary shares	2,249,943
Phillip Securities (Hong Kong) Groups	2,206,196	Domestically listed foreign shares	2,206,196
Explanations on the association relationship or concerted action among the top ten shareholders of unrestricted ordinary shares, and between the top ten shareholders of unrestricted ordinary shares and the top ten ordinary shareholders	Shenzhen SEG Group Co., Ltd has no associated relationship with other shareholders, nor it is 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 have an associated relationship or are concerted action units or not.		
Information of top ten ordinary shareholders participating in financing business (if any) (see note 4)	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 report 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 report period.

III. Information on Changes in Controlling Shareholders and Actual Controllers

Changes of the controlling shareholders in the report period

☐ Applicable ☒ Not applicable

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

Changes of the actual controllers in the report period

☐ Applicable ☒ Not applicable

In the report period, the actual controllers of the Company are not changed.

IV. Share Holdings Overweight Plan Proposed or Implemented by the Company Shareholders and Persons Acting in Concert in the Report Period

☐ Applicable ☒ Not applicable

No share holdings overweight plan proposed or implemented by the Company shareholders and persons acting in concert in the report period is involved in the report period according to the learned information.

Chapter 7 Preferred Shares

☐ Applicable ☒ Not applicable

No preferred share is involved in the report period.

Chapter 8 Information on Directors, Supervisors, Senior Executives

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

☐ Applicable ☒ Not applicable

II. Changes of Directors, Supervisors, and Senior Executives

☐ Applicable ☒ Not applicable

No changes of directors, supervisors, and senior executives are involved in the report period. For details, refer to the 2014 Annual Report.

Chapter 9 Financial Report

I. Auditor's Report

Is the semi-annual report audited?

☐ Yes ☒ No

The Semi-Annual Report of the Company has not been audited.

II. Financial Statements

The monetary unit used in the Notes to Financial Statements is RMB Yuan.

1. Consolidated Balance Sheet

Prepared by: Shenzhen SEG Co., Ltd.

June 30, 2015

Unit: Yuan

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	156,272,010.47	383,056,680.70
Deposit reservation for balance	0.00	0.00
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	170,000.00	84,618.08
Accounts receivable	135,773,418.34	185,866,040.16
Advances	107,855,702.35	94,633,317.07
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance deposit receivable		
Interest receivable		
Dividends receivable		
Other accounts receivable	44,545,199.45	95,366,156.27
Redemptory monetary capital for		

Item	Closing balance	Opening balance
resale		
Inventory	413,535,408.37	278,281,586.72
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	335,437,135.06	443,543,013.49
Total current assets	1,223,588,874.04	1,510,831,412.49
Non-current assets:		
Loans and advances issued	493,775,722.84	452,517,072.06
Financial assets available for sale	34,772,389.13	34,350,035.45
Held-to-maturity investment	0.00	0.00
Long-term receivables	0.00	0.00
Long-term equity investment	179,023,560.26	82,100,197.01
Investment properties	453,192,705.59	462,562,882.78
Fixed assets	38,829,032.18	41,408,298.43
Construction in progress	216,000.00	0.00
Engineering materials		
Disposal of fixed assets		
Productive biological assets		
Oil & gas assets		
Intangible assets	1,058,497.63	655,587.54
Development expenses		
Goodwill	10,328,927.82	10,328,927.82
Long-term expenses to be amortized	48,942,524.07	49,768,678.00
Deferred income tax assets	12,218,054.88	10,539,563.16
Other non-current assets	0.00	4,655,063.54
Total non-current assets	1,272,357,414.40	1,148,886,305.79
Total assets	2,495,946,288.44	2,659,717,718.28
Current liabilities:		
Short-term borrowing	325,000,000.00	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		

Item	Closing balance	Opening balance
value and whose change was counted into current gains and losses		
Derivative financial liabilities		
Notes payable		
Accounts payable	95,811,903.31	200,129,651.92
Advances from customers	152,803,919.56	183,059,311.31
Financial assets sold for repurchase		
Service charges and commissions payable		
Payroll payable	10,503,337.50	18,858,843.33
Taxes payable	43,588,325.48	39,445,696.47
Interest payable	85,722.22	10,295,250.65
Dividends payable	3,240,318.18	1,717,882.74
Other payables	201,563,958.02	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
Total current liabilities	832,597,484.27	1,137,557,726.86
Non-current liabilities:		
Long-term borrowing		
Bonds payable		
Preferred stock		
Perpetual capital securities		
Long-term payables		
Payroll payable		
Special payables		
Estimated liabilities		
Deferred income	9,669,742.89	9,705,371.01
Deferred income tax liabilities	16,764,859.00	17,085,543.80

Item	Closing balance	Opening balance
Other non-current liabilities		
Total non-current liabilities	26,434,601.89	26,790,914.81
Total liabilities	859,032,086.16	1,164,348,641.67
Owners' equity:		
Share capital	784,799,010.00	784,799,010.00
Other equity instruments		
Preferred stock		
Perpetual capital securities		
Capital reserve	506,543,476.91	404,727,257.72
Less: Treasury shares	0.00	0.00
Other comprehensive income	442,719.36	231,817.05
Special reserve		
Surplus public reserve	102,912,835.67	102,912,835.67
General risk provision		
Retained earnings	41,205,933.02	6,299,799.41
Total owners' equity attributable to the parent company	1,435,903,974.96	1,298,970,719.85
Minority shareholders' equity	201,010,227.32	196,398,356.76
Total owners' equity	1,636,914,202.28	1,495,369,076.61
Total liabilities and owners' equity	2,495,946,288.44	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

June 30, 2015

Unit: Yuan

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	70,585,590.43	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		

Item	Closing balance	Opening balance
Advances	294,400.00	0.00
Interest receivable	208,333.00	897,225.78
Dividends receivable	1,575,000.00	0.00
Other accounts receivable	527,598,906.07	410,453,048.03
Inventory	820,368.20	786,589.00
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	395,500,000.00	463,590,246.68
Total current assets	996,582,597.70	1,080,122,363.14
Non-current assets:		
Financial assets available for sale	33,515,392.83	33,515,392.83
Held-to-maturity investment		
Long-term receivables		
Long-term equity investment	449,007,086.50	382,083,723.25
Investment properties	289,659,415.56	294,918,970.98
Fixed assets	19,101,341.06	19,583,422.45
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Productive biological assets		
Oil & gas assets		
Intangible assets	720,493.97	271,067.06
Development expenses		
Goodwill		
Long-term expenses to be amortized	6,480,322.27	4,589,158.00
Deferred income tax assets	8,254,062.87	8,354,062.87
Other non-current assets	0.00	1,313,063.54
Total non-current assets	806,738,115.06	744,628,860.98
Total assets	1,803,320,712.76	1,824,751,224.12
Current liabilities:		
Short-term borrowing	215,000,000.00	100,000,000.00
Financial liabilities measured by fair value and whose change was		

Item	Closing balance	Opening balance
counted into current gains and losses		
Derivative financial liabilities		
Notes payable		
Accounts payable	7,913.52	1,500.00
Advances from customers	30,750,802.37	65,628,441.87
Payroll payable	5,089,485.62	9,907,467.00
Taxes payable	31,610,080.65	20,697,003.64
Interest payable	85,722.22	10,237,500.66
Dividends payable	119,803.29	119,803.29
Other payables	90,103,394.72	87,202,387.17
Held-for-sale liabilities		
Non-current liabilities due within one year		
Other current liabilities		250,000,000.00
Total current liabilities	372,767,202.39	543,794,103.63
Non-current liabilities:		
Long-term borrowing		
Bonds payable		
Preferred stock		
Perpetual capital securities		
Long-term payables		
Payroll payable		
Special payables		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities	9,500,000.00	9,500,000.00
Other non-current liabilities		
Total non-current liabilities	9,500,000.00	9,500,000.00
Total liabilities	382,267,202.39	553,294,103.63
Owners' equity:		
Share capital	784,799,010.00	784,799,010.00
Other equity instruments		
Preferred stock		
Perpetual capital		

Item	Closing balance	Opening balance
securities		
Capital reserve	507,771,483.63	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	25,570,181.07	-22,209,989.62
Total owners' equity	1,421,053,510.37	1,271,457,120.49
Total liabilities and owners' equity	1,803,320,712.76	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

June 2015

Unit: Yuan

Item	Amount incurred in the report period	Amount incurred in the previous period
I. Total operating revenue	425,219,054.09	337,216,748.01
Including: Operating revenue	374,555,135.61	316,141,381.01
Interest income	47,553,384.48	21,039,537.00
Earned premiums		
Service charges and commissions income	3,110,534.00	35,830.00
II. Total operating cost	358,714,002.72	279,600,778.34
Including: Operating cost	317,303,931.44	248,349,208.37
Interest expenses	3,159,048.64	1,693,472.23
Commissions		
Surrender value		
Net compensation pay-outs		
Net insurance deposit accrued		
Insurance dividends		
Reinsurance expenses		
Operating tax and surcharges	13,748,030.14	12,817,853.52
Sale expenses	941,405.12	1,002,320.62
Management expenses	16,004,563.26	15,637,568.42

Item	Amount incurred in the report period	Amount incurred in the previous period
Financial cost	843,057.23	388,862.46
Loss from asset impairment	6,713,966.89	-288,507.28
Income from change of sound value (Loss is marked with "-")		
Income from investment (Loss is marked with "-")	5,451,963.64	11,731,540.84
Including: Income from investment in joint ventures and associated enterprises	-4,892,855.94	-1,746,429.31
Income from exchange (Loss is marked with "-")		
III. Operating profit (Loss is marked with "-")	71,957,015.01	69,347,510.51
Add: Non-operating revenue	1,045,979.11	1,242,335.04
Including: Gains on disposal of non-current assets	18,693.10	20,120.00
Less: Non-operating expenses	815,788.94	131,965.13
Including: Loss from disposal of non-current assets	196,424.21	4,831.25
IV. Total profit (Total loss is marked with "-")	72,187,205.18	70,457,880.42
Less: Income tax	20,121,370.92	18,633,100.05
V. Net profit (Net loss is marked with "-")	52,065,834.26	51,824,780.37
Net profit attributable to shareholders of the parent company	34,906,133.61	37,645,842.28
Profit and loss of minority shareholders	17,159,700.65	14,178,938.09
VI. Net of tax of other comprehensive incomes	316,765.26	-72,819.60
Total owners' net of tax of other comprehensive incomes attributable to the parent company	210,902.31	-48,483.29
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	210,902.31	-48,483.29

Item	Amount incurred in the report period	Amount incurred in the previous period
(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	210,902.31	-48,483.29
(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	105,862.95	-24,336.31
VII. Total comprehensive income	52,382,599.52	51,751,960.77
Total comprehensive income attributable to shareholders of the parent company	35,117,035.92	37,597,358.99
Total comprehensive income attributable to minority shareholders	17,265,563.60	14,154,601.78
VIII. Earnings per share		
1. Basic earnings per share	0.0445	0.0480
2. Diluted earnings per share	0.0445	0.0480

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

Unit: Yuan

Item	Amount incurred in the report period	Amount incurred in the previous period
I. Operating revenue	66,577,264.42	67,615,859.10
Less: Operating cost	44,695,244.80	40,521,511.25
Operating tax and surcharges	3,724,403.75	3,815,819.15
Sale expenses	0.00	0.00
Management expenses	6,176,205.10	5,818,692.93
Financial cost	-7,698,774.31	-6,964,476.32

Loss from asset impairment	-400,000.00	-11,420.00
Income from change of sound value (Loss is marked with "-")		
Income from investment (Loss is marked with "-")	37,619,081.12	27,365,616.55
Including: Income from investment in joint ventures and associated enterprises	-4,892,855.94	-1,746,429.31
II. Operating profit (Loss is marked with "-")	57,699,266.20	51,801,348.64
Add: Non-operating revenue	214,230.19	7,799.80
Including: Gains on disposal of non-current assets		
Less: Non-operating expenses	21,350.50	31,030.00
Including: Loss from disposal of non-current assets	4,100.50	1,270.00
III. Total profit (Total loss is marked with "-")	57,892,145.89	51,778,118.44
Less: Income tax	10,111,975.20	8,907,418.65
V. Net profit (Net loss is marked with "-")	47,780,170.69	42,870,699.79
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	47,780,170.69	42,870,699.79
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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

June 2015

Unit: Yuan

Item	Amount incurred in the report period	Amount incurred in the previous period
I. Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	713,661,591.72	935,596,634.26
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		

Item	Amount incurred in the report period	Amount incurred in the previous period
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	48,000,243.60	23,827,215.54
Net increase of loans from banks and other financial institutions		
Net increase of redemption capital		
Tax refunds	88,433,998.57	14,612,922.49
Other cash received relating to operating activities	230,075,360.61	207,915,740.34
Subtotal of cash inflow from operating activities	1,080,171,194.50	1,181,952,512.63
Cash paid for goods and service	824,078,559.71	946,283,803.58
Net increase of loans to customers and advances	48,372,311.47	-15,979,866.00
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	24,453.96	423,331.00
Cash paid as insurance dividends		
Cash paid to and on behalf of employees	51,910,984.07	44,575,412.97
Taxes paid	62,553,032.06	98,500,207.88
Other cash paid relating to operating activities	191,819,686.85	212,531,819.79
Subtotal of cash outflow in operating activities	1,178,759,028.12	1,286,334,709.22
Net cash flow from operating activities	-98,587,833.62	-104,382,196.59
II. Cash flows from investing activities:		
Cash received from withdrawal of investment	1,318,877,729.90	2,008,400,000.00

Item	Amount incurred in the report period	Amount incurred in the previous period
Cash received from investment income	10,137,874.16	13,477,970.15
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	28,493.50	20,100.00
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	1,329,044,097.56	2,021,898,070.15
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	9,058,685.65	7,506,324.71
Cash paid for investment	1,243,610,000.00	2,044,679,000.00
Net increase of mortgage loans		
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	1,252,668,685.65	2,052,185,324.71
Net cash flow from investing activities	76,375,411.91	-30,287,254.56
III. Cash flow from financing activities:		
Cash received from attraction of investment		
Including: Cash received by subsidiaries from investment of minority shareholders		
Borrowings received	295,000,000.00	266,000,000.00
Cash received from bond issue		
Other cash received relating to financing activities		250,000,000.00
Subtotal of cash inflow from financing activities	295,000,000.00	516,000,000.00
Cash repayments of amounts borrowed	409,246,687.38	78,049,280.96

Item	Amount incurred in the report period	Amount incurred in the previous period
Cash paid for dividend and profit distribution or interest payment	31,895,839.49	9,295,476.51
Including: Dividends and profit paid by subsidiaries to minority shareholders	10,728,693.04	2,280,000.00
Other cash paid relating to financing activities	58,429,722.92	240,000.00
Subtotal of cash outflow in financing activities	499,572,249.79	87,584,757.47
Net cash flow arising from financing activities	-204,572,249.79	428,415,242.53
IV. Influence of exchange rate fluctuation on cash and cash equivalents	1.27	7.39
V. Net increase in cash and cash equivalents	-226,784,670.23	293,745,798.77
Add: Opening balance of cash and cash equivalents	382,056,680.70	335,593,493.81
VI. Ending balance of cash and cash equivalents	155,272,010.47	629,339,292.58

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

June 2015

Unit: Yuan

Item	Amount incurred in the report period	Amount incurred in the previous period
I. Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	46,077,293.80	56,440,164.28
Tax refunds		
Other cash received relating to operating activities	134,093,553.11	380,734,537.10
Subtotal of cash inflow from operating activities	180,170,846.91	437,174,701.38
Cash paid for goods and service	27,279,852.92	13,854,524.96

Item	Amount incurred in the report period	Amount incurred in the previous period
Cash paid to and on behalf of employees	18,281,258.17	16,227,816.49
Taxes paid	27,836,566.09	72,620,128.50
Other cash paid relating to operating activities	224,334,962.62	424,319,316.44
Subtotal of cash outflow in operating activities	297,732,639.80	527,021,786.39
Net cash flow from operating activities	-117,561,792.89	-89,847,085.01
II. Cash flows from investing activities:		
Cash received from withdrawal of investment	1,258,100,000.00	1,824,000,000.00
Cash received from investment income	41,546,585.40	12,123,227.48
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	1,299,646,585.40	1,836,123,227.48
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	251,207.00	689,269.32
Cash paid for investment	1,160,600,000.00	1,864,000,000.00
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	1,160,851,207.00	1,864,689,269.32
Net cash flow from investing activities	138,795,378.40	-28,566,041.84
III. Cash flow from financing activities:		
Cash received from attraction of investment		

Item	Amount incurred in the report period	Amount incurred in the previous period
Borrowings received	215,000,000.00	180,000,000.00
Cash received from bond issue		
Other cash received relating to financing activities		250,000,000.00
Subtotal of cash inflow from financing activities	215,000,000.00	430,000,000.00
Cash repayments of amounts borrowed	350,000,000.00	8,000,000.00
Cash paid for dividend and profit distribution or interest payment	20,043,250.00	1,467,733.34
Other cash paid relating to financing activities		
Subtotal of cash outflow in financing activities	370,043,250.00	9,467,733.34
Net cash flow arising from financing activities	-155,043,250.00	420,532,266.66
IV. Influence of exchange rate fluctuation on cash and cash equivalents	1.27	7.39
V. Net increase in cash and cash equivalents	-133,809,663.22	302,119,147.20
Add: Opening balance of cash and cash equivalents	204,395,253.65	173,141,378.64
VI. Ending balance of cash and cash equivalents	70,585,590.43	475,260,525.84

Legal representative: Wang Li

Person in charge of accounting: Liu Zhijun

Responsible person of the accounting institution: Ying Huadong

7. Consolidated statement of changes in owners' equity

June 2015

Amount incurred in the report period

Unit: Yuan

Item	Amount incurred in the report 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 public reserve	General risk provision	Retained earnings		
		Preferred Shares	Perpetual capital securities	Others									
I. Ending balance of the previous year	784,799,010.00				404,727,257.72		231,817.05		102,912,835.67		6,299,799.41	196,398,356.76	1,495,369,076.61
Plus: Change due to alteration of accounting policies													
Correction to errors of the previous period													
Merger of the enterprises under the control of a same entity													

Item	Amount incurred in the report 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 public reserve	General risk provision	Retained earnings		
		Preferred Shares	Perpetual capital securities	Others									
Others													
II. Beginning balance of the current year	784,799,010.00				404,727,257.72		231,817.05		102,912,835.67		6,299,799.41	196,398,356.76	1,495,369,076.61
III. Increase and decrease of the current year (Decrease is marked with "-")					101,816,219.19		210,902.31				34,906,133.61	4,611,870.56	141,545,125.67
1. Total comprehensive income							210,902.31				34,906,133.61	17,265,563.60	52,382,599.52
2. Capital invested or decreased by owners													
(1) Ordinary shares invested by the shareholders													
(2) Capitals													

Item	Amount incurred in the report 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 public reserve	General risk provision	Retained earnings		
		Preferred Shares	Perpetual capital securities	Others									
invested by other equity instrument holders													
(3) Amount of share-based payment included in owners' equity													
(4) Others													
3. Profit distribution												-12,653,693.04	-12,653,693.04
(1) Withdrawal of surplus public reserve													
(2) Withdrawal of general risk provision													
(3) Amount distributed to owners (or shareholders)												-12,653,693.04	-12,653,693.04
(4) Others													

Item	Amount incurred in the report 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 public reserve	General risk provision	Retained earnings		
		Preferred Shares	Perpetual capital securities	Others									
4. Internal carrying forward of owners' equity													
(1) Capital reserve transferred to increase capital (or share capital)													
(2) Surplus public reserve transferred to increase capital (or share capital)													
(3) Surplus public reserve compensating losses													
(4) Others													
5. Special reserve													
(1) Accrual of the current year													

Item	Amount incurred in the report 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 public reserve	General risk provision	Retained earnings		
		Preferred Shares	Perpetual capital securities	Others									
(2) Amount utilized in the current period													
6. Others					101,816,219.19								101,816,219.19
IV. Ending balance of the current period	784,799,010.00				506,543,476.91		442,719.36		102,912,835.67		41,205,933.02	201,010,227.32	1,636,914,202.28

Amount of the previous year

Unit: Yuan

Item	Amount of the 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 public reserve	General risk provision	Retained earnings		
		Preferred Shares	Perpetual capital securities	Others									
I. Ending balance of the previous year	784,799,010.00				404,357,267.73		235,756.32		102,912,835.67		-42,080,494.64	185,584,512.58	1,435,808,887.66
Plus: Change due to alteration of accounting													

Item	Amount of the 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 public reserve	General risk provision	Retained earnings		
		Preferred Shares	Perpetual capital securities	Others									
policies													
Correction to errors of the previous period													
Merger of the enterprises under the control of a same entity													
Others													
II. Beginning balance of the current year	784,799,010.00				404,357,267.73		235,756.32		102,912,835.67		-42,080,494.64	185,584,512.58	1,435,808,887.66
III. Increase and decrease of the current year (Decrease is marked with "-")							-48,483.29				37,645,842.28	-2,952,891.72	34,644,467.27
1. Total comprehensive income							-48,483.29				37,645,842.28	14,154,601.78	51,751,960.77
2. Capital invested or decreased by owners													
(1) Ordinary shares invested by the shareholders													
(2) Capitals invested by other equity instrument holders													
(3) Amount of share-based													

Item	Amount of the 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 public reserve	General risk provision	Retained earnings		
		Preferred Shares	Perpetual capital securities	Others									
payment included in owners' equity													
(4) Others													
3. Profit distribution												-17,107,493.50	-17,107,493.50
(1) Withdrawal of surplus public reserve													
(2) Withdrawal of general risk provision													
(3) Amount distributed to owners (or shareholders)												-17,107,493.50	-17,107,493.50
(4) Others													
4. Internal carrying forward of owners' equity													
(1) Capital reserve transferred to increase capital (or share capital)													
(2) Surplus public reserve transferred to increase capital (or share capital)													
(3) Surplus public reserve													

Item	Amount of the 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 public reserve	General risk provision	Retained earnings		
		Preferred Shares	Perpetual capital securities	Others									
compensating losses													
(4) Others													
5. Special reserve													
(1) Accrual of the current year													
(2) Amount utilized in the current period													
6. Others													
IV. Ending balance of the current period	784,799,010.00				404,357,267.73		187,273.03		102,912,835.67		-4,434,652.36	182,631,620.86	1,470,453,354.93

Legal representative: Wang Li

Person in charge of accounting: Liu Zhijun

Responsible person of the accounting institution: Ying Huadong

8. Statements of Changes in Owners' Equity of the Parent Company

June 2015

Amount incurred in the current period

Unit: Yuan

Item	Current Period										
	Share Capital	Other Equity Instruments			Capital Public Reserves	Less: Treasury Shares	Other Comprehensive Incomes	Special Reserves	Surplus Public Reserves	Undistributed Profits	Total Owners' Equity
		Preferred Shares	Perpetual Capital Securities	Others							
I. Ending balance of the previous year	784,799,010.00				405,955,264.44				102,912,835.67	-22,209,989.62	1,271,457,120.49
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
II. Beginning balance of the current year	784,799,010.00				405,955,264.44				102,912,835.67	-22,209,989.62	1,271,457,120.49
III. Increase or decrease of the current year ("-" for losses)					101,816,219.19					47,780,170.69	149,596,389.88
(I) Total comprehensive incomes										47,780,170.69	47,780,170.69
(II) Owners' capital investment or reduction											
1. Common shares invested by shareholders											
2. Capital invested by other equity instrument holders											

Item	Current Period										
	Share Capital	Other Equity Instruments			Capital Public Reserves	Less: Treasury Shares	Other Comprehensive Incomes	Special Reserves	Surplus Public Reserves	Undistributed Profits	Total Owners' Equity
		Preferred Shares	Perpetual Capital Securities	Others							
3. Amount of share-based payment recorded in owners' equity											
4. Others											
(III) Profit distribution											
1. Accrual of surplus public reserves											
2. Profit distribution to owners (or shareholders)											
3. Others											
(IV) Internal carryover in owners' equity											
1. Transfer of capital public reserves into paid-in capital (or share capital)											
2. Transfer of surplus public reserves into paid-in capital (or share capital)											
3. Compensation of losses with surplus public											

Item	Current Period										
	Share Capital	Other Equity Instruments			Capital Public Reserves	Less: Treasury Shares	Other Comprehensive Incomes	Special Reserves	Surplus Public Reserves	Undistributed Profits	Total Owners' Equity
		Preferred Shares	Perpetual Capital Securities	Others							
reserves											
4. Others											
(V) Special reserves											
1. Accrual in the current period											
2. Use in the current period											
(VI) Others					101,816,219.19						101,816,219.19
IV. Ending balance of the current period	784,799,010.00				507,771,483.63				102,912,835.67	25,570,181.07	1,421,053,510.37

Amount incurred in the previous year

Unit: Yuan

Item	Previous Period										
	Share Capital	Other Equity Instruments			Capital Public Reserves	Less: Treasury Shares	Other Comprehensive Incomes	Special Reserves	Surplus Public Reserves	Undistributed Profits	Total Owners' Equity
		Preferred Shares	Perpetual Capital Securities	Others							
I. Ending balance of the previous year	784,799,010.00				405,652,893.32				102,912,835.67	-55,097,962.63	1,238,266,776.36
Add: Changes in											

Item	Previous Period										
	Share Capital	Other Equity Instruments			Capital Public Reserves	Less: Treasury Shares	Other Comprehensive Incomes	Special Reserves	Surplus Public Reserves	Undistributed Profits	Total Owners' Equity
		Preferred Shares	Perpetual Capital Securities	Others							
accounting policies											
Correction of prior period errors											
Others											
II. Beginning balance of the current year	784,799,010.00				405,652,893.32				102,912,835.67	-55,097,962.63	1,238,266,776.36
III. Increase or decrease of the current year ("-" for losses)										42,870,699.79	42,870,699.79
(1) Total comprehensive incomes										42,870,699.79	42,870,699.79
(2) Owners' capital investment or reduction											
1. Common shares invested by shareholders											
2. Capital invested by other equity instrument holders											
3. Amount of share-based payment recorded in owners' equity											
4. Others											

Item	Previous Period										
	Share Capital	Other Equity Instruments			Capital Public Reserves	Less: Treasury Shares	Other Comprehensive Incomes	Special Reserves	Surplus Public Reserves	Undistributed Profits	Total Owners' Equity
		Preferred Shares	Perpetual Capital Securities	Others							
(III) Profit distribution											
1. Accrual of surplus public reserves											
2. Profit distribution to owners (or shareholders)											
3. Others											
(IV) Internal carryover in owners' equity											
1. Transfer of capital public reserves into paid-in capital (or share capital)											
2. Transfer of surplus public reserves into paid-in capital (or share capital)											
3. Compensation of losses with surplus public reserves											
4. Others											
(V) Special reserves											

Item	Previous Period										
	Share Capital	Other Equity Instruments			Capital Public Reserves	Less: Treasury Shares	Other Comprehensive Incomes	Special Reserves	Surplus Public Reserves	Undistributed Profits	Total Owners' Equity
		Preferred Shares	Perpetual Capital Securities	Others							
1. Accrual in the current period											
2. Use in the current period											
(VI) Others											
IV. Ending balance of the current period	784,799,010.00				405,652,893.32				102,912,835.67	-12,227,262.84	1,281,137,476.15

Legal representative: Wang Li

Person in charge of accounting: Liu Zhijun

Person in charge of the accounting institution: Ying Huadong

III. Company Profile

1. Registered Address, Organizational Form, and Headquarters Address of the Company

Shenzhen SEG Co., Ltd. (hereinafter referred to as "Company" or "the Company") was incorporated on July 16th, 1996 through public offering with Shenzhen SEG Group Co., Ltd. as the sole initiator upon the approval of relevant authorities of Shenzhen Municipality and the State in accordance with relevant provisions in the *Company Law of the People's Republic of China*. The Company received a Business License for Enterprise Legal Person numbered SHEN SI ZI N16886, with a registration number of 440301103573251. And upon the approval of the securities administration departments of Shenzhen Municipality and the State, the Company's B shares and A shares started to be listed and traded in Shenzhen Stock Exchange respectively in July and December, 1996.

On June 7th, 2006, a resolution on the split share structure reform of the Company was adopted in the general meeting of shareholders. According to the plan on directional conversion of capital public reserves into share capital that is adopted in the general meeting of shareholders, the Company distributed such converted share capital to tradable A share shareholders. Such shareholders obtained 4.6445 converted shares for each 10 shares, which totaled 40,233,322 converted shares. As a result, non-tradable A shares were also authorized to be listed and circulated. Among the converted shares obtained by the tradable A share shareholders, 6,997,054 shares that were received due to the Company's share capital expansion were deducted, and the rest 33,236,268 shares were the consideration paid to the tradable A share shareholders by non-tradable A share shareholders under fixed arrangements.

As of December 31, 2014, the total shares of the Company amounted to 784,799,010 shares, including 26,689 shares with trading limited conditions and 784,772,321 shares without trading limited conditions. The registered capital is 784,799,010 Yuan and the registered address is 31/F, Tower A, Stars Plaza, Huaqiang Road (N), Futian District, Shenzhen. The parent company is Shenzhen SEG Group Co., Ltd. and the actual controller of the group is Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission.

Business Scope

Scope for general business: domestic commerce, goods supply and sale (excluding commodities under special operation, control and sale), development of industrial projects (specific projects shall be separately applied for), economic information consultancy, property lease, estate agency, and operation of SEG special electronics markets (the license for the special markets shall be separately applied for).

Business Nature and Main Business Activities of the Company

The Company belongs to the business service industry, and is mainly engaged in the operation and management of professional electronics markets, leasing service, and other services in the tertiary industry.

1. Scope of the Consolidated Financial Statement

There are 20 entities included in the scope of the consolidated financial statement in the current period, and the entities are listed in the following table.

Subsidiary Name	Type of Subsidiary	Subprime	Shareholding Proportion (%)	Voting Right Proportion (%)
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	Share-controlled subsidiary	---	66.58	66.58
Shenzhen Mellow Orange Business Hotel Management Co., Ltd.	Share-controlled grandchild company	2	66.58	66.58
Shenzhen SEG Industrial Investment Co., Ltd.	Wholly-owned subsidiary	---	100.00	100.00
Changsha SEG Development Co., Ltd.	Share-controlled subsidiary	---	46.00	51.00
Shenzhen SEG Electronics Market Management Co., Ltd.	Share-controlled subsidiary	---	70.00	70.00
Suzhou SEG Electronics Market Co., Ltd.	Share-controlled subsidiary	---	45.00	45.00
Xi'an SEG Electronics Market Co., Ltd.	Share-controlled subsidiary	---	65.00	65.00
Shenzhen SEG Credit Co., Ltd.	Share-controlled subsidiary	---	53.02	53.02
Shenzhen SEG E-Commerce Co., Ltd.	Share-controlled subsidiary	---	51.00	51.00
Shenzhen SEG Electronics Market Management Co., Ltd.	Wholly-owned subsidiary	---	100.00	100.00
Xi'an Hairong SEG Electronics Market Co., Ltd.	Share-controlled subsidiary	---	51.00	51.00
Wujiang SEG Electronics Market Co., Ltd.	Share-controlled subsidiary	---	51.00	51.00
Wuxi SEG Electronics Market Co., Ltd.	Share-controlled subsidiary	---	51.00	51.00
Shunde SEG Electronics Market Management Co., Ltd.	Wholly-owned subsidiary	---	100.00	100.00
Nanning SEG Electronics Market Management Co., Ltd.	Wholly-owned subsidiary	---	100.00	100.00
Nantong SEG Times Square Development Co., Ltd.	Wholly-owned subsidiary	---	100.00	100.00
Yantai SEG Times Square Development Co., Ltd.	Share-controlled subsidiary	---	90.00	90.00
Nantong SEG Commercial Operation Management Co., Ltd.	Wholly-owned subsidiary	---	100.00	100.00

Suzhou SEG Digital Plaza Management Co., Ltd.	Wholly-owned subsidiary	---	100.00	100.00
Xi'an Fengdong New Town SEG Times Square Properties Co., Ltd.	Wholly-owned subsidiary	---	100.00	100.00

No changes occur in the entities included in the scope of the consolidated financial statement in the current period, in comparison with those included in the scope of the consolidated financial statement at the beginning of the year.

IV. Basis for Preparation of Financial Statements

1. Preparation Basis

The Company conducts recognition and measurement based on the continuous operation principle and the transactions and events that actually occur and in accordance with the *Accounting Standards for Business Enterprises* (ASBE), which comprises a basic standard, the application guide of the ASBE, the interpretation of the ASBE, and other relevant regulations (hereinafter collectively called "ASBE") promulgated by the Ministry of Finance of the People's Republic of China. Financial statements are prepared on such a basis and the *No. 15 Preparation Conventions of Information Disclosure by Companies Offering Securities to the Public - General Regulations on Financial Report* (amended in 2014) released by China Securities Regulatory Commission.

2. Continuous Operation

No event or situation that raises major problems for the continuous operation capability of the Company occurs within 12 months since the end of the report period.

V. Important Accounting Policies and Accounting Estimates

1. Statement on ASBE Compliance

Financial statements prepared by the Company comply with the requirements of the ASBE and truthfully and completely reflect the financial conditions, operating results, and cash flow, and other relevant information of the Company in the report period.

2. Accounting Period

One fiscal year lasts from January 1st to December 31st of the Gregorian calendar.

3. Operating Cycle

One operating cycle lasts from January 1st to December 31st of the Gregorian calendar.

4. Recording Currency

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

5. Accounting Treatment Methods for Business Combinations under or not under Common Control

If clauses, conditions, and economic impact of each transaction involved in the step-by-step business combination conform to the following one or multiple cases, multiple transactions are considered as a package deal for accounting treatment:

- (1) These transactions are concluded simultaneously or concluded when the impact on each other is considered.
- (2) These transactions reach a complete business result as a whole.
- (3) The occurrence of one transaction depends on the occurrence of at least other one transaction.
- (4) One transaction alone is deemed uneconomical but deemed economical when it is considered with other transactions together.

Business combination under common control

① Individual financial statements

If the Company pays cash, transfers non-monetary assets, assumes liabilities, or issues equity securities as the consideration of a business combination, the shares of the book value of the owners' equity of a combined party in the consolidated financial statement of the final controlling party on the combination date is used as the initial investment cost of the long-term equity investment. The capital public reserves are adjusted for the difference between the initial investment cost of the long-term equity investment and the paid-in combination consideration, and retained incomes are adjusted if the capital public reserves are insufficient for offsetting. If consideration exists and estimated liabilities or assets need to be recognized, the capital public reserves (capital premium or share premium) are adjusted for the difference between the amount of the estimated liabilities or assets and subsequent contingent consideration settlement amount, and retained incomes are adjusted if the capital public reserves are insufficient for offsetting.

For a business combination achieved through multiple transactions, if these transactions belong to a package deal, each transaction is considered as a transaction with control rights for accounting treatment; if these transactions do not belong to a package deal, the capital public reserves are adjusted for the difference, on the date that the control rights are obtained, between the initial investment cost of the long-term equity investment and the sum of the book value of the long-term equity investment before a combination is reached and the book value of new consideration paid for obtained shares on the combination date, and the retained incomes are adjusted if the capital public reserves are insufficient for offsetting. For the equity investment held prior to the combination date, accounting treatment is not conducted on other comprehensive incomes accounted using the equity method or recognized by using by financial instruments and accounted and recognized according to measurement criteria, till the same basis for directly disposing of relevant assets or liabilities by an invested organization is adopted for accounting treatment when this investment is disposed of; accounting treatment is not conducted on changes in owners' equity in the invested organization' net assets accounted and recognized using the equity method, except net profits and losses, other comprehensive incomes, and profit distribution, till they are transferred into the profits and losses in the current period when such an investment is disposed of.

Direct relevant fees arising from a combination, including audit fees, evaluation fees, legal service fees paid for the combination are recorded, at the occurrence time, in the profits and losses in the current period. For transaction fees that are directly relevant to the issuance of equity instruments used as the combination consideration, the capital public reserves are used for offsetting. If the capital public reserves are insufficient for offsetting, the surplus public reserves and undistributed profits are used for offsetting in sequence. Transaction

fees that are directly relevant to the issuance of liability instruments used as the combination considerations, are recorded into liability instruments as the initial recognition amount.

If a combined party has consolidated financial statements, the initial investment cost of the long-term equity investment is determined based on the owners' equity attributable to the parent company in the consolidated financial statements of the combined party on the combination date.

② Consolidated financial statements

Assets and liabilities obtained by the combining party through a business combination are measured at the book value of owners' equity of the combined party in the consolidated financial statement of the final controlling party on the combination date.

For a business combination achieved through multiple transactions, if these transactions belong to a package deal, each transaction is considered as a transaction with control rights for accounting treatment; if these transactions do not belong to a package deal, the long-term equity investment held by the combining party prior to the combination, and recognized profits and losses, other comprehensive incomes, and changes in other owners' equity between the acquisition date and the date on which the controlling party and controlled party are under the final control of the same party, whichever is later, and the combination date, are used to offset the retained incomes at the period beginning or the profits or losses in the current period in the comparison statement period.

When the accounting policies of each combined party are inconsistent with those of the Company, the Company makes adjustments on the combination date in accordance with its own accounting policies and then on this basis, conducts recognition in accordance with the ASBE.

Business combination not under common control

The cost for a business combination not under common control is the fair value of the assets paid, liabilities incurred or assumed, and equity instruments or liability instruments issued for the Company to acquire the control over the acquiree on the acquisition date. If future items that are likely to influence the combination cost, for which a relevant agreement has been reached in the combination contract, on the acquisition date, are estimated very possible to occur and the amount of their influence on the combination cost can be measured reliably, these future items are also recorded in the combination cost.

The audit, legal service, evaluation and consulting, and other management fees paid by the Company for a business combination are recorded in the profits and losses in the current period at the time of occurrence. The transaction expenses of equity instruments and liability instruments issued by the Company as the combination consideration are recorded in the initial recognition amount of equity instruments or liability instruments.

If the combination cost is larger than the shares of the fair value of the acquiree's identifiable net assets obtained from the combination, the Company recognizes their difference as goodwill. If the combination cost is smaller than the shares of the fair value of the acquiree's identifiable net assets obtained from the combination and the result is the same after re-check, the Company records their difference in the profits and losses in the current period.

For a business combination not under common control achieved in steps through multiple exchange transactions, if these transactions belong to a package deal, each transaction is considered as a transaction with control rights for accounting treatment; if these transactions do not belong to a package deal, individual financial statements and consolidated financial statements are differentiated for accounting treatment:

A. In individual financial statements, for the equity investment held prior to the combination date and accounted using the equity method, the sum of the book value of the acquiree's equity investment held prior to the acquisition date and new investment cost obtained on the acquisition date is used as the initial investment cost of such an investment; for other comprehensive incomes accounted and recognized using the equity method in the equity investment held prior to the acquisition date, the same basis for directly disposing of relevant assets or liabilities by invested organizations is adopted for accounting treatment when this investment is disposed of.

When the equity investment held prior to the combination date is recognized using financial instruments and is accounted according to measurement criteria, the sum of the fair value of the equity investment on the combination date and the new investment cost is used as the initial investment cost of the combination date. The difference between the fair value and the book value of the originally held equity and changes in the accumulative fair value that is originally recorded in other comprehensive incomes is transferred into investment incomes in the current period, to which the combination date belongs.

B. In consolidated financial statements, the acquiree's equity held prior to the acquisition date is re-measured at the equity's fair value on the acquisition date, and the difference between the fair value and the book value of the equity is recorded in investment incomes in the current period. If the acquiree's equity held prior to the acquisition date involves other comprehensive incomes accounted using the equity method, the involved other comprehensive incomes are transferred into investment incomes in the current period, to which the acquisition date belongs.

6. Preparation Method for Consolidated Financial Statements

The scope of the consolidated financial statements of the Company is determined on the basis of control, and all subsidiaries (including individual entities controlled by the parent company) are included in the scope.

The accounting policies and accounting period adopted by all the subsidiaries included in the scope of the consolidated financial statements shall be consistent with those of the Company. If inconsistency exists, the Company makes necessary adjustments according to its own accounting policies and accounting period when preparing the consolidated financial statements.

Consolidated financial statements are prepared by the Company based on the financial statements of the Company and subsidiaries and other relevant documents.

During the preparation of consolidated financial statements, the influence of internal transactions between the Company and its subsidiaries and among the subsidiaries on the consolidated balance sheet, consolidated profit statement, consolidated cash flow statement, and consolidated statement of changes in equity is offset.

When the current losses undertaken by the minority shareholders of a subsidiary are more than the shares enjoyed by the minority shareholders in the owners' equity of the subsidiary at the period beginning, the difference shall still be used to offset the equity of the minority shareholders.

If subsidiaries and business increase because of a business combination under common control in the report period, the period-beginning amount of the consolidated balance sheet is adjusted; the incomes, expenses, and profits of the subsidiaries and business from the beginning of the current period of the business combination to the end of the report period are included in the consolidated profit statement; the cash flow of the subsidiaries and business from the beginning of the current period of the business combination to the end of the report period is included in the consolidated cash flow statement.

If subsidiaries and business increase because of a business combination not under common control in the report period, the period-beginning amount of the consolidated balance sheet is not adjusted; the incomes, expenses, and

profits of the subsidiaries and business from the acquisition date to the end of the report period are included in the consolidated profit statement; the cash flow of the subsidiaries and business from the acquisition date to the end of the report period is included in the consolidated cash flow statement.

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

If the Company loses control over a subsidiary due to the disposal of a part of an equity investment or other reasons, the remaining equity, in the consolidated financial statements, shall be re-measured at its fair value on the date that the Company loses control over the subsidiary. (Consideration received from the equity disposal + Fair value of the remaining equity – Shares of the subsidiary's net assets enjoyed by the Company that are calculated based on the original shareholding proportion since the acquisition date) shall be recorded in the investment incomes in the current period that the Company loses control over the subsidiary. Other comprehensive incomes in connection with the subsidiary's equity investment shall be transferred into the investment incomes in the current period when the Company loses control over the subsidiary.

7. Classification of Joint Arrangements and Accounting Treatment Method for Associates

(1) Classification of joint arrangements

The Company classifies joint arrangements into associates and joint ventures according to the structure, legal form, agreed clauses, other relevant facts and conditions of joint arrangements.

Joint arrangements reached not through independent entities are classified as associates, and joint arrangements reached through independent entities are classified as joint ventures. If definite evidence shows that a joint arrangement meets any of the following conditions and complies with relevant laws and regulations, the joint arrangement is classified as an associate:

- ① The legal form of the joint arrangement shows that the joint venture party owns rights to assets and undertakes obligations to liabilities in the arrangement.
- ② Clauses in the contract of the joint arrangement stipulate that the joint venture party owns rights to assets and undertakes obligations to liabilities in the arrangement.
- ③ Other relevant facts and conditions show that the joint venture party owns rights to assets and undertakes obligations to liabilities in the arrangement (for example, the joint venture party owns almost all outputs relevant to the joint arrangement), and the liquidation of liabilities involved in the joint arrangement continuously depends on the support of the joint venture party.

(2) Accounting treatment method for associates

The Company recognizes the following items relevant to the Company in the benefit shares of associates and conducts accounting treatment according to the ASBE:

- ① Assets held separately and assets that are jointly held by share
- ② Liabilities undertaken separately and liabilities that are jointly undertaken by share
- ③ Revenues arising from the sale of due shares of associate outputs that are held by the Company

- ④ Revenues arising from the sale of associate outputs that are enjoyed by the Company by share
- ⑤ Expenses incurred separately and expenses incurred on associates by share

If the Company invests or sells assets (except the assets that are a part of a business) to an associate, before the assets are sold by the associate to a third party, the Company recognizes only the part of the profits and losses arising from the transaction that are attributable to other participants of the associate. If the invested or sold assets encounter the asset impairment losses that conform to the *Accounting Standards for Business Enterprises No.8 – Impairment of Assets*, the Company recognizes the losses in full amount.

If the Company purchases assets (except the assets that are a part of business) from an associate, before the assets are sold to a third party, the Company recognizes only the part of the profits and losses arising from the transaction that are attributable to other participants of the associate. If the purchased assets encounter the asset impairment losses that conform to the *Accounting Standards for Business Enterprises No.8 – Impairment of Assets*, the Company recognizes the losses according to the shares undertaken by the Company.

The Company does not have joint control over an associate. If the Company owns rights to assets relevant to an associate and undertakes liabilities of the associate, the Company conducts accounting treatment according to the preceding principles. Otherwise, the Company shall conduct accounting treatment according to the ASBE.

8. Standard of Determination for Cash and Cash Equivalents

In the preparation of cash flow statements, the cash on hand and the bank deposits available for payment at any time, owned by the Company, are recognized as cash. The investments that meet the four conditions of shorter term (to be mature within 3 months from the acquisition date), strong liquidity, easiness in being converted into known amounts of cash, very low risk of value fluctuation are recognized as cash equivalents.

9. Foreign Currency Business and Translation of the Financial Statements in Foreign Currency

(1) Foreign currency business

At the initial recognition, foreign currency business is recorded into accounts after relevant amounts are translated into RMB at the spot exchange rate on the transaction date as the exchange rate for translation.

The amount of monetary items in foreign currency is translated at the spot exchange rate on the balance sheet date, and the translation differences caused are all recorded in the profits and losses in the current period, except the differences arising from the special foreign currency loans relevant to the assets whose purchase and construction meet the conditions for capitalization, which are handled according to the principles for capitalization of borrowing costs. The non-monetary items in foreign currency measured using the historical cost method is translated at the spot exchange rate on the transaction date and the amount in the recording currency is not changed.

The non-monetary items in foreign currency measured at fair value are translated at the spot exchange rate on the confirmation date of the fair value while the translation difference incurred is recorded in the profits and losses in the current period as the profits and losses arising from changes in the fair value. For available-for-sale non-monetary items in foreign currency, the translation difference incurred is recorded in other comprehensive incomes.

(2) Translation of the financial statements in foreign currency

The asset and liability items in the balance sheet are translated at the spot exchange rate on the balance sheet date. The owners' equity items except the "undistributed profit" item are translated at the spot exchange rate at the occurrence time. The revenue and expense items in the profit statement are translated at the spot exchange rate on the transaction date. Translation difference of financial statements in foreign currency that is incurred according to the preceding translation is recorded in other comprehensive incomes.

When an overseas operation is disposed of, the translation difference in the financial statements in foreign currency related to the overseas operation, which is listed under other comprehensive income items in the balance sheet, is transferred from the other comprehensive income items into the profits and losses in the current period in which the disposal is carried out. When an overseas operation is partially disposed of, the translation difference in the financial statements in foreign currency of the disposed part is calculated at the proportion of the disposal, and is transferred into the profits and losses in the current period in which the disposal is carried out.

10. Financial Instruments

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

(1) Classification of financial instruments

The management, according to contract clauses of issued financial instruments and economic substances reflected by the financial instruments, rather than only in legal form, in combination with the purpose of acquiring to hold financial assets and undertake financial liabilities, classifies financial assets and liabilities into the following types: financial assets or liabilities measured at the fair rate and with changes recorded in the profits and losses in the current period, held-to-maturity investment, accounts receivable, available-for-sale financial assets, and other financial liabilities.

(2) Recognition basis and measurement method for financial instruments

① Financial assets (liabilities) measured at the fair value and with changes recorded in the profits and losses in the current period

Financial assets or liabilities measured at the fair value and with changes recorded in the profits and losses in the current period include transaction financial assets or liabilities, and financial assets or liabilities that are directly specified to be measured at the fair value and with changes recorded in the profits and losses in the current period.

Transaction financial assets or liabilities refer to financial assets or liabilities that meet any of the following conditions:

- A. The purpose of acquiring the financial assets or liabilities is for sale, re-purchase, or redemption.
- B. Financial assets or liabilities are a part of the identifiable financial instrument portfolio under centralized management, and objective evidence shows that the Company recently manages the portfolio by using the short-term profit method.
- C. Derivative financial instruments except those designated as financial instruments of effective hedging instruments, derivative instruments of financial guarantee contracts, and derivative instruments linked with the equity instrument investment that is not quoted in an active market and whose fair value cannot be reliably measured, and for which the equity instrument settlement needs to be delivered.

Financial assets or liabilities can be, during initial recognition, specified as the financial assets or liabilities measured at fair value and with changes recorded in the profits and only when they meet any of the following conditions:

- A. Financial assets or liabilities specified can eliminate or obviously reduce inconsistency in the recognition or measurement of relevant benefits or losses caused by different measurement basis for financial assets or liabilities.
- B. Formal written files of risk management or investment policies record that the financial asset portfolio, financial liability portfolio, or financial asset and liability portfolio is managed and evaluated at the fair value and is reported to key managerial personnel.
- C. Mixed instrument that contains one or more embedded derivative instruments, except that the embedded derivative instruments do not greatly change the cash flow of the mixed instrument, or the embedded derivative instruments shall not be split from relevant mixed instruments.
- D. Mixed instrument of embedded derivative instruments that need to be split but cannot be separately measured at the acquisition time or on the subsequent balance sheet date.

For financial assets or liabilities measured at the fair value and with changes recorded in the profits and losses in the current period, the Company considers the fair value (with deduction of cash dividends declared but not distributed or bond interest unpaid with the term of interest payment expired) as the initial recognition amount at the time of acquisition, and records relevant transaction fees in the profits and losses in the current period. The interests and cash dividends obtained during the time of holding are recognized as investment incomes, and changes in the fair value are recorded in the profits and losses in the current period at the end of the period. At the time of disposal, the difference between the fair value and the initial recording amount in the account is recognized as investment incomes and the profits and losses arising from changes in the fair value are adjusted at the same time.

② Accounts receivable

For the credit receivable arising from the commodities sold or labor services provided by the Company and other enterprises' credit held by the Company other than the credit of priced debt instruments in an active market, including accounts receivable and other receivables, the Company uses the price money in contracts or agreements of the purchaser as the initial recognition amount. For financing-oriented credit receivable, the current value is used as the initial recognition amount.

At the time of collection or disposal, the difference between the price of acquisition and the book value of the accounts receivable is recorded in the profits and losses in the current period.

③ Held-to-maturity investment

Held-to-maturity investment refers to non-derivative financial assets whose maturity date is fixed, recovery amount is fixed or can be determined, and for which, the Company has clear intention and ability to hold to maturity.

For held-to-maturity investment, the Company considers the sum of the fair value (with the deduction of unpaid with the term of interest payment expired) and relevant transaction expenses as the initial recognition amount at the time of acquisition. During the period of holding, the interest revenue is calculated and recognized according to the amortized cost and the actual interest rate, and is recorded in the investment incomes. 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 the investment is recorded in investment incomes.

If the amount of the disposed held-to-maturity investment or financial assets that are reclassified as other financial assets is large relative to the amount of all held-to-maturity investments of the Company prior to sale or reclassification, the remaining held-to-maturity investment shall be immediately reclassified as available-for-sale financial assets after disposal or reclassification. The difference between the book value and the fair value of the investment on the reclassification date is recorded in other comprehensive incomes, and is transferred out when the available-for-sale financial assets encounter impairment or recognition termination, and is recorded in the profits and losses in the current period. Nevertheless, the following cases are excluded:

A. The sale date or reclassification date is close to the expiration date or redemption date of the investment (for example, within three months prior to expiration), and the market interest rate changes have no obvious influence on the fair value of the investment.

B. Enterprises have retrieved almost all initial principal according to the agreed payment mode in contracts.

C. The sale or reclassification is caused by independent events that are out of control of enterprises, are anticipated not to happen repeatedly, and are hard to estimate reasonably.

④ Available-for-sale financial assets

Available-for-sale financial assets refer to available-for-sale non-derivative financial assets specified at the initial recognition and financial assets other than other types of financial assets.

For the available-for-sale financial assets, the Company uses the sum of the fair value (with the deduction of cash dividends declared but not distributed or the bond interest unpaid with the interest payment period expired) and relevant transaction expenses as the initial recognition amount at the time of acquisition. The interest or cash dividends obtained during the time of holding are recognized as investment incomes. The benefits or losses arising from changes in the fair value of available-for-sale financial assets, except the impairment losses and translation difference incurred by monetary financial assets in foreign currency, are directly recorded in other comprehensive incomes. At the disposal time of available-for-sale financial assets, the difference between the price of acquisition and the book value of the financial assets is recorded in the investment profits and losses. At the same time, the amount of the disposed part corresponding to the accumulative amount of changes in the fair value that are originally recorded in other comprehensive incomes is transferred out and recorded in investment profits and losses.

For an equity instrument investment that is not quoted in an active market and whose fair value cannot be reliably measured, and derivative financial assets linked with the equity instrument and for which the equity instrument settlement needs to be delivered, the Company conducts cost-based measurement.

⑤ Other financial liabilities

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

(3) Recognition basis and measurement method for financial asset transfer

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

In the judgment of whether a financial asset transfer meets the above recognition termination conditions, the principle of attaching more importance to substance than form is adopted. The Company classifies financial asset transfer into complete transfer and partial transfer. Where the complete transfer of financial assets meets the recognition termination conditions, the difference between the following two amounts is recorded in the profits and losses in the current period:

- ① Book value of the transferred financial assets;
- ② Sum of the consideration received due to the transfer and the accumulative amount of changes in the fair value that are originally recorded in the owners' equity (involving the situation in which the transferred financial assets are available-for-sale financial assets).

If the partial transfer of financial assets meets the recognition termination conditions, the book value of all the transferred financial assets between the part with its recognition terminated and the part with its recognition not terminated, are apportioned separately at their relative fair values while the difference between the following two amounts is recorded in the profits and losses in the current period:

- ① Book value of the part with its recognition terminated;
- ② Sum of the consideration of the part with its recognition terminated and the amount of the part with its recognition terminated in the accumulative amount of changes in the fair value that are originally recorded in owners' equity (involving the situation in which the transferred financial assets are the available-for-sale financial assets).

Where the financial assets transfer does not meet the recognition termination conditions, the recognition of such financial assets is continued. The received consideration is recognized as a financial liability.

(4) Conditions for recognizing the termination of financial liabilities

If all or a part of current obligations of a financial liability are discharged, the recognition of the financial liability or a part of it is terminated. If the Company signs an agreement with the creditor to substitute an existing financial liability by assuming a new financial liability and the contract terms of the new financial liability and the existing one are different, the recognition of the existing financial liability is terminated and the new financial liability is recognized in the meantime.

If material alteration has been made to all or a part of contract terms of the existing financial liability, the recognition of the existing liability or a part of it is terminated and, in the meantime, the financial liability after the clause alteration is made is recognized as a new financial liability.

If the recognition of all or a part of a financial liability is terminated, the difference between the book value of the liability with its recognition terminated and the paid consideration (including non-cash assets transferred out or the new liability assumed) is recorded in the profits and losses in the current period.

If the Company repurchases a part of a financial liability, the total book value of the liability is allocated on the repurchase date according to 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 paid consideration (including non-cash assets transferred out or the new liability assumed) is recorded in the profits and losses in the current period.

(5) Methods for determining the fair value of financial assets and liabilities

For the financial assets and financial liabilities that are measured at the fair value and exist in an active market, the Company determines their fair values based on the quotations in the active market. For those that do not exist in an active market, the Company estimates their fair values by using valuation techniques (including referring to the prices applied in recent transactions conducted by well-informed and willing parties or the current fair value of other financial instruments of the same nature, or adopting the discounted cash flow technique and the option pricing model). For those initially acquired or derivative financial assets or assumed financial liabilities, the Company determines their fair values based on the market transaction prices.

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

The Company shall check, on the balance sheet date, the book value of the financial assets except those measured at the fair value and with changes recorded in the profits and losses in the current period. If there is any objective evidence indicating that impairment has occurred on these financial assets, impairment provision shall be made.

Objective evidence indicating the impairment of financial assets includes but is not limited to the following:

- ① The issuer or debtor experiences serious financial difficulties;
- ② The debtor violates contract clauses, for example, fails to pay or delays in paying the due interest or principal;
- ③ The creditor makes a concession for the debtor who experiences financial difficulties in consideration of economic or legal factors;
- ④ The debtor may go bankrupt or carry out other financial restructuring;
- ⑤ The transaction of the financial assets cannot be continued in the active market because the issuer encounters major financial difficulties;
- ⑥ Whether the cash flow reduction occurs on an asset in a group of financial assets cannot be identified, but when an overall evaluation is conducted on the asset based on public data, the evaluation result shows that the estimated future cash flow of the group of the financial assets is reduced and can be measured since initial recognition, for example, the debtor of the group of the financial assets has been gradually weakened in the payment ability, the unemployment rate in the country or region where the debtor resides is raised, the price of the collateral in the region where the debtor resides is reduced greatly, or the industry to which the debtor belongs is in recession;
- ⑦ The technology, market, economic or legal environment in which the equity instrument issuer is in experiences major adverse changes and as a result, the equity instrument investors cannot recover investment costs; and
- ⑧ The fair value of the equity instrument investment experiences severe or non-temporary decline.

The specific impairment methods of financial assets are as follows:

① Impairment provision for available-for-sale financial assets

The Company, on the balance sheet date, evaluates impairment losses for available-for-sale financial assets by using the specific identification method. The objective evidence indicating that available-for-sale equity instrument investments are impaired includes that the fair value of the equity instrument investments experiences severe or non-temporary decline. The specific standard is as follows: If the fair value of an equity instrument investment is 50% lower than its costs (including 50%) on the balance sheet date or is lower than its cost for more than 12 months (including 12 months), impairment occurs on the equity instrument investment.

When an available-for-sale financial asset is impaired, even if the recognition of the asset is not terminated, the Company transfers the accumulative losses arising from reduction of the fair value and originally recorded in other comprehensive incomes out of the other comprehensive incomes and records in the profits and losses in the current period. The transferred accumulative losses equal the initial acquisition cost of the available-for-sale financial asset with the deduction of the recovered principal and amortized cost, current fair value, and impairment losses originally recorded in the profits and incomes.

For available-for-sale liability instruments with impairment losses recognized, if the fair value increases in the subsequent accounting period and the instruments are objectively related to events occurred after the original impairment losses are recognized, the impairment losses originally recognized can be transferred back and recorded in the profits and losses in the current period. Impairment losses occurring in available-for-sale equity instrument investments are transferred back through equity when the value of the equity instrument rebounds. For the impairment losses occurring on an equity instrument investment that is not quoted in an active market and whose fair value cannot be reliably measured, and on the derivative financial assets linked with the equity instrument investment and for which the equity instrument settlement needs to be delivered, such impairment losses cannot be transferred back.

② Impairment provision for held-to-maturity investments

If there is any objective evidence indicating that impairment has occurred on a held-to-maturity investment, the Company calculates and recognizes the impairment losses based on the difference between the book value of the investment and the current value of the estimated future cash flow. If there is any evidence indicating that the investment value has recovered after provision, the impairment losses originally recognized can be transferred back and recorded in the profits and losses in the current period. However, the book value transferred back shall not exceed the amortized cost of the financial assets at the date of transfer-back if impairment provision is not made.

(7) Offset of financial assets and liabilities

Financial assets and liabilities are listed separately in the balance sheet and they are not offset. Nevertheless, the net amount after mutual offset is listed in the balance sheet after both the following conditions are met:

- ① The Company has the legal rights of offsetting recognized amounts and the legal rights are enforceable currently.
- ② The Company plans to make a settlement at the net amount, or realizes the financial assets and liquidates the financial liabilities at the same time.

11. Accounts Receivable

(1) Accounts Receivable with a Significant Single Amount, for Which Bad Debt Provision Is Separately Made

Criterion or Amount Limit for Determining a Significant Single Amount	Top five accounts receivable
Accrual Method for Accounts Receivable with Significant Single Amount and Single Provision for Bad Debts	Carry out independent impairment testing. A provision is made for the bad debts according to the difference that the current value of the estimated future cash flow is lower than its book value, and is recorded in the profits and losses in the current

	period. The accounts receivable which has no value impairment according to the independent test shall be recorded in the bad debt provision made for the corresponding portfolio.
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(2) Accounts Receivable for Which Bad Debt Provision Is Made According to Portfolios of Credit Risk Characteristics

Portfolio Name	Accrual Method for Making Bad Debt Provision
Portfolio 1	Aging analysis method
Portfolio 2	Other methods

Bad debt provision made using the aging analysis method for accounts receivable in a portfolio

☒ Applicable ☐ Not applicable

Aging	Provision Proportion of Accounts Receivable (%)	Provision Proportion of Other Accounts Receivable
1-2 years	5.00%	5.00%
2-3 years	10.00%	10.00%
Over 3 years	20.00%	20.00%

Bad debt provision made using the balance percentage method for accounts receivable in a portfolio

☐ Applicable ☒ Not applicable

Bad debt provision made using other methods for accounts receivable in a portfolio

☒ Applicable ☐ Not applicable

Portfolio Name	Provision Proportion of Accounts Receivable	Provision Proportion of Other Accounts Receivable
Portfolio 2		

(3) Accounts Receivable with an Insignificant Single Amount, for Which Bad Debt Provision Is Separately Made

Reason of Making Bad Debt Provision for a Single Amount	Objective evidence shows that the Company cannot recover accounts according to original clauses of accounts receivable.
Method for Making Bad Debt provision	A bad debt provision is made according to the difference that the current value of the estimated future cash flow of accounts receivable is lower than its book value.

12. Inventory

(1) Classification of inventory

Inventory refers to finished products or commercial products held by the Company in daily activities for sale, products in process, and materials and supplies consumed in manufacturing or service delivery process. Inventory includes raw materials, circulating materials, materials of consigned processing, goods in process, self-made semi-finished products, finished products (in-stock goods), development costs, and developed products.

Development costs refer to properties that have not been completed and are used for sale. To-be-developed land refers to purchased land that is determined to be developed to finished development products. Development products refer to properties that are completed and are to be sold. In the case of overall development of a project, to-be-developed land is transferred into development costs; in the case of phased development of a project, the land for phased development is transferred into development costs, and undeveloped land is reserved as the to-be-developed land.

(2) Pricing method for inventory

Inventory is initially measured at the time of acquisition according to costs, including the purchase cost, processing cost, and other costs. The pricing of the inventory is made according to the weighted average method at the end of month at the time of delivery.

(3) Basis for determination of the net realizable value of inventory and accrual method of inventory depreciation provision

After complete counting and examination is conducted on the inventory at the end of the period, inventory depreciation provision is made or adjusted according to the inventory cost or net realizable value, whichever is lower. The net realizable value of the goods inventory directly for sale such as finished products, in-stock goods, and materials for sale is determined, in regular production and operation, according to the amount of the estimated sale price of such inventory minus the estimated sale expenses and relevant taxes. The net realizable value of the material inventory to be processed is determined, in regular production and operation, according to the estimated sale price of the finished products produced minus the incurred costs prior to completion, estimated sale expenses, and relevant taxes. The net realizable value of the inventory held for the performance of a sale or service contract is calculated on the basis of the contract price. Where the quantity of the inventory is more than the quantity ordered in a sale contract, the net realizable value of the excess of such inventory is calculated on the basis of the general sale price.

At the end of the period, the inventory depreciation provision is made according to individual inventory items. However, for the inventory of a large quantity and a low unit price, the inventory depreciation provision is made according to the type of the inventory. For the inventory involving the product series produced and sold in the same region, having identical or similar final use or purpose, and being difficult to be separated from other items for measurement, the inventory depreciation provision is made in a combined manner.

Where the factors previously causing the recording of the reduction of the inventory value stop to exist, the reduced amount is restored and transferred back from the originally accrued amount of inventory depreciation provision. The transferred amount is recorded in the profits and losses in the current period.

(4) Inventory taking system

The perpetual inventory taking method is adopted.

(5) Amortization method for low value consumables and packaging materials

① For low value consumables, the one-off writing-off method is adopted.

② For packaging materials, the one-off writing-off method is adopted

(6) Accounting method for land used for development

The expenditure of pure land development projects constitutes the land development costs.

For overall development projects that cover real estates, if the objects for bearing expenses can be distinguished, the expenses are apportioned and recorded in the commodity house costs by actual area.

(7) Accounting method for fees of public supporting facilities

For public supporting facilities that cannot be transferred with compensation, the standard distribution of fees is determined according to the benefit proportion and the fees are recorded in the commodity house costs.

For public supporting facilities that can be transferred with compensation, incurred costs are grouped with each supporting facility project as the cost accounting object.

(8) Accounting method for maintenance funds

According to relevant regulations in the region where a development project is located, maintenance funds are collected from house buyers during sale (presale) of development products or are accrued and recorded by the Company in the development costs of development products, and then handed in to the maintenance fund administration.

(9) Accounting method for the quality bond

The quality bond is reserved from the project payment of construction units according to construction contracts. The maintenance fees incurred in the warranty period of development products are used to offset the quality bond. After the agreed warranty period of development products expires, the balance of the quality bond is returned to construction units.

13. Long-term Equity Investment**(1) Determination of investment costs**

① For long-term equity investment arising from a business combination, refer to 5. "Accounting Treatment Methods for Business Combinations Under Common Control and Not Under Common Control" for specific accounting policies.

② Long-term equity investment obtained in other ways

The purchase price money actually paid is used as the initial investment cost of the long-term equity investment obtained by cash. The initial investment cost includes fees, taxes, and other necessary expenditure that are directly relevant to the acquisition of the long-term equity investment.

The fair value of issued equity securities is used as the initial investment cost of the long-term equity investment obtained by issuing equity securities. Transaction fees arising from the issuance or acquisition of the equity instruments can be deducted from the equity if they are directly attributable to an equity transaction.

Under the premises that the non-monetary asset exchange is of commercial nature and that the fair value of the assets received and surrendered in the exchange can be measured reliably, the initial investment cost of the long-term equity investment received from the exchange of non-monetary assets is determined on the basis of the fair value of the assets surrendered, unless there is definite evidence indicating that the fair value of the received assets is more reliable. For the non-monetary asset exchange that do not meet the above premises, the book value

of the surrendered assets and relevant taxes payable are used as the initial investment cost of the long-term equity investment.

The initial investment cost of the long-term equity investment obtained through debt restructuring is determined on the basis of its fair value.

(2) Subsequent measurement and profit and loss recognition

① Cost method

For the long-term equity investment of invested organizations over which the Company has control, the cost method is used for accounting, the pricing is performed according to the initial investment cost, and the cost of the long-term equity investment is adjusted based on the added or recovered investment.

The Company recognizes cash dividends or profits enjoyed by the Company, for which the invested organizations declare to distribute, as the investment incomes in the current period, except the amount actually paid at the acquisition time of investment or cash dividends and profits declared but not distributed in the consideration.

② Equity method

The Company conducts accounting using the equity method for long-term equity investments of associates and joint ventures. For equity investments of associated that are indirectly held by means of risk investment institutions, mutual funds, trust companies, or similar entities that cover the investment linked insurance funds, the measurement is conducted at the fair value and the changes are recorded in the profits and losses.

If the initial investment cost of a long-term equity investment is larger than the investment, the Company should be entitled to the difference in the due shares of the fair value of the identifiable net assets of the invested organizations and the initial investment cost of the long-term equity investment should not be adjusted; if the initial investment cost is smaller than the investment, the Company should be entitled to the difference in the due shares of the fair value of the identifiable net assets of the invested organizations and such difference is recorded in the profits and losses in the current period.

After obtaining a long-term equity investment, the Company recognizes investment incomes and other comprehensive incomes according to the due net profits and losses of invested organizations and due shares of other comprehensive incomes respectively, and adjusts the book value of the long-term equity investment. The Company also reduces the book value of the long-term equity investment according to the due profits or cash dividends calculated on the basis of the profits or cash dividends declared but not distributed by invested organizations. For changes in the owners' equity of invested organizations except in net profits and losses, other comprehensive incomes, and profit distribution, the book value of the long-term equity investment is adjusted and such changes are recorded in the owners' equity.

When recognizing the due shares of net profits and incomes of invested organizations, the Company adjusts net profits of the invested organizations for recognition on the basis of the fair value of identifiable assets of the invested organizations at the acquisition time of the investment. For unrealized internal transaction profits and losses among the Company, associates, and joint ventures, the part attributable to the Company is calculated at the due proportion and is offset, and the investment profits and losses are recognized on such a basis.

Where the Company recognizes the due shares of the losses occurring on the invested organizations, the following sequence is adopted: Firstly, the book value of the long-term equity investment is offset. Secondly, if the book value of the long-term equity investment is not sufficient for the offsetting, the investment losses should continue to be recognized within the limit of the book value of other long-term equity that practically constitutes net

investments on the invested organizations, and the book values of long-term accounts receivable and others are offset. Finally, if an enterprise still bears additional obligations as agreed in the investment contract or agreement after the above processing, estimated liabilities are recognized according to the estimated obligations to be borne and are recorded in investment losses in the current period.

Where the invested organizations realize profits in the later periods, the Company conducts accounting treatment in the reversed sequence against the above after deducting the shared losses not recognized, reduces the book balance of the recognized estimated liabilities, restores the book value of other long-term equity that practically constitutes net investments on the invested organizations and the book value of the long-term equity investment, and then recognizes investment incomes.

(3) Conversion of the accounting method for long-term equity investments

① Conversion from measurement at fair value into accounting using the equity method

For equity investments of invested organizations held by the Company and that the Company has no control over, common control over, or significant influence on, and on which accounting treatment is conducted according to financial instrument recognition and measurement criteria, if the Company can apply significant influence on or conduct joint control over but does not constitute control over the invested organizations because of added investment or other reasons, the sum of the fair value of originally held equity investments that are recognized according to the *Accounting Standards for Enterprises No.22 – Recognition and Measurement of Financial Instruments*, and the added investment cost is used as the initial investment cost after the accounting is conducted using the equity method.

For originally held equity investments that are classified as available-for-sale financial assets, the difference between the fair value and the book value of equity investments, and accumulative changes in the fair value that are originally recorded in other comprehensive incomes are transferred into the profits and losses in the current period after the accounting is conducted using the equity method.

If the initial investment cost accounted using the equity method is smaller than the due shares of the fair value of identifiable net assets of invested organizations on the date of added investment, that are calculated and determined based on the new shareholding proportion after added investment, the difference between the two is used for adjusting the book value of the long-term equity investment and is recorded in the non-operating revenue in the current period.

② Conversion from measurement at fair value or accounting using the equity method into accounting using the cost method

For equity investments of invested organizations held by the Company and that the Company has no control over, common control over, or significant influence on, and on which accounting treatment is conducted according to financial instrument recognition and measurement criteria, or the long-term equity investments of associates and joint ventures originally held by the Company, for which the Company has control over invested organizations not under common control because of added investment or other reasons, the sum of the book value of originally held equity investments and cost of the added investments is used as the initial investment cost after the accounting is conducted using the cost method during the preparation of individual financial statements.

For other comprehensive incomes recognized because of accounting using the equity method in an equity investment held prior to the purchase date, the same basis for directly disposing of relevant assets or liabilities by invested organizations is adopted for accounting treatment when the investment is disposed of.

For an equity investment held prior to the purchase date, and on which accounting treatment is conducted according to the *Accounting Standards for Enterprises No.22 – Recognition and Measurement of Financial Instruments*, accumulative changes in the fair value that are originally recorded in other comprehensive incomes are transferred into the profits and losses in the current period after the accounting is conducted using the cost method.

③ Conversion from accounting using the equity method into measurement at fair value

If the Company loses common control over or significant influence on invested organizations due to the disposal of a part of an equity investment or other reasons, the remaining equity after disposal is accounted according to the *Accounting Standards for Enterprises No.22 – Recognition and Measurement of Financial Instruments*, and the difference between the fair value and the book value of the remaining equity on the date that common control or significant influence is lost, is recorded in the profits and incomes in the current period.

For other comprehensive incomes recognized because of accounting using the equity method in an original equity investment, the same basis for directly disposing of relevant assets or liabilities by invested organizations is adopted for accounting treatment when the accounting using the equity method is terminated.

④ Conversion from the cost method into the equity method

When the Company loses control over invested organizations due to the disposal of a part of an equity investment or other reasons, if the remaining equity after disposal can implement common control over or impose a significant influence on the invested organizations, the equity method is used for accounting during the preparation of individual financial statements, and the remaining equity is adjusted as if it is accounted using the equity method since the date of acquisition.

⑤ Conversion from the cost method into measurement at fair value

When the Company loses control over invested organizations due to the disposal of a part of an equity investment or other reasons, if the remaining equity after disposal cannot implement common control over or impose a significant influence on the invested organizations, accounting treatment is conducted according to the *Accounting Standards for Enterprises No.22 – Recognition and Measurement of Financial Instruments* during the preparation of individual financial statements, and the difference between the fair value and the book value of the remaining equity on the date that control is lost, is recorded in the profits and losses in the current period.

(4) Disposal of long-term equity investments

In the disposal of a long-term equity investment, the difference between its book value and the value at which they are actually acquired should be recorded in the profits and losses in the current period. For a long-term equity investment accounted using the equity method, in the disposal of the investment, accounting treatment is conducted on the part that is originally recorded in other comprehensive incomes at a corresponding proportion on the same basis for disposing of relevant assets or liabilities by invested organizations.

If clauses, conditions, and economic impact of each transaction for disposal of an equity investment on a subsidiary conform to the following one or multiple cases, multiple transactions are considered as a package deal for accounting treatment:

- ① These transactions are concluded simultaneously or concluded when the impact on each other is considered.
- ② These transactions reach a complete business result as a whole.
- ③ The occurrence of one transaction depends on the occurrence of at least other one transaction.

④ One transaction alone is deemed uneconomical but deemed economical when it is considered with other transactions together.

If the Company loses control over a subsidiary due to disposal of a part of an equity investment or other reasons, and the transactions are not considered as a package deal, individual financial statements and consolidated financial statements are differentiated for accounting treatment:

① In individual financial statements, the difference between the book value of the disposed equity and the price for acquiring the equity is recorded in the profits and losses in the current period. If the remaining equity after disposal can implement common control over or impose a significant influence on an invested organization, the equity method is adopted for accounting, and the remaining equity is adjusted as if it is accounted using the equity method since the time of acquisition. If the remaining equity after disposal cannot implement common control over or impose a significant influence on an invested organization, accounting treatment is conducted according to the *Accounting Standards for Enterprises No.22 – Recognition and Measurement of Financial Instruments*, and the difference between the fair value and the book value of the remaining equity on the date that the control is lost is recorded in the profits and losses in the current period.

② In consolidated financial statements, for transactions prior to the time that the control over a subsidiary is lost, the difference between the price of disposal and the shares of the subsidiary's net assets calculated since the acquisition date or combination date in the disposal of the long-term equity investments is used for adjusting the capital public reserves (capital premium). If the capital public reserves are insufficient for offsetting, the retained incomes are adjusted. When the control over a subsidiary is lost, the remaining equity is re-measured at the fair value on the date that the control is lost. (Consideration received from the equity disposal + Fair value of the remaining equity – Shares of the subsidiary's net assets enjoyed by the Company that are calculated based on the original shareholding proportion since the acquisition date) shall be recorded in the investment incomes in the period that the Company loses control over the subsidiary, and is used for offsetting goodwill. Other comprehensive incomes in connection with the subsidiary's equity investment shall be transferred into the current investment incomes when the Company loses control over the subsidiary.

If transactions from the equity investment on a subsidiary to the time that the Company loses over the subsidiary belong to a package deal, each transaction is considered as a transaction for disposing equity investment of the subsidiary and with the control lost for accounting treatment, and individual financial statements and consolidated financial statements are differentiated for accounting treatment:

① In individual financial statements, the difference between each disposal price before the control is lost and the book value of the long-term equity investment corresponding to the disposed equity is recognized as other comprehensive incomes, and, at the time that the control is lost, is transferred into the profits and losses in the period that the control is lost.

② In consolidated financial statements, the difference between each disposal price before the control is lost and the shares of the subsidiary's net assets enjoyed by the Company corresponding to the investment disposal is recognized as other comprehensive incomes, and, at the time that the control is lost, is transferred into the profits and losses in the period that the control is lost.

(5) Judgment criteria for common control and significant influence

If the Company, controls an arrangement collectively with other participants as agreed, and an activity decision that has a significant influence on the return of the arrangement can take effect only after being unanimously agreed by the participants sharing the control power, it is deemed that the Company and other participants jointly control the arrangement, and the arrangement is a joint arrangement.

When a joint arrangement is reached by an independent entity, if it is judged that the Company is entitled to net assets of the independent entity according to relevant agreements, the independent entity is considered as a joint venture and the equity method is used for accounting. If it is judged that the Company is not entitled to net assets of the independent entity according to relevant agreements, the independent entity is considered as an associate, and the Company recognizes items relevant to shares of benefits of the associate and conducts accounting treatment according to the ASBE.

A significant influence refers that an investing party is entitled to participate in decision-making of finance and operation policies of invested organizations, but cannot control the formulation of these policies independently or jointly with other parties. The Company has a significant influence on an invested organization after one or more of the following cases occurs and all facts and situations are comprehensively considered: ① Dispatch delegates to the board of directors or similar organs of power in the invested organization; ② participate in the formulation of finance and operation policies of the invested organization; ③ make important transactions with the invested organization; ④ dispatch managerial personnel to the invested organization; and ⑤ provide key technical documents to the invested organization.

14. Investment properties

Measurement mode of investment properties

Measurement of cost method

Depreciation and amortization

Investment property refers to the property held for earning rental or increasing the value of capital, including the right to use of the rented land, the right to use of the land held for transfer after the value increases, and the rented building.

The Company uses the cost of investment properties as entry value. The cost of purchased investment properties includes the purchase price, relevant taxes, and other expenses directly relegated to the asset. The cost of a self-built investment properties consist of the necessary expenses for building the asset to the expected condition for use.

The Company conducts measurement after recognition to the investment properties using the cost pattern, and makes accrual depreciation or amortization for buildings and land use rights based on their expected service life and salvage value rate. The following table lists the expected service life, net salvage value, and annual depreciation (amortization) rate of investment properties:

Category	Expected service life	Expected salvage value	Annual depreciation (amortization) rate
Houses and buildings	20-40	5%	4.75%-2.38%

When the purpose of investment properties changes to self-use, the Company shall convert the investment properties to fixed or intangible assets since the day of change. When the real estate with the right to self-use is changed for generating rents or capital appreciation, the Company shall convert fixed or intangible assets to investment properties since the day of change. The book value of the real estate prior to the conversion shall be entry value after conversion.

If investment properties are disposed of, or if they withdraw permanently from use and if no economic benefit will be obtained from the disposal, the recognition of them as investment properties shall be terminated. When an enterprise sells or transfers or discards any investment properties, or when any investment properties of an

enterprise is damaged or destroyed, the enterprise shall deduct the book value of the investment properties as well as the relevant taxes from the disposal income, and include the amount in the current profit and loss.

15. Fixed assets

(1) Identification conditions

① Fixed assets refer to the tangible assets held for the purpose of manufacture of commodities, provision of labor services, lease or operation and management with a term of use exceeding one fiscal year. Fixed assets can be identified when meeting the following conditions at the same time: A. Economic interest relevant to the fixed assets is likely to flow into the enterprise; B. The cost of the fixed assets can be reliably measured. ② Initial measurement of fixed assets: Fixed assets of the Company are initially measured by cost. The costs of purchased fixed assets include purchasing prices, taxes such as import tariff and other expenses that are generated to make the fixed assets reach expected usable state and can be directly attributed to the fixed assets. The costs of building fixed assets consist of necessary expenses that are generated to make the fixed asset reach the expected usable state. For fixed assets invested by an investor, the value of the investment contract or agreement is used as the entry value of the fixed assets. If the value of the contract or agreement is not fair, the fixed assets are recorded by fair value. 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 difference between the price actually paid and the current value of the purchasing price shall be capitalized and shall be included in current profits and losses in the credit period. ③ Subsequent measurement and disposal of fixed assets: Depreciation of fixed assets: Depreciation of fixed assets is accrued in the service life by the entry value minus expected salvage value. For the fixed assets where provision for diminution in value is accrued, the amount of depreciation is determined in the future period according to the book value after deduction of provision for diminution in value and remaining service life. The Company determines the service life and expected salvage value of fixed assets based on the nature and use of the fixed assets. The Company rechecks the service life, expected salvage value, and depreciation method of fixed assets at the end of every year. In case of any discrepancy between the recheck result and estimated result, the Company makes an adjustment correspondingly.

(2) Depreciation method

Category	Depreciation method	Depreciation life	Residual value rate	Annual depreciation rate
Houses and buildings	Straight-line method	20-40	5	4.75-2.38
Machinery equipment	Straight-line method	5-10	5	19.00-9.50
Electronic equipment	Straight-line method	5-10	5	19.00-9.50
Transportation equipment	Straight-line method	5-10	5	19.00-9.50
Other equipment	Straight-line method	10	5	9.50

① Subsequent expenditure of fixed assets

Subsequent expenditure relevant to fixed assets is included in the costs of fixed assets if the expenditure meets fixed asset identification conditions and is included in the current profits and losses if it does not meet fixed asset identification conditions.

②Fixed asset disposal

When fixed assets are disposed or are expected unable to generate economic benefits through use or disposal, the fixed assets shall not be identified. When an enterprise sells or transfers or discards any investment properties, or when any investment properties of an enterprise is damaged or destroyed, the enterprise shall deduct the book value of the investment properties as well as the relevant taxes from the disposal income, and include the amount in the current profit and loss.

(3) Recognition basis and pricing method of the fixed assets acquired under finance leases

The fixed assets rented by the Company can be identified as the fixed assets under financing lease when meeting one or several criteria: (1) When the lease term is due, the proprietary of the leased property is transferred to the Company. (2) The Company has the option to buy the leased asset at a price which is expected to be far lower than the fair value of the leased asset at the date when the option becomes exercisable. Thus, on the lease beginning date, it can be reasonably determined that the option will be exercised. (3) Even if the ownership of the asset is not transferred, the lease term covers the major part of the service life of the leased asset. (4) The current value of the minimum lease payment that is paid by the Company on the lease beginning date amounts to substantially all of the fair value of the leased asset on the lease beginning date. (5) The leased assets are of a special nature that only the Company can use them without making major modifications. The lessee shall record the smaller one of the fair value of the leased asset and the current value of the minimum lease payments on the lease beginning date as the entry value in an account, recognize the amount of the minimum lease payments as the entry in an account of long-term account payable, and treat the balance between the recorded amount of the leased asset and the long-term account payable as unrecognized financing charges. The initial direct costs such as commissions, attorney's fees, traveling expenses and stamp duties directly attributable to the leased item incurred during the process of lease negotiating and lease contract signing shall be included in the asset value of the current period. The unrecognized financing charge shall be amortized to each period during the lease term. In calculating the depreciation of a leased asset, the Company adopts a depreciation policy for leased assets consistent with that for depreciable assets which are owned by the lessee. If it is reasonably certain that the lessee will obtain the ownership of the leased asset when the lease expires, the leased asset shall be fully depreciated over its service life. If it is not reasonably certain that the lessee will obtain the ownership of the leased asset at the expiry of the lease term, the leased asset shall be fully depreciated over the shorter one of the lease term or its service life.

16. Construction in progress

(1) Type of construction in progress

The construction in progress carried out by the Company shall be valued according to its actual cost which is composed of all necessary expenses incurred for bringing the asset to the expected conditions for use, including material costs, labor costs, relevant taxes, borrowing costs eligible for capitalization, and indirect expenses eligible for amortization. Cost accounting for the construction in progress of the Company shall be performed based on projects.

(2) Standards and time points for the construction in progress being carried forward to fixed assets

For a construction in progress, all expenses during the construction till the desired usable status of the asset is reached are taken as the recorded value of the fixed asset. If a construction in progress has reached the desired usable status but has not conducted final accounting, it is transferred into fixed assets when it reaches the desired usable status, according to the estimated value based on project budget, construction cost or actual cost; in the

meantime, depreciation is accrued according to the Company's depreciation policies for fixed assets; when the final accounting is conducted the temporarily estimated value is adjusted according to the actual cost while the accrued depreciation amount is not adjusted.

17. Borrowing costs

(1) Confirmation principle of borrowing costs capitalization

Where the borrowing costs incurred by the Company can be directly attributable to the purchase, building or production of the assets that meet the conditions of capitalization, such assets are capitalized and recorded into relevant assets cost. Other borrowing costs are recognized as expenses according to the incurred amount at the time of incurrence and recorded into current profit and loss.

The assets that meet the conditions of capitalization refer to the assets such as fixed assets, investment property and inventory that can reach the anticipated usable or salable status only after a considerable time of purchase, building or production activities.

The borrowing costs may be capitalized when all of the following conditions are met:

- ① The assets expenditure has already incurred, including that incurred in the form of cash payment, non-monetary assets transfer or bearing of debts with interests for the purchase, building or production of the assets that meet the conditions of capitalization.
- ② The borrowing costs have already been incurred.
- ③ The construction or production activities necessary for putting the assets into a usable or salable status have already started.

(2) Capitalization term of borrowing costs

The capitalization term refers to the period between the start time point and the end time port of the capitalization of the borrowing costs, excluding the period in which the capitalization is suspended.

Where the purchase, building or production of the assets that meet the conditions of capitalization has put such assets into the anticipated usable or salable status, the capitalization of the borrowing costs is stopped.

Where part of the projects in the purchase, building or production of the assets that meet the conditions of capitalization have been completed and reached the anticipated usable or salable status, the capitalization of the borrowing costs of such part of the assets is stopped.

Where different parts of the assets purchased, built or produced have been completed but cannot be used or sold till the whole assets have been completed, the capitalization of the borrowing costs is stopped when the whole assets are completed.

(3) Suspension period of capitalization

Where abnormal discontinuation has occurred in the purchase, building or production of the assets that meet the conditions of capitalization and the time of discontinuation exceeds three months consecutively, the capitalization of the borrowing costs is suspended. If the discontinuation is a necessary procedure in the process during which the assets purchased or produced, which meet the conditions of capitalization, reach the usable or salable status, the capitalization of the borrowing costs is continued. The borrowing costs occurring in the suspension period are

recognized as current profit and loss and the capitalization is continued until the purchasing and production activities of the assets are restarted.

(4) Calculation method of the amount of borrowing costs capitalization

The interest expenses of special loans (with the interest income of the unused borrowed funds deposited in the bank or the investment income obtained from temporary investment deducted) and relevant auxiliary expenses are capitalized before the assets that meet the conditions of capitalization, purchased, built or produced with such loans, reach the anticipated usable or salable status.

The amount of the interests of common loans that are capitalized is calculated and determined by the weighted average of the accumulative parts of the assets expenditure exceeding special loans multiplied by the capitalization rate of common loans. The capitalization rate is determined according to the weighted average interest rate of common loans.

Where the loans involve discount or premium, the amount of discount or premium to be amortized in each accounting period is determined in accordance with the actual interest rate method and the amount of interests of each period should also be adjusted.

18. Intangible assets

(1) Method of costing, service life and devaluation test

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 included in current profit and 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.

③ 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) Accounting policy for internal R&D expenditure

① 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 recorded into current profit and loss when the expenses occur.

② Standards for meeting the conditions of capitalization in development 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:

- A. The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- B. There is an intention to complete such intangible assets and use or sell it.

C. 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.

D. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

E. 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 included in the current profits and losses when it is incurred. The development expenditure that is included in profits and losses in 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.

19. 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 included in the current profits and losses and provision for asset impairment provision is made. Once the impairment loss of assets is confirmed, the loss will not be reversed 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.

Impairment test is performed for goodwill and its relevant asset groups or asset group combinations. 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 confirm 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 confirmed.

20. Long-term unamortized expenses

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.

21. Payroll

(1) Accounting treatment method of 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.

Short-term remuneration refers to the payroll that needs to be paid completely within 12 months in the annual report 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) Accounting treatment method of welfare after leave

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 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. In addition to social basic endowment insurance and unemployment insurance, 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 included in the current profits and losses or relevant asset costs.

After making the preceding payment according to the national standard and pension plan, the Company shall no longer have any other payment obligation.

(3) Accounting treatment method of dismissal welfare

Dismissal welfare refers to the compensation that is given to employees for terminating the employment relationship with employees before the employment contracts expire or for encouraging employees to accept downsizing and is included in the current profits and losses when the compensation is incurred.

(4) Accounting treatment methods of 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 included in the current profits and losses 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 accumulated welfare unit and includes it in the current profits and losses or relevant asset costs.

22. Estimated liabilities

(1) Confirmation standards for estimated liabilities

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

- ①The obligation is a current obligation undertaken by the Company;
- ②The fulfillment of the obligation is very likely to cause an outflow of economic interests from the Company;
- ③The 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.

23. 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:

① option exercise price; ② option period; ③ the current price of the underlying shares; ④ the predicted fluctuation rate of the share price, ⑤ the estimated dividend of the share; ⑥ risk free rate in the option period.

When determining the grant-date fair value of equity instruments, the Company shall take into account the influence from 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 for the determination of the best estimation of the exercisable 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 for implementation, modification and termination of share-based payment plans

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 recognized cost or expense and total equity amount after the vesting date.

The cash-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.

(5) Modifications to the terms and conditions on which equity instruments were granted

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 recognized 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.

24. 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.

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).

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.

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 of 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 included in the current profits and losses, and transaction expenses such as handling charge and commission are included in the initial amount of measurement of the issues instruments.

25. Revenue

(1) Standards for confirmation 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 identified 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.

(2) Basis for confirmation 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) Basis and method for confirmation of 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 percentage of completion method. The completion progress of a labor service transaction is determined by surveying 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 probably 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 confirmed according to the amount of the labor services cost incurred and the same amount is transferred into the labor cost.

② Where it is estimated that the labor services cost incurred cannot be compensated, the labor services cost incurred is recorded into current gains and losses and no income is confirmed.

When the contracts or agreements signed between the Company and other companies include 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) Basis and method for confirmation of 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 accumulated cost of the contract to estimated total costs of the contract.

When the following conditions are met at the same time, the result of a fixed construction contract can be reliably estimated:

- A. The total income from the contract can be reliably measured;
- B. Economic interests relevant to the contract probably flow into the enterprise.
- C. The actual costs of the contract can be clearly distinguished and reliably measured;
- D. The completion progress of the contract and the costs needed for completing the contract can be reliably determined.

When the following conditions are met at the same time, the result of a cost-plus contract can be reliably estimated:

- A. Economic interests relevant to the contract probably flow into the enterprise.
- B. 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 identified as the current contractual income; the amount of estimated total contract cost multiplied by the completion progress, deducting the accumulated confirmed cost in the previous accounting period, is identified 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 processed as follows:

- A. If the contract cost can be recovered, the income from the contract is identified according to the actual recovered contract cost and the contract cost is identified as the current costs of contract.
- B. If the contract cost cannot be recovered, the cost is immediately identified as the costs of contract in the current period when the cost is incurred and the income from the contract is not identified.

③ If the total cost of contract probably exceeds the total income from the contract, the expected loss is immediately identified 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 recorded into financial expenses.

26. Government subsidies**(1) Basis for determining government subsidies relevant to assets and accounting treatment methods**

The government subsidies relevant to assets are identified as deferred income and are included in non-operating income according to the service life of the built or purchased assets;

(2) Basis for determining government subsidies relevant to income and accounting treatment methods

The government subsidies that are related to income and are used to compensate for relevant expenses or losses in later periods are identified as deferred income when they are obtained; the subsidies used to compensate for relevant expenses or losses that have been incurred are identified as the current non-operating income when they are obtained.

When identified government subsidies need to be returned and the balance of relevant deferred income exists, the book balance of relevant deferred income is offset and the excess part is included in the current profits and losses; when relevant deferred income does not exist, the government subsidies are directly included in the current profits and losses.

27. Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are calculated and identified 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 the confirmation 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 confirmation of assets or liabilities in a transaction that has 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 reversed in the foreseeable future and taxable income used to deduct the deductible temporary difference will probably be obtained in the future.

(2) Basis for confirmation of deferred incomes tax liabilities

The temporary difference between the tax payable not paid 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 reversed in the foreseeable future.

An entity shall offset deferred tax assets and deferred tax liabilities if, and only if:

- ① The entity has a legally enforceable right to settle current tax assets against current tax liabilities;
- ② The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

28. Lease

(1) Accounting treatment method of operating lease

- ① The fee paid by the Company for rented assets is apportioned based on the straight-line method in the whole lease term without deduction of the rent-free period and is recorded into current expenses. The initial direct expenses related to lease transactions, paid by the Company, are recorded into current expenses.

In case that the leasing party undertakes the lease-related expenses that should be undertaken by the Company, the Company deducts the expenses from the total lease fee and the lease fee after deduction is apportioned in the lease term and recorded into current expenses.

- ② The lease fee received by the Company from leasing of assets is apportioned by the straight-line method in the whole lease term without deduction of the rent-free period and is identified as lease income. The initial direct expenses related to lease transactions, paid by the Company, are recorded into current expenses. Those with significant amounts are capitalized and recorded by periods into current profits in the whole lease term according to the same basis for recognition of the lease income.

In case that the Company undertakes the lease-related expenses which should be undertaken by the lessee, the Company deducts the expenses from the total lease income and the lease expenses after deduction are allocated in the lease term.

(2) Accounting treatment method of financing lease

Accounting treatment of financing lease

- ① Assets acquired under financing lease: Between the sound value of rented assets and the minimum lease payment, the Company adopts the lower one 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 confirmed.

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 recorded into accounting expenses. Assets given out under financing lease:

② 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 recorded into the initial calculation of financing lease payment receivable and the amount of profits recognized in the lease term is reduced.

29. Other important accounting policies and accounting estimates

(1) Changes of accounting policies

No change was made to the main accounting estimates in the current period.

(2) Changes of accounting estimates

No change was made to the main accounting estimates in the report period.

30. Changes of important accounting policies and accounting estimates

(1) Changes of important accounting policies

☐ Applicable ☒ Not applicable

(2) Changes of important accounting estimates

☐ Applicable ☒ Not applicable

VI. Taxes

1. Main tax categories and tax rates

Tax Category	Basis	Tax Rate
Value-added tax	Sales of goods	17
Business tax	Revenue from rental and interest on loans	5
Urban maintenance and construction tax	Turnover tax payable	7
Enterprise income tax	Taxable income	25, 15

Tax payers when different enterprise income tax rates exist

Name of tax payer	Income tax rate
Xi'an SEG Electronics Market Co., Ltd.	15
Xi'an Hairong SEG Electronics Market Co., Ltd.	15

2. Tax preference

According to the Letter of Confirmation Doc. No.[2014] 134 issued by Shaanxi 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 Letter of Confirmation Doc. No.[2014] 060 issued by Shaanxi 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%.

VII. Notes on Items of Consolidated Financial Statements

1. Monetary capital

Unit: Yuan

Item	Closing balance	Opening balance
Cash on hand	639,646.86	602,592.57
Bank deposit	155,582,887.30	381,404,611.82
Other monetary capital	49,476.31	1,049,476.31
Total	156,272,010.47	383,056,680.70

Other Descriptions

An amount of RMB 1 million in other monetary capital is the deposit paid for subsidiaries on credit cards.

2. Notes receivable

(1) Types of notes receivable

Unit: Yuan

Item	Closing balance	Opening balance
Bank's acceptance bill	170,000.00	84,618.08
Total	170,000.00	84,618.08

3. Accounts receivable

(1) Accounts receivable disclosed by type

Unit: Yuan

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage		Amount	Percentage	Amount	Percentage	
Accounts receivable where bad debt provision is accrued according	135,773,418.34	92.07%			135,773,418.34	185,866,040.16	94.08%			185,866,040.16

to credit risk feature combination										
Accounts receivable with an insignificant amount individually, for which bad debt provision is separately accrued	11,699,138.18	7.93%	11,699,138.18	100.00%		11,699,138.18	5.92%	11,699,138.18	100.00%	
Total	147,472,556.52	100.00%	11,699,138.18	7.93%	135,773,418.34	197,565,178.34	100.00%	11,699,138.18	5.92%	185,866,040.16

Accounts receivable with a significant amount individually, for which bad debt provision is separately accrued at the end of period:

☐ Applicable ☒ Not applicable

Accounts receivable in the combination, for which bad debt provision was accrued by the aging analysis method:

☒ Applicable ☐ Not applicable

Unit: Yuan

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Percentage
Sub-item within one year			

Less than one year 135,773,418.34

Subtotal of the accounts with a duration of less than one year 135,773,418.34

Total 135,773,418.34

Description of basis for confirming the combination:

Accounts receivable in a combination, for which bad debt provisions are made using the Percentage of Total Accounts Receivable Outstanding method

☐ Applicable ☒ Not applicable

Among the combination, accounts receivable for which bad debt provision is computed by adopting other methods:

1. Accounts receivable with an insignificant amount individually, for which bad debt provision is separately accrued

Name of debtor	Closing balance			
	Accounts receivable	Bad debt provision	Percentage of provision	Reason for provision

Name of debtor	Closing balance			
	Accounts receivable	Bad debt provision	Percentage of provision	Reason for provision
Jiangsu Unicom	3,092,011.09	3,092,011.09	100.00	The accounts receivable are uncollectible because they have been outstanding for more than five years.
Shenzhen Shuangxionghui Industrial Co., Ltd.	2,160,725.63	2,160,725.63	100.00	The accounts receivable are uncollectible because they have been outstanding for more than five years.
Shenzhen LiuYuanshun Industrial Co., Ltd.	1,906,865.35	1,906,865.35	100.00	The accounts receivable are uncollectible because they have been outstanding for more than five years.
Zhejiang Financial Information Co., Ltd.	786,000.00	786,000.00	100.00	The accounts receivable are uncollectible because they have been outstanding for more than five years.
Shanghai Tianci Industrial Co., Ltd.	899,000.00	899,000.00	100.00	The accounts receivable are uncollectible because they have been outstanding for more than five years.
Other units	2,854,536.11	2,854,536.11	100.00	The accounts receivable are uncollectible because they have been outstanding too long.
Total	11,699,138.18	11,699,138.18	100.00	---

(2) Accounts receivable with top 5 closing balance collected based on arrears party

Name of debtor	Closing balance	Percentage in the total amount of accounts receivable	Accrued bad debt provision
TOP STAR COMMUNICATION	45,082,280.95	30.57	---
BORICLE INTL	18,751,525.67	12.72	---
Shenzhen Runneng Digital Technology Co., Ltd.	16,059,060.34	10.89	---
Dalian Dier Computer Co., Ltd.	15,887,560.50	10.77	---
ELECSHACK INC	6,485,001.01	4.40	---
Total	102,265,428.47	69.35	---

4. Advances

(1) Advances listed according to duration

Unit: Yuan

Aging	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Less than one year	107,855,702.35	100.00%	94,633,317.07	100.00%
Total	107,855,702.35	--	94,633,317.07	--

The reason why the advances of a significant amount aged for more than 1 year are not settled must be provided.

(2) Advances with top 5 closing balance collected based on advance object

Company name	Period-end amount	Percentage in the total amount of accounts receivable	Advance payment date	Reason for non-settlement
Xi'an Gaoke (Group) New West China Industrial Development Co., Ltd.	20,000,000.00	18.54	Less than one year	Advance rental payment
Tonmac International Electronics (Suzhou) Co., Ltd.	19,922,132.67	18.47	Less than one year	Advance rental payment
Suzhou Yuanshun SEG Digital Plaza Management Co., Ltd.	9,570,927.85	8.87	Less than one year	Advance rental payment
Henan Dixintong Trading Co., Ltd.	7,847,837.40	7.28	Less than one year	Advance payment for goods
Kepu Trade (Shenzhen) Co., Ltd.	6,840,949.04	6.34	Less than one year	Advance payment for goods
Total	64,181,846.96	59.51	---	---

5. Other receivables

(1) Other receivables disclosed by type

Unit: Yuan

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage		Amount	Percentage	Amount	Percentage	
Other receivables with a significant	14,434,547.87	18.80%	14,434,547.87	100.00%		14,434,547.87	11.31%	14,434,547.87	100.00%	

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage		Amount	Percentage	Amount	Percentage	
amount individually, for which bad debt provision is separately accrued										
Other receivables where bad debt provision is accrued according to credit risk feature combination	44,551,322.36	16.59%	6,122.91	0.05%	44,545,199.45	95,371,972.98	74.74%	5,816.71	0.01%	95,366,156.27
Portfolio 1	12,736,918.34	16.59%	6,122.91	0.05%	12,730,795.43	4,516,398.14	3.54%	5,816.71	0.13%	4,510,581.43
Portfolio 2	31,814,404.02	41.43%	---	---	31,814,404.02	90,855,574.84	71.20%	---	---	90,855,574.84
Other receivables with an insignificant amount individually, for which bad debt provision is separately accrued	17,800,002.44	23.18%	17,800,002.44	100.00%		17,800,002.44	13.95%	17,800,002.44	100.00%	
Total	76,785,872.67	100.00%	32,240,673.22	41.99%	44,545,199.45	127,606,523.29	100.00%	32,240,367.02	25.27%	95,366,156.27

Other receivables with a significant amount individually, for which bad debt provision is separately accrued:

√ Applicable □ Not applicable

Unit: Yuan

Other receivables (by company)	Closing balance			
	Other receivables	Bad debt provision	Percentage	Reason for provision
Yangjiang Yuntong Grease Co., Ltd.	8,530,276.35	8,530,276.35	100.00%	The accounts receivable are uncollectible because they have been

				outstanding for more than five years.
Creditor's right transferred in by SEG Communications	5,904,271.52	5,904,271.52	100.00%	The accounts receivable are uncollectible because they have been outstanding for more than five years.
Total	14,434,547.87	14,434,547.87	--	--

Among the combinations, other receivables for which bad debt provision is computed by aging method:

☒ Applicable ☐ Not applicable

Unit: Yuan

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Percentage
Sub-item within one year			
Less than one year	12,685,444.65		
1-2 years	9,593.17	479.64	5.00%
2-3 years	27,337.83	2,734.73	10.00%
Over 3 years	14,542.69	2,908.54	20.00%
Total	12,736,918.34	6,122.91	0.05%

Description of basis for confirming the combination:

Other receivables in a combination, for which bad debt provisions are made using the Percentage of Total Receivables Outstanding method:

☐ Applicable ☒ Not applicable

Among the combination, other receivables for which bad debt provision is computed by adopting other methods:

☐ Applicable ☒ Not applicable

(2) Current accrued, recovered or reversed bad debt provision

The amount of the current accrued bad debt provision is RMB 306.20 Yuan and the amount of the current recovered or reversed bad debt provision is RMB 400,000.00 Yuan.

(3) Classification of other receivables by nature

Unit: Yuan

Nature of receivables	Period-end book balance	Period-end book balance
Creditor's right transfer cost	28,568,316.79	28,568,316.79

Imprest	2,780,527.21	1,733,960.46
Deposit and security deposit	31,814,404.02	90,906,485.24
Others	13,622,624.65	6,397,760.80
Total	76,785,872.67	127,606,523.29

(4) Other receivables with top 5 closing balance collected based on arrears party

Unit: Yuan

Company name	Nature of receivables	Closing balance	Aging	Percentage in the total amount of closing balance of other receivables	Closing balance of bad debt provision
Shenzhen San Miki Electronics Limited	Business security deposit	10,000,000.00	Less than one year	13.02%	
Yangjiang Yuntong Grease Co., Ltd.	Debt restructuring of SEG Orient	8,530,276.35	Over 5 years	11.11%	8,530,276.35
Nantong Construction Engineering Administration	Salary deposit for peasant workers	6,200,000.00	Less than one year	8.07%	
Creditor's right transferred in by SEG Communications	Debt restructuring of SEG Communications	5,904,271.52	Over 5 years	7.69%	5,904,271.52
Shenzhen Lianjing Trade Co., Ltd.	Debt restructuring of SEG Orient	5,697,287.51	Over 5 years	7.42%	5,697,287.51
Total	--	36,331,835.38	--	47.32%	20,131,835.38

6. Inventory**(1) Classification of inventory**

Unit: Yuan

Item	Closing balance			Opening balance		
	Book balance	Provision for loss for decline in value of inventories	Book value	Book balance	Provision for loss for decline in value of inventories	Book value
Raw materials				80,293.26		80,293.26
Commodity	4,908,514.56		4,908,514.56	1,039,703.99		1,039,703.99

Item	Closing balance			Opening balance		
	Book balance	Provision for loss for decline in value of inventories	Book value	Book balance	Provision for loss for decline in value of inventories	Book value
stocks						
Low-cost consumables	208,638.28		208,638.28	202,195.78		202,195.78
Development cost	408,418,255.53		408,418,255.53	276,959,393.69		276,959,393.69
Total	413,535,408.37		413,535,408.37	278,281,586.72		278,281,586.72

(2) Description of capitalization amount of borrowing costs included in closing balance of inventory

Inventory item name	Opening balance	Current period increase	Current period decrease		Closing balance	Capitalization rate of capitalization amount confirmed in current period (%)
			Decrease of sales	Others		
Nantong SEG Times Square	2,885,600.89	6,429,624.66	---	---	9,315,225.55	6.30
Total	2,885,600.89	6,429,624.66	---	---	9,315,225.55	---

(3) Completed but unsettled assets in construction contracts at the end of the period

Other description: development cost

Unit: Yuan

Project name	Commencement time	Expected completion date	Expected investment amount	Closing balance	Opening balance
Nantong SEG Times Square	2013.5	2015.12	600,000,000.00	408,418,255.53	276,959,393.69
Total	---	---	---	408,418,255.53	276,959,393.69

7. Other current assets

Unit: Yuan

Item	Closing balance	Opening balance
Bank financial products	247,411,270.00	322,679,000.00

Tax to be deducted and withheld	87,652,365.45	120,700,762.42
Others	373,499.61	163,251.07
Total	335,437,135.06	443,543,013.49

Other description:

8. Financial assets available for sale

(1) Financial assets available for sale

Unit: Yuan

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Available-for-sale equity instruments	34,787,389.13	15,000.00	34,772,389.13	34,365,035.45	15,000.00	34,350,035.45
Measured by fair value	976,996.30		976,996.30	554,642.62		554,642.62
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
Total	34,787,389.13	15,000.00	34,772,389.13	34,365,035.45	15,000.00	34,350,035.45

(2) Available-for-sale financial assets measured by fair value at the end of the period

Unit: Yuan

Financial assets available for sale	Available-for-sale equity instruments	Available-for-sale debt instruments	Total
Cost of equity instruments/amortized cost of debt instruments	90,405.00		90,405.00
Fair value	976,996.30		976,996.30

(3) Available-for-sale financial assets measured by cost at the end of the period

Unit: Yuan

Invested organization	Book balance				Impairment provision				Shareholding proportion	Cash dividends of the current period
	Period beginning	Current period increase	Current period decrease	Period end	Period beginning	Current period increase	Current period decrease	Period end		
Kashgar Shenzhen	20,000,000.00			20,000,000.00						

Invested organization	Book balance				Impairment provision				Shareholding proportion	Cash dividends of the current period
	Period beginning	Current period increase	Current period decrease	Period end	Period beginning	Current period increase	Current period decrease	Period end		
City Co., Ltd.										
Shenzhen SEG GPS Scientific Navigations Co., Ltd.	13,515,392.83			13,515,392.83						
Nanjing Shangsha Co., Ltd.	280,000.00			280,000.00						
Anshan Yibai Co., Ltd.	15,000.00			15,000.00	15,000.00			15,000.00		
Total	33,810,392.83			33,810,392.83	15,000.00			15,000.00	--	

9. Long-term equity investment

Unit: Yuan

Invested organization	Opening balance	Current period increase/decrease								Closing balance	Closing balance of impairment provision
		Additional investment	Negative investment	Investment gains and losses confirmed under the equity method	Adjustment of other comprehensive income	Other equity changes	Issued cash dividends or profits	Accrued impairment provision	Others		
1. Cooperative enterprise											
2. Joint venture											
Shanghai SEG Electronics Market Co., Ltd.	3,576,788.18			-549,912.31						3,026,875.87	
Shenzhen Huakong SEG Co., Ltd.	78,523,408.83			-4,342,943.63	101,816,219.19					175,996,684.39	
Subtotal	82,100,197.01			-4,892,855.94	101,816,219.19					179,023,560.26	
Total	82,100,197.01			-4,892,855.94	101,816,219.19					179,023,560.26	

	7.01			.94						60.26	
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Other descriptions

10. Investment properties**(1) Investment properties using cost measurement model**

√ Applicable □ Not applicable

Unit: Yuan

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original book value				
1. Opening balance	705,673,301.76	5,237,512.49		710,910,814.25
2. Current period increase	12,608,327.29			12,608,327.29
(1) Outsourcing				
(2) Transfer-in of inventory/fixed assets/construction in progress	12,608,327.29			12,608,327.29
(3) Business merger increase				
3. Amount of current period decrease				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	718,281,629.05	5,237,512.49		723,519,141.54
II. Accumulated depreciation or accumulated amortization				
1. Opening balance	246,495,704.92	1,852,226.55		248,347,931.47
2. Amount of current period increase				21,978,504.48
(1) Provision or amortization	9,324,956.51	45,220.68		9,370,177.19
Other transfer-in	12,608,327.29			12,608,327.29

3. Amount of current period decrease				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	268,428,988.72	1,897,447.23		270,326,435.95
III. Impairment provision				
1. Opening balance				
2. Amount of current period increase				
(1) Provision				
3. Amount of current period decrease				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance				
IV. Book value				
1. Ending book value	449,852,640.33	3,340,065.26		453,192,705.59
2. Opening book value	459,177,596.84	3,385,285.94		462,562,882.78

(2) Investment properties using fair value measurement model

☐ Applicable ☒ Not applicable

(3) Investment properties for which a property right certificate has not been obtained

☐ Applicable ☒ Not applicable

Other descriptions

List of investment properties:

Unit: Yuan

Owner of investment property	Investment property project	Net value of investment property
Shenzhen SEG Co., Ltd.	F2, F4 and F5 of SEG Plaza	235,309,434.93
Shenzhen SEG Co., Ltd.	Some floors of Contemporary Window	52,467,564.61
Shenzhen SEG Co., Ltd.	Other houses	1,882,416.02
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	Blocks A and B of Baohua Building	34,330,984.75
Shenzhen SEG Industrial Investment Co., Ltd.	Some floors of Contemporary Window	2,744,384.26
Changsha SEG Development Co., Ltd.	Changsha SEG	126,457,921.02
Total		453,192,705.59

11. Fixed assets

(1) Information about fixed assets

Unit: Yuan

Item	Houses and buildings	Machinery equipment	Transportation vehicles	Electronic equipment	Other equipment	Total
I. Original book value						
1. Opening balance	48,303,175.02	30,320,272.81	5,951,816.82	32,154,377.47	3,598,264.71	120,327,906.83
2. Amount of current period increase		27,240.00		262,078.00	12,818.00	302,136.00
(1) Purchase		27,240.00		262,078.00	12,818.00	302,136.00
(2) Transfer-in of construction in progress						
(3) Business merger increase						
3. Amount of current period decrease	12,608,327.29	335,126.32	214,247.38	199,214.94	6,735.12	13,363,651.05
(1) Disposal or scrap		335,126.32	214,247.38	199,214.94	6,735.12	755,323.76
Other transfer-out	12,608,327.29					12,608,327.29

Item	Houses and buildings	Machinery equipment	Transportation vehicles	Electronic equipment	Other equipment	Total
4. Closing balance	35,694,847.73	30,012,386.49	5,737,569.44	32,217,240.53	3,604,347.59	107,266,391.78
II. Accumulated depreciation						
1. Opening balance	26,571,597.38	28,179,465.09	3,253,103.09	18,892,024.93	2,023,417.91	78,919,608.40
2. Amount of current period increase	435,261.97	915,963.96	307,157.25	701,788.37	251,931.88	2,612,103.43
(1) Provision	435,261.97	915,963.96	307,157.25	701,788.37	251,931.88	2,612,103.43
3. Amount of current period decrease	12,608,327.29	172,199.72	180,500.00	131,736.82	1,588.40	13,094,352.23
(1) Disposal or scrap		172,199.72	180,500.00	131,736.82	1,588.40	486,024.94
Other transfer-out	12,608,327.29					12,608,327.29
4. Closing balance	14,398,532.06	28,923,229.33	3,379,760.34	19,462,076.48	2,273,761.39	68,437,359.60
III. Impairment provision						
1. Opening balance						
2. Amount of current period increase						
(1) Provision						
3. Amount of current period decrease						
(1) Disposal or scrap						
4. Closing balance						
IV. Book value						
1. Ending	21,296,315.67	1,089,157.16	2,357,809.10	12,755,164.05	1,330,586.20	38,829,032.18

Item	Houses and buildings	Machinery equipment	Transportation vehicles	Electronic equipment	Other equipment	Total
book value						
2. Opening book value	21,731,577.64	2,140,807.72	2,698,713.73	13,262,352.54	1,574,846.80	41,408,298.43

(2) Fixed assets not obtaining a property right certificate

Unit: Yuan

Item	Book value	Reason for not obtaining the property right certificate
Houses and buildings	1,214,612.99	Qualification procedures not complete

Other descriptions

12. Intangible assets**(1) Information about intangible assets**

Unit: Yuan

Item	Land use right	Patent right	Non-patented technology	Outsourced software	Total
I. Original book value					
1. Opening balance	159,759.24			2,269,353.00	2,429,112.24
2. Amount of current period increase				545,400.00	545,400.00
(1) Purchase				545,400.00	545,400.00
(2) Internal R&D					
(3) Business merger increase					
3. Amount of current period decrease					
(1) Disposal					
4. Closing balance	159,759.24			2,814,753.00	2,974,512.24
II. Accumulated amortization					
1. Opening balance	54,754.79			1,718,769.91	1,773,524.70
2. Amount of current period increase	1,372.88			141,117.03	142,489.91

(1) Provision	1,372.88			141,117.03	142,489.91
3. Amount of current period decrease					
(1) Disposal					
4. Closing balance	56,127.67			1,859,886.94	1,916,014.61
III. Impairment provision					
1. Opening balance					
2. Amount of current period increase					
(1) Provision					
3. Amount of current period decrease					
(1) Disposal					
4. Closing balance					
IV. Book value					
1. Ending book value	103,631.57			954,866.06	1,058,497.63
2. Opening book value	105,004.45			550,583.09	655,587.54

Proportion of intangible assets formed not through internal R&D of the company to the balance of intangible assets

13. Goodwill

(1) Original book value of goodwill

Unit: Yuan

Name of the invested organization or the item contributing to a goodwill	Opening balance	Current period increase		Current period decrease		Closing balance
Changsha SEG Development Co., Ltd.	10,328,927.82					10,328,927.82
Total	10,328,927.82					10,328,927.82

14. Long-term unamortized expenses

Unit: Yuan

Item	Opening balance	Current period increase	Amount of current period amortization	Amount of other decrease	Closing balance
Decoration charges	48,923,477.62	5,421,057.13	6,349,333.11		47,995,201.64
Firefighting renovation	111,754.83	327,283.00	204,304.65		234,733.18
Market supporting fee of block B	733,445.55		20,856.30		712,589.25
Total	49,768,678.00	5,748,340.13	6,574,494.06		48,942,524.07

Other descriptions

15. Deferred income tax assets and liabilities

(1) Deferred income tax assets not offset

Unit: Yuan

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment provision	39,372,219.55	9,843,054.88	32,658,252.58	8,164,563.16
Government subsidies included in deferred income	9,500,000.00	2,375,000.00	9,500,000.00	2,375,000.00
Total	48,872,219.55	12,218,054.88	42,158,252.58	10,539,563.16

(2) Deferred income tax liabilities not offset

Unit: Yuan

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Asset evaluation increment for merger of not the same controlling enterprise	66,082,439.68	16,520,609.92	67,877,937.66	16,969,484.39
(2) Gains and losses from changes of fair value of the available-for-sale financial assets	976,996.30	244,249.08	464,237.62	116,059.41

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Total	67,059,435.98	16,764,859.00	68,342,175.28	17,085,543.80

(3) Deferred income tax assets or liabilities listed in the form of net amount after offset

Unit: Yuan

Item	Year-end mutual offset amount of deferred income tax assets and liabilities	Year-end balance of deferred income tax assets and liabilities after offset	Beginning mutual offset amount of deferred income tax assets and liabilities	Beginning balance of deferred income tax assets and liabilities after offset
Deferred income tax assets		12,218,054.88		10,539,563.16
Deferred income tax liabilities		16,764,859.00		17,085,543.80

(4) Details of unconfirmed deferred income tax assets

Unit: Yuan

Item	Closing balance	Opening balance
Deductible losses	39,063,382.24	39,063,382.24
Asset impairment provision	11,296,252.62	11,296,252.62
Total	50,359,634.86	50,359,634.86

(5) The deductible loss of deferred income tax assets that have not been confirmed will come to maturity in the following years:

Unit: Yuan

Year	Period-end amount	Period-beginning amount	Remarks
Year 2015			
Year 2016	13,071,134.55	16,667,858.70	
Year 2017	7,431,196.64	7,431,196.64	
Year 2018	11,864,843.19	12,705,405.96	
Year 2019	6,696,207.86		
Total	39,063,382.24	36,804,461.30	--

Other description:

16. Other non-current assets

Unit: Yuan

Item	Closing balance	Opening balance
Prepayment for software		520,000.00
Prepayment for engineering in electronics market		4,135,063.54
Total	0.00	4,655,063.54

17. Short-term loans**(1) Classification of short-term loans**

Unit: Yuan

Item	Closing balance	Opening balance
Pledge loans	60,000,000.00	59,246,687.38
Mortgage loans	215,000,000.00	100,000,000.00
Guaranteed loans	50,000,000.00	30,000,000.00
Total	325,000,000.00	189,246,687.38

Notes on the classification of short-term loans:

1. There are no overdue outstanding short-term loans in this period.
2. The collateral of the pledge loan is the export tax rebate of Shenzhen SEG E-Commerce Co., Ltd., a subsidiary of the Company.

18. Accounts payable**(1) List of accounts payable**

Unit: Yuan

Item	Closing balance	Opening balance
Payment for goods	95,196,251.32	195,385,013.38
Others	615,651.99	4,744,638.54
Total	95,811,903.31	200,129,651.92

19. Advance receipts**(1) List of advance receipts**

Unit: Yuan

Item	Closing balance	Opening balance
Advance brand royalty	9,726,231.22	9,390,743.64
Advance rental payment	113,845,673.24	136,482,047.49
Advance payment for goods	14,152,253.56	27,013,851.48
Advance advertising payment	9,163,330.86	6,353,263.26
Others	5,916,430.68	3,819,405.44
Total	152,803,919.56	183,059,311.31

(2) Settled but unfinished projects in construction contracts at the end of the period

Not applicable

20. Payroll payable**(1) List of payroll payable**

Unit: Yuan

Item	Opening balance	Current period increase	Current period decrease	Closing balance
1. Short-term payroll	18,719,733.31	37,600,386.26	45,990,147.38	10,329,972.19
2. Welfare after leave – defined contribution plan	139,110.02	1,725,046.69	1,690,791.40	173,365.31
Total	18,858,843.33	39,325,432.95	47,680,938.78	10,503,337.50

(2) List of short-term payroll

Unit: Yuan

Item	Opening balance	Current period increase	Current period decrease	Closing balance
1. Wages, bonuses, allowances and subsidies	16,654,352.38	34,482,389.15	42,382,376.16	8,754,365.37
2. Employee welfare		596,821.66	401,593.38	195,228.28
3. Social insurance premiums	16,498.16	927,853.27	804,225.19	140,126.24
Including: Medical insurance premiums:	10,294.54	846,788.68	723,338.06	133,745.16

Work injury insurance	265.38	25,250.15	25,263.53	252.00
Maternity insurance	298.54	51,149.36	51,284.90	163.00
Supplementary medical insurance	5,639.70	4,665.08	4,338.70	5,966.08
4. Housing fund	1,159,284.62	1,148,447.53	1,781,788.26	525,943.89
5. Labor union expenditure and employee education fund	617,715.42	440,635.60	403,395.01	654,956.01
8. Other short-term payroll	271,882.73	4,239.05	216,769.38	59,352.40
Total	18,719,733.31	37,600,386.26	45,990,147.38	10,329,972.19

(3) Defined contribution plan

Unit: Yuan

Item	Opening balance	Current period increase	Current period decrease	Closing balance
1. Pension insurance	9,288.08	1,074,177.65	1,010,100.42	73,365.31
Unemployment insurance premium	663.43	39,425.55	40,088.98	0.00
3. Supplementary pension payment	129,158.51	611,443.49	640,602.00	100,000.00
Total	139,110.02	1,725,046.69	1,690,791.40	173,365.31

21. Taxes payable

Unit: Yuan

Item	Closing balance	Opening balance
Value-added tax	14,283,567.89	1,659,452.21
Business tax	23,928.55	1,028,150.77
Enterprise income tax	21,569,497.53	32,336,241.19
Individual income tax	598,499.91	1,098,931.96
Urban maintenance and construction tax	55,304.97	720,549.53
Education surtax	13,111.29	461,020.60
Housing property tax	2,307,603.72	1,721,703.23
Stamp tax and water fund	177,558.46	254,539.95
Others	4,559,253.16	165,107.03

Total	43,588,325.48	39,445,696.47
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22. Interest payable

Unit: Yuan

Item	Closing balance	Opening balance
Interest payable on short-term loans	85,722.22	232,749.99
Interest payable of short-term financing bonds		10,062,500.66
Total	85,722.22	10,295,250.65

Important overdue outstanding interest: not applicable

23. Dividends payable

Unit: Yuan

Item	Closing balance	Opening balance
Common stock dividends	3,240,318.18	1,717,882.74
Total	3,240,318.18	1,717,882.74

24. Other payables**(1) Other payables listed based on nature**

Unit: Yuan

Item	Closing balance	Opening balance
Deposit and security deposit	115,820,479.60	119,826,258.74
Central air conditioner maintenance cost and special maintenance fund	13,177,749.69	11,754,618.52
Receipts under custody	9,273,754.75	13,624,148.51
Funds of related parties		57,653,186.81
Electronics market water and electricity charges and rental payable	19,209,967.16	19,858,574.55
Others	44,082,006.82	22,087,615.93
Total	201,563,958.02	244,804,403.06

25. Other current liabilities

Unit: Yuan

Item	Closing balance	Opening balance
Short-term bonds payable		250,000,000.00
Total		250,000,000.00

26. Bonds payable

(1) Increase and decrease changes of bonds payable (excluding other financial instruments such as preferred stocks and sustainable debts that belong to financial liabilities)

Unit: Yuan

Bond name	Book value	Issuing date	Bond term	Issue amount	Period-beginning amount	Issue in this period	Provision for interest at par	Premium and discount amortization	Current repayment	Period-end amount
Short-term financing bonds	100.00	May 15, 2014	365 days	250,000.00 0.00	250,000.00 0.00		5,687,499.34		250,000.00 0.00	
Total	--	--	--	250,000.00 0.00	250,000.00 0.00		5,687,499.34		250,000.00 0.00	

27. Deferred income

Unit: Yuan

Item	Opening balance	Current period increase	Current period decrease	Closing balance	Cause
Government subsidies	9,705,371.01		35,628.12	9,669,742.89	
Total	9,705,371.01		35,628.12	9,669,742.89	--

Items involving government subsidies:

Unit: Yuan

Liability item	Beginning balance	Amount of new subsidies in this period	Amount of non-operating income in this period	Other changes	Closing balance	Relevant to assets/relevant to income
Subsidies for online SEG projects	93,659.89		35,628.12		58,031.77	Relevant to assets
Subsidies for project funds	111,711.12				111,711.12	Relevant to income
Support project	9,500,000.00				9,500,000.00	Relevant to

for construction of Nantong SEG Electronics Market						assets
Total	9,705,371.01		35,628.12		9,669,742.89	--

28. Share capital

Unit: Yuan

	Opening balance	Increase or decrease this time (+)					Closing balance
		New share offering	Bonus share	Capitalization of public reserve	Others	Subtotal	
Sum of shares	784,799,010.00						784,799,010.00

29. Capital reserve

Unit: Yuan

Item	Opening balance	Current period increase	Current period decrease	Closing balance
Capital premium (capital share premium)	322,339,973.81			322,339,973.81
Other capital reserves	82,387,283.91	101,816,219.19		184,203,503.10
Total	404,727,257.72	101,816,219.19		506,543,476.91

Other description: including increase and decrease changes this time and reasons for changes:

The current increase of other capital reserves is caused by non-directive issuance of shares at premium by Shenzhen Huakong SEG Co., Ltd. in the report period. In the consolidated statements of the Company, capital reserve is added according to the equity method.

30. Other comprehensive income

Unit: Yuan

Item	Opening balance	Amount incurred in the current period					Closing balance
		Pretax amount obtained in this period	Less: gains and losses transferred in from other	Less: Income tax	Belong to parent company after tax	Belong to a few shareholders after tax	

			comprehensive income in the current period				
II. Other comprehensive income that can be categorized as gains and losses	231,817.05	422,353.68		105,588.42	210,902.31	105,862.95	442,719. 36
Gains and losses from changes of fair value of the available-for-sale financial assets	231,817.05	422,353.68		105,588.42	210,902.31	105,862.95	442,719. 36
Total of other comprehensive income	231,817.05	422,353.68		105,588.42	210,902.31	105,862.95	442,719. 36

31. Surplus reserve

Unit: Yuan

Item	Opening balance	Current period increase	Current period decrease	Closing balance
Statutory surplus reserve	102,912,835.67			102,912,835.67
Total	102,912,835.67			102,912,835.67

32. Undistributed profits

Unit: Yuan

Item	Amount incurred in the current period	Amount of the previous period
Before adjustment undistributed profits of the end of the previous period	6,299,799.41	
After adjustment period-beginning undistributed profit	6,299,799.41	
Add: Net profits attributable to the parent company owner in the current period	34,906,133.61	
Year-end undistributed profits	41,205,933.02	

33. Operating income and operating cost

Unit: Yuan

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Main business	425,219,054.09	317,303,931.44	337,216,748.01	248,349,208.37
Total	425,219,054.09	317,303,931.44	337,216,748.01	248,349,208.37

34. Business taxes and surcharges

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
Business tax	12,116,694.54	11,276,141.66
Urban maintenance and construction tax	926,364.05	852,218.58
Education surtax	617,537.62	542,120.27
Others	87,433.93	147,373.01
Total	13,748,030.14	12,817,853.52

35. Financial expenses

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses	10,723,583.83	7,784,610.29
Less: Interest income	9,503,644.66	6,615,020.39
Loss on exchange	-671,695.25	-957,622.03
Commission	294,813.31	176,894.59
Total	843,057.23	388,862.46

36. Assets impairment losses

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
1. Loss on bad debt	-399,693.80	-14,558.99
14. Others	7,113,660.69	-273,948.29
Total	6,713,966.89	-288,507.28

37. Investment income

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income by the equity method	-4,892,855.94	-1,746,429.31
Investment income during the possession of available-for-sale financial assets	750,000.00	
Others (financial products)	9,594,819.58	13,477,970.15
Total	5,451,963.64	11,731,540.84

38. Non-operating income

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount recorded into current non-recurring gains and losses
Total gains on disposal of non-current assets	18,693.00	0.00	18,693.10
Gain on disposal of fixed assets	18,693.10	20,120.00	18,693.10
Government subsidies	223,828.12	693,467.78	223,828.12
Liquidated damages	301,209.17	221,182.08	301,209.17
Others	502,248.72	307,565.63	502,248.72
Total	1,045,979.11	1,242,335.04	1,045,979.11

Government subsidies included in current gains and losses:

Unit: Yuan

Subsidy item	Amount incurred in the current period	Amount incurred in the previous period	Relevant to assets/relevant to income
Subsidies for online SEG projects	35,628.12		Relevant to assets
Loan with discounted interest	188,200.00		Relevant to income
Total	223,828.12		--

39. Non-operating expenses

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount recorded into current non-recurring gains and losses
Total loss from disposal of non-current assets	196,424.21	4,831.25	196,424.21
Including: loss from disposal of fixed assets	196,424.21	4,831.25	196,424.21
Abnormal loss		32,400.00	
Compensation for loss	605,580.63		605,580.63
Others	13,784.10	94,733.88	13,784.10
Total	815,788.94	131,965.13	815,788.94

40. Income tax expenses**(1) Income tax**

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
Income tax of the current period	20,575,833.86	19,139,709.37
Deferred income tax	-454,462.94	-506,609.32
Total	20,121,370.92	18,633,100.05

(2) Adjustment process of accounting profit and income tax

Unit: Yuan

Item	Amount incurred in the current period
Total profit	72,187,205.18
Income tax calculated according to statutory or applicable tax rate	18,046,801.30
Impact of different tax rates applicable to subsidiaries	-782,151.96
Impact of income tax before adjustment	913.35
Impact of non-taxable income	187,500.00
Impact of non-deductible costs, expenses and losses	351,745.54
Impact of deductible temporary difference of deferred income tax assets not confirmed in this period or deductible losses	2,316,562.70
Income tax	20,121,370.92

Other descriptions

41. Items in the cash flow statement**(1) Other cash received concerning operating activities**

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
Incomings and outgoings	35,059,959.29	78,123,582.27
Receipt from security deposit for land auction	60,000,000.00	
Goods payment collected from tenants	130,068,994.68	122,433,972.66
Interest income	4,764,834.98	6,615,020.39
Non-operating income	181,571.66	743,165.02

Total	230,075,360.61	207,915,740.34
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(2) Other paid cash concerning operating activities

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
Incomings and outgoings	43,627,781.29	55,893,256.02
Goods payment paid for tenants	125,990,506.28	122,556,255.62
Cash expenses	21,024,437.31	33,987,297.20
Non-operating expenses	1,176,961.97	95,010.95
Total	191,819,686.85	212,531,819.79

(3) Other cash received concerning financing activities

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
Issuance of the Company's short-term financing bonds		250,000,000.00
Total		250,000,000.00

(4) Other paid cash concerning financing activities

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
Interbank financing of related parties	57,650,000.00	
Payment for cash deposit		
Payment for loan interest of related parties	110,222.92	
Payment for issuance of short-term financing bonds	669,500.00	240,000.00
Total	58,429,722.92	240,000.00

42. Supplementary information to cash flow statement**(1) Supplementary information to cash flow statement**

Unit: Yuan

Supplementary data	Amount incurred in the current period	Amount incurred in the previous period
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Reconciliation of net Profit to cash flows of operating activities	--	--
Net profit	52,065,834.26	51,824,780.37
Plus: Asset impairment provision	6,713,966.89	-288,507.28
Depreciation of fixed assets, oil & gas assets and consumable biological assets	11,982,280.62	11,729,374.25
Amortization of intangible assets	142,489.91	124,473.92
Amortization of long-term expenses to be apportioned	6,574,494.06	6,782,332.63
Loss on disposal of fixed assets, intangible assets, and other long-term assets (Profit will be marked with "-")	-177,731.11	
Loss on discard of fixed asset ("- for profit)		-15,288.75
Financial expenses ("—" for income)	843,057.23	7,784,610.29
Income from investment ("- for loss)	-5,451,963.64	-11,731,540.84
Decrease in deferred tax assets ("—" for increase)	-1,678,491.72	2,855.00
Increase in deferred tax liabilities ("—" for decrease)	-320,684.81	-578,736.10
Inventory decrease ("—" for increase)	-135,253,821.65	-76,235,859.67
Decrease in accounts receivable relating to operating activities ("—" for increase)	158,080,537.33	-12,125,065.56
Increase in accounts payable relating to operating activities ("—" for decrease)	-192,107,800.99	-81,655,624.85
Others		
Net cash flow from operating activities	-98,587,833.62	-104,382,196.59
Investment and financing activities not Involving cash receipts and payments		--
3. Net change in cash and cash equivalents	--	--
Closing balance	155,272,010.47	629,339,292.58
Less: Opening balance of cash	382,056,680.70	335,593,493.81
Net increase in cash and cash equivalents	-226,784,670.23	293,745,798.77

(2) Composition of cash and cash equivalents

Unit: Yuan

Item	Closing balance	Opening balance
1. Cash	155,272,010.47	382,056,680.70

3. Period-end balance of cash and cash equivalents	155,272,010.47	382,056,680.70
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43. Assets where ownership or the right to use is restricted

Unit: Yuan

Item	Ending book value	Reason for restriction
Monetary funds	1,000,000.00	Cash deposit for credit card repayment
Investment properties	47,919,235.49	Collaterals for bank loans
Total	48,919,235.49	--

44. Foreign currency monetary projects**(1) Foreign currency monetary projects**

Unit: Yuan

Item	End foreign currency balance	Discount exchange rate	Converted RMB balance at the end of the period
USD	188,960.00	6.1136	1,155,225.86
HK\$	239.17	0.7886	188.61
USD	13,677,771.01	6.1136	83,620,420.85

(2) Description of foreign operational entities: including main places of business, recording currency and selection basis for important foreign operational entities (if the recording currency is changed, the reason shall be disclosed)

☐ Applicable ☒ Not applicable

VIII. Equity in other Subjects**1. Equity in subsidiaries****(1) Composition of enterprise group**

Company name	Main place of business	Place of registration	Nature of business	Shareholding percentage		Way of acquisition
				Direct	Indirect	
Xi'an SEG Electronics Market Co., Ltd.	Xi'an	Xi'an	Electronics market lease management	65.00%		Investment and establishment
Shenzhen SEG Electronics	Shenzhen	Shenzhen	Electronics market lease	70.00%		Investment and establishment

Company name	Main place of business	Place of registration	Nature of business	Shareholding percentage		Way of acquisition
				Direct	Indirect	
Market Management Co., Ltd.			management			
Suzhou SEG Electronics Market Co., Ltd.	Su Zhou	Su Zhou	Electronics market lease management	45.00%		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.	36.00%	17.02%	Investment and establishment
Shenzhen SEG E-Commerce Co., Ltd.	Shenzhen	Shenzhen	E-commerce	51.00%		Investment and establishment
Shenzhen SEG Electronics Market Management Co., Ltd.	Nanjing	Nanjing	Market facilities leasing, property management, sales of electronic products and advertisement	100.00%		Investment and establishment
Xi'an Hairong SEG Electronics Market Co., Ltd.	Xi'an	Xi'an	Property leasing, sales of electronic products and advertisement	51.00%		Investment and establishment
Wujiang SEG Electronics Market Co., Ltd.	Wujiang	Wujiang	Electronics market lease management	51.00%		Investment and establishment
Wuxi SEG Electronics Market Co., Ltd.	Wuxi	Wuxi	Electronics market lease management	51.00%		Investment and establishment

Company name	Main place of business	Place of registration	Nature of business	Shareholding percentage		Way of acquisition
				Direct	Indirect	
Shunde SEG Electronics Market Management Co., Ltd.	Foshan	Foshan	Electronics market lease management	100.00%		Investment and establishment
Nanning SEG Electronics Market Management Co., Ltd.	Nanning	Nanning	Electronics market lease management	100.00%		Investment and establishment
Nantong SEG Times Square Development Co., Ltd.	Nantong	Nantong	Real estate development	100.00%		Investment and establishment
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	Shenzhen	Shenzhen	Property lease and management	66.58%		Merger of the enterprises under the control of a same entity
Shenzhen SEG Industrial Investment Co., Ltd.	Shenzhen	Shenzhen	Investment in industrial and commercial business	100.00%		Merger of the enterprises under the control of a same entity
Changsha SEG Development Co., Ltd.	Changsha	Changsha	Property lease	46.00%		Merger of the enterprises under the control of a same entity
Yantai SEG Times Square Development Co., Ltd.	Yantai	Yantai	Real estate development	90.00%		Investment and establishment
Nantong SEG Commercial Operation Management Co., Ltd.	Nantong	Nantong	---	100.00%		Investment and establishment
Suzhou SEG Digital Plaza Management Co., Ltd.	Su Zhou	Su Zhou	---	100.00%		Investment and establishment

Company name	Main place of business	Place of registration	Nature of business	Shareholding percentage		Way of acquisition
				Direct	Indirect	
Xi'an Fengdong New Town SEG Times Square Properties Co., Ltd.	Xi'an	Xi'an	real estate development	100.00%		Investment and establishment

Explanation for the reason why shareholding ratio is different from the ratio of voting power:

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 8th, 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 becomes 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.

Basis where a company holds half or less than half of voting power but still controls the invested company and a company holds more than half of voting power but does not control the invested company:

Half of the directors, the Chairman of the Board, the General Manager, the Chief Financial Officer and the management team of Suzhou SEG Electronics Market Management Co., Ltd are all dispatched by the Company that actually controls the operation of Suzhou SEG, so Suzhou SEG was included into the consolidation scope.

(2) Important non-wholly-owned subsidiaries

Unit: Yuan

Company name	Equity proportion of minority shareholders	Current gains of losses of minority shareholders	Current dividends distributed to minority shareholders	Minority shareholders' equity balance at the end of the period
Shenzhen SEG Credit Co., Ltd.	46.98%	5,837,773.70		89,751,270.26
Changsha SEG Development Co., Ltd.	54.00%	710,622.95		59,741,139.05
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	33.42%	4,543,458.93	6,177,600.00	30,563,497.59

(3) Main financial information of important non-wholly-owned subsidiaries

Unit: Yuan

Company name	Closing balance						Opening balance					
	Current assets:	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets:	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen SEG Credit Co., Ltd.	40,446,673.24	494,287,044.21	534,733,717.45	340,563,282.67		340,563,282.67	42,768,150.12	452,858,389.93	495,626,540.05	313,882,188.08		313,882,188.08
Changsha SEG Development Co., Ltd.	10,711,676.27	135,108,204.31	145,819,880.58	18,773,119.88	16,415,021.51	35,188,141.39	4,480,359.54	139,281,931.91	143,762,291.45	17,477,036.50	16,969,484.39	34,446,520.89
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	81,853,656.14	53,789,731.32	135,643,387.46	44,075,152.68	116,059.41	44,191,212.09	84,928,255.69	56,270,653.64	141,198,909.33	44,740,424.26	116,059.41	44,856,483.67

Unit: Yuan

Company name	Amount incurred in the current period				Amount incurred in the previous period			
	Operating income	Net profit	Total comprehensive income	Cash flow of operating activities	Operating income	Net profit	Total comprehensive income	Cash flow of operating activities
Shenzhen SEG Credit Co., Ltd.	48,064,462.25	12,426,082.81	12,426,082.81	-33,638,954.38	21,129,338.87	9,420,497.68	9,420,497.68	24,671,946.86
Changsha SEG Development Co., Ltd.	11,490,331.21	1,315,968.42	1,315,968.42	6,346,992.49	10,653,751.12	306,987.31	306,987.31	5,255,193.02
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	42,445,648.66	13,595,029.71	13,911,794.97	9,334,694.27	37,623,155.78	12,988,755.20	12,915,935.60	14,977,776.96

2. Equity in cooperative arrangements or joint ventures

(1) Important cooperative enterprises or joint ventures

Name of cooperative enterprise or	Main place of business	Place of registration	Nature of business	Shareholding percentage		Accounting treatment method for
				Direct	Indirect	

joint venture						investment at cooperative enterprise or joint venture
Shenzhen Huakong SEG Co., Ltd.	Shenzhen	Shenzhen	Manufacturing	20.00%		Equity method
Shanghai SEG Electronics Market Co., Ltd.	Shanghai	Shanghai	Service industry	35.00%		Equity method

(2) Main financial information of important cooperative enterprises

Unit: Yuan

	Closing balance/current amount		Opening balance/previous amount	
	Shenzhen Huakong SEG Co., Ltd.	Shanghai SEG Electronics Market Co., Ltd.	Shenzhen Huakong SEG Co., Ltd.	Shanghai SEG Electronics Market Co., Ltd.
Current assets:	337,843,098.02	27,447,238.89	158,732,194.56	30,650,791.15
Non-current assets	299,233,325.90	160,921.39	262,002,634.60	37,816.64
Total assets	637,076,423.92	27,608,160.28	420,734,829.16	30,688,607.79
Current liabilities	26,509,946.68	18,540,148.04	303,841,418.53	20,289,991.11
Non-current liabilities	593,568.91	240,573.59	456,054.73	
Total liabilities	27,103,515.59	18,780,721.63	304,297,473.26	20,289,991.11
Minority shareholders' equity	24,439,321.38		28,983,272.09	
Shareholders' equity attributable to the parent company	585,533,586.95	8,827,438.65	87,454,083.81	10,293,666.63
Net asset shares calculated based on shareholding ratio	117,106,717.39	3,089,603.53	19,633,441.82	3,602,783.32
- Others	58,889,967.00	-62,727.66	58,889,967.01	-25,995.14
Book value for equity investment in cooperative enterprises	175,996,684.39	3,026,875.87	78,523,408.83	3,576,788.18
Fair value of equity investment in cooperative enterprises with public offer	2,031,571,382.97		1,759,755,588.42	

Operating income	16,994,189.98	1,282,610.27	24,122,428.29	17,207,347.90
Net profit	-28,588,277.77	-1,571,178.03	-29,196,676.72	177,979.17
Total comprehensive income	-28,588,277.77	-1,571,178.03	-29,196,676.72	177,979.17

Other descriptions

IX. Disclosure of Fair Value

1. Period-end fair value of assets and liabilities measured based on fair value

Unit: Yuan

Item	Period-end fair value			
	Level-1 fair value measurement	Level-2 fair value measurement	Level-3 fair value measurement	Total
(I) Persistent fair value measurement	--	--	--	--
(II) Available-for-sale financial assets	976,996.30			976,996.30
(2) Equity instrument investment	976,996.30			976,996.30
II. Non-persistent fair value measurement	--	--	--	--

X. Related Parties and Related Party Transactions

1. Information about parent company of the enterprise

Name of parent company	Place of registration	Nature of business	Registered Capital	Percentage of the Company's shares held by the parent company	Percentage of the Company's voting shares held by the parent company
Shenzhen SEG Group Co., Ltd.	Shenzhen	Comprehensive business	135,542.00	30.24%	30.24%

The final controlling party of the enterprise is Shenzhen State-owned Assets Supervision and Administration Commission.

2. Information about subsidiaries of the Company

For information about subsidiaries of the Company, see Note 8 (1).

3. Information about the Company's joint ventures and associates

For details about important cooperative enterprises or joint ventures of the enterprise, see Note 8 (2).

4. Information about other related parties

Name of other related parties	Relationship between other related parties and the Company
Shenzhen SEG Property Development Co., Ltd.	Subsidiary of shareholders
Shenzhen SEG Group Service Co., Ltd.	Subsidiary of shareholders
Shenzhen SEG Computers Co., Ltd.	Subsidiary of shareholders
Shenzhen SEG Hi-tech Industrial Co., Ltd.	Subsidiary of shareholders
Shenzhen SEG Real Estate Investment Co., Ltd.	Subsidiary of shareholders
Shenzhen SEG Business Operation Co., Ltd.	Subsidiary of the controlling shareholder

5. Information about related transactions**(1) Related trusted management, contracting and mandatory administration and initial contracting**

Trusted management/contracting of the Company:

Unit: Yuan

Trustor/ Contractee	Trustee/ Contractor	Type of trusted/ contracted assets	Beginning date of the trust/ contracting	Ending date of the trust/ contracting	Pricing basis for trust profit/ contract profit	Confirmed trust profit/ contracting profit in the report period
Shenzhen SEG Group Co., Ltd.	Shenzhen SEG Co., Ltd.	SEG Communications Market	Feb 1, 2015	Jan 31, 2016	Trusteeship Agreement	0.00

(2) Information about leases between the Company and related parties

The Company serves as the lessee:

Unit: Yuan

Name of lessor	Type of leased assets	Rental recognized in this period	Rental recognized in previous period
Shenzhen SEG Group Co., Ltd.	The warehouse with its area of 809.26 square meters on the 8 th floor of SEG Plaza	310,587.00	293,100.00

Information about associated lease

1. A subsidiary of the Company serves as the lessee:

Name of lessor	Type of leased assets	Rental recognized in this period	Rental recognized in previous period
Shenzhen SEG Business Operation Co., Ltd.	The 15 th floor of SEG Plaza, with an area of 687.01 square meters	253,960.20	---
Total	---	253,960.20	---

(3) Guarantee of related parties

The Company serves as the guarantor:

Unit: Yuan

Warrantee	Amount of guarantee	Starting date	Ending date	Has the guarantee been fulfilled?
Shenzhen SEG Credit Co., Ltd.	50,000,000.00	Oct. 27, 2014	Oct. 26, 2015	No

(4) Lending/Borrowing of related parties

Unit: Yuan

Related party	Lending/Borrowing amount	Starting date	Due Date	Remarks
Borrowing				
Shenzhen SEG Group Co., Ltd.	40,000,000.00	Dec 31, 2014	Jan 6, 2015	
Shenzhen SEG Hi-tech Industrial Co., Ltd.	17,650,000.00	Dec 30, 2014	Jan 20, 2015	
Lending				

(5) Remuneration of key managers

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
Remuneration of key managers	132.46	150.36

6. Receivables and payables of related parties

(1) Receivables

Unit: Yuan

Project name	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Other accounts receivable	Shenzhen SEG Property Development Co., Ltd.	12,325.00		12,325.00	
Other accounts receivable	Shenzhen SEG Group Co., Ltd.	109,358.00		214,491.60	

(2) Payables

Unit: Yuan

Project name	Related party	Period-end book balance	Period-end book balance
Dividends payable	Shenzhen SEG Computers Co., Ltd	662,310.00	543,510.00
Other payables	Shenzhen SEG Group Co., Ltd.		40,000,000.00
Other payables	Shenzhen SEG Property Development Co., Ltd.		
Other payables	Shenzhen SEG Hi-tech Industrial Co., Ltd.		17,653,186.81

XI. Commitments and/or Matters

1. Important commitments

Important commitment on the balance sheet date

(1) Signed lease contract that is being performed or will be performed and minimum rental to be paid in the next year

Remaining lease term	Xi'an SEG Electronics Market Co., Ltd.	Suzhou SEG Electronics Market Co., Ltd.	Shenzhen SEG Electronics Market Management Co., Ltd.	Xi'an Hairong SEG Electronics Market Co., Ltd.	Shenzhen SEG Electronics Market Management Co., Ltd.	Wujiang SEG Electronics Market Co., Ltd.
Within one year (including one year)	12,875,000.00	16,024,907.88	4,912,813.79	---	---	---
Above one year but	13,125,000.00	16,024,907.88	5,060,198.20	---	---	---

Remaining lease term	Xi'an SEG Electronics Market Co., Ltd.	Suzhou SEG Electronics Market Co., Ltd.	Shenzhen SEG Electronics Market Management Co., Ltd.	Xi'an Hairong SEG Electronics Market Co., Ltd.	Shenzhen SEG Electronics Market Management Co., Ltd.	Wujiang SEG Electronics Market Co., Ltd.
within two years (including two years)						
Above two years but within three years (including three years)	13,375,000.00	16,234,383.80	5,212,004.15	---	---	---
Over 3 years	48,750,000.00	157,211,677.96	15,137,455.15	---	---	---
Total	88,125,000.00	205,495,877.52	30,322,471.29	Note *1	Note *2	Note *3

(Continued)

Remaining lease term	Nanning SEG Electronics Market Management Co., Ltd.	Shunde SEG Electronics Market Management Co., Ltd.	Wuxi SEG Electronics Market Co., Ltd.	Suzhou SEG Digital Plaza Management Co., Ltd.
Within one year (including one year)	6,500,000.00	4,320,000.00	---	13,145,482.73
Above one year but within two years (including two years)	8,000,000.00	4,800,000.00	---	13,054,290.12
Above two years but within three years (including three years)	8,000,000.00	5,040,000.00	---	13,403,893.21
Over 3 years	64,000,000.00	43,087,508.73	---	82,632,739.96
Total	86,500,000.00	57,247,508.73	Note *4	122,236,406.02

Note *1: Under the cooperation agreement signed by and between both parties, Xi'an Hairong SEG Electronics Market Co., Ltd. pays the rental according to 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: Under the cooperation agreement signed by and between both parties, Wujiang SEG Electronics Market Co., Ltd. pays the rental according to 70% of pretax profits of the electronics market. Therefore, the amount of rental in the future is uncertain.

Note *4: Wuxi SEG Electronics Market Co., Ltd. is exempted from the rental within the three years before opening of the company and pays the rental in the fourth year according to 70% of the pre-tax profits of the electronics market. Therefore, the amount of rental in the future is uncertain.

Except the preceding commitments, the Company has not significant commitments that shall be disclosed or have not been disclosed by June 30, 2015.

XII. Other significant matters

1. Others

(1) Purchase of financial products with idle funds

On the second shareholders meeting held on July 21, 2014, the Proposal on Purchase of Financial Products Using Idle Funds of the Company was passed, which allows the company and its subsidiaries to invest and manage wealth by using idle funds of not more than RMB 1 billion Yuan.

As of June 30, 2015, the amount of financial products purchased by the Company and its subsidiaries is as follows:

Unit: RMB 10,000 Yuan

Company name	Shenzhen SEG Co., Ltd.	Wujiang SEG Electronics Market Co., Ltd.	Shenzhen SEG Baohua Enterprise Development Co., Ltd.	Nantong SEG Times Square Development Co., Ltd.	Wuxi SEG Electronics Market Co., Ltd.	Xi'an Hairong SEG Electronics Market Co., Ltd.
Amount	11,050.00	1,800.00	5,800.00	600.00	1,130.00	1,700.00

Continued:

Company name	Shenzhen SEG Credit Co., Ltd.	Shenzhen SEG Electronics Market Management Co., Ltd.	Xi'an SEG Electronics Market Co., Ltd.	Changsha SEG Development Co., Ltd.	Total
Amount	31.13	280.00	1,700.00	650.00	24,741.13

XIII. Notes on Main Items in Financial Statements of the Parent Company

1. Accounts receivable

(1) Accounts receivable disclosed by type

Unit: Yuan

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage		Amount	Percentage	Amount	Percentage	
Accounts	7,163,87	77.29%	7,163,87	100.00%		7,163,87	77.29%	7,163,87	100.00%	

receivable with a significant amount individually, for which bad debt provision is separately accrued	6.44		6.44			6.44		6.44		
Accounts receivable with an insignificant amount individually, for which bad debt provision is separately accrued	2,105,306.44	22.71%	2,105,306.44	100.00%		2,105,306.44	22.71%	2,105,306.44	100.00%	
Total	9,269,182.88	100.00%	9,269,182.88	100.00%		9,269,182.88	100.00%	9,269,182.88	100.00%	

Accounts receivable with a significant amount individually, for which bad debt provision is separately accrued at the end of period:

√ Applicable □ Not applicable

Unit: Yuan

Accounts receivable (by organization)	Closing balance			
	Accounts receivable	Bad debt provision	Percentage	Reason for provision
Jiangsu Unicom	3,092,011.09	3,092,011.09	100.00%	The accounts receivable are uncollectible because they have been outstanding for more than five years.
Shenzhen Liyuanshun Industrial Co., Ltd.	1,906,865.35	1,906,865.35	100.00%	The accounts receivable are uncollectible because they have been outstanding for more than five years.
Shanghai Tianci Industrial Co., Ltd.	899,000.00	899,000.00	100.00%	The accounts receivable are uncollectible because they have been outstanding for more than five years.
Zhejiang Finance Information Paging Center	786,000.00	786,000.00	100.00%	The accounts receivable are uncollectible because they have been outstanding for more than five years.
Sichuan Huiyuan Electronics Co., Ltd.	480,000.00	480,000.00	100.00%	The accounts receivable are uncollectible because they have been outstanding for more than

Accounts receivable (by organization)	Closing balance			
	Accounts receivable	Bad debt provision	Percentage	Reason for provision
				five years.
Total	7,163,876.44	7,163,876.44	--	--

Accounts receivable in the combination, for which bad debt provision was accrued by the aging analysis method:

☐ Applicable ☒ Not applicable

Accounts receivable in a combination, for which bad debt provisions are made using the Percentage of Total Accounts Receivable Outstanding method

☐ Applicable ☒ Not applicable

Among the combination, accounts receivable for which bad debt provision is computed by adopting other methods:

(2) Accounts receivable with top 5 closing balance collected based on arrears party

Name of debtor	Closing balance	Percentage in the total amount of accounts receivable	Accrued bad debt provision
Jiangsu Unicom	3,092,011.09	33.36	3,092,011.09
Shenzhen Liyuanshun Industrial Co., Ltd.	1,906,865.35	20.57	1,906,865.35
Shanghai Tianci Industrial Co., Ltd.	899,000.00	9.70	899,000.00
Zhejiang Finance Information Paging Center	786,000.00	8.48	786,000.00
Sichuan Huiyuan Electronics Co., Ltd.	480,000.00	5.18	480,000.00
Total	7,163,876.44	77.29	7,163,876.44

2. Other receivables

(1) Other receivables disclosed by type

Unit: Yuan

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage		Amount	Percentage	Amount	Percentage	
Other receivables with a significant amount individually, for	8,530,276.35	1.54%	8,530,276.35	100.00%		8,530,276.35	1.96%	8,530,276.35	100.00%	

which bad debt provision is separately accrued										
Other receivables where bad debt provision is accrued according to credit risk feature combination	527,600,106.07	95.36%	1,200.00	0.00%	527,598,906.07	410,454,248.03	94.12%	1,200.00	0.00%	410,453,048.03
Portfolio 1	1,269,831.71	0.23%	1,200.00	0.09%	1,268,631.71	1,168,219.48	0.27%	1,200.00	0.1%	1,167,019.48
Portfolio 2	526,330,274.36	95.13%	---	---	526,330,274.36	409,286,028.55	93.85%	---	---	409,286,028.55
Other receivables with an insignificant amount individually, for which bad debt provision is separately accrued	17,118,394.49	3.09%	17,118,394.49	100.00%		17,118,394.49	3.92%	17,118,394.49	100.00%	
Total	553,248,776.91	100.00%	25,649,870.84	4.64%	527,598,906.07	436,102,918.87	100.00%	25,649,870.84	5.88%	410,453,048.03

Other receivables with a significant amount individually, for which bad debt provision is separately accrued

√ Applicable □ Not applicable

Unit: Yuan

Other receivables (by company)	Closing balance			
	Other accounts receivable	Bad debt provision	Percentage	Reason for provision
Yangjiang Yuntong Grease Co., Ltd.	8,530,276.35	8,530,276.35	100.00%	The accounts receivable are uncollectible because they have been outstanding for more than five years.
Total	8,530,276.35	8,530,276.35	--	--

Among the combinations, accounts receivable for which bad debt provision is computed by aging method:

√ Applicable □ Not applicable

Unit: Yuan

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Percentage
Sub-item within one year			
	1,263,831.71		
Subtotal of the accounts with a duration of less than 1 year	1,263,831.71		
Over 3 years	6,000.00	1,200.00	20.00%
Total	1,269,831.71	1,200.00	0.09%

Description of basis for confirming the combination:

Other receivables in a combination, for which bad debt provisions are made using the Percentage of Total Receivables Outstanding method

☐ Applicable ☒ Not applicable

Among the combination, accounts receivable for which bad debt provision is computed by adopting other methods:

☐ Applicable ☒ Not applicable

(2) Classification of other receivables by nature

Unit: Yuan

Nature of receivables	Period-end book balance	Period-end book balance
Receivables of related parties	524,888,899.98	408,087,205.17
Creditor's right transfer cost	22,664,045.27	22,664,045.27
Revolving fund	754,397.50	790,404.70
Deposit and security deposit	1,496,544.42	1,247,233.78
Others	3,444,889.74	3,314,029.95
Total	553,248,776.91	436,102,918.87

(3) Other receivables with top 5 closing balance collected based on arrears party

Unit: Yuan

Name of debtor	Nature of payables	Closing balance	Aging	Percentage in the total amount of closing balance of other receivables	Closing balance of bad debt provision
Nantong SEG Times Square Development Co., Ltd.	Loans and interests	413,166,505.83	Within 3 years	74.68%	

Shenzhen SEG E-Commerce Co., Ltd.	Loans and interests	60,106,849.32	Less than one year	10.86%	
Shenzhen SEG Industrial Investment Co., Ltd.	Loans and interests	47,088,490.03	Within four years	8.51%	
Yangjiang Yuntong Grease Co., Ltd.	Debt restructuring of SEG Orient	8,530,276.35	Over 5 years	1.54%	8,530,276.35
Shenzhen Lianjing Trade Co., Ltd.	Debt restructuring of SEG Orient	5,697,287.51	Over 5 years	1.03%	5,697,287.51
Total	--	534,589,409.04	--	96.63%	14,227,563.86

3. Long-term equity investment

Unit: Yuan

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	269,983,526.24		269,983,526.24	299,983,526.24		299,983,526.24
Investment in cooperative enterprises and joint ventures	179,023,560.26		179,023,560.26	82,100,197.01		82,100,197.01
Total	449,007,086.50		449,007,086.50	382,083,723.25		382,083,723.25

(1) Investment in subsidiaries

Unit: Yuan

Invested organization	Opening balance	Current period increase	Current period decrease	Closing balance	Accrued impairment provision	Closing balance of impairment provision
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	20,512,499.04			20,512,499.04		
Shenzhen SEG Industrial Investment Co., Ltd.	29,181,027.20			29,181,027.20		
Changsha SEG Development Co., Ltd.	69,000,000.00			69,000,000.00		
Shenzhen SEG Electronics Market	2,100,000.00			2,100,000.00		

Invested organization	Opening balance	Current period increase	Current period decrease	Closing balance	Accrued impairment provision	Closing balance of impairment provision
Management Co., Ltd.						
Suzhou SEG Electronics Market Co., Ltd.	1,350,000.00			1,350,000.00		
Xi'an SEG Electronics Market Co., Ltd.	1,950,000.00			1,950,000.00		
Shenzhen SEG Credit Co., Ltd.	54,000,000.00			54,000,000.00		
Shenzhen SEG E-Commerce Co., Ltd.	15,300,000.00			15,300,000.00		
Shenzhen SEG Electronics Market Management Co., Ltd.	20,000,000.00			20,000,000.00		
Xi'an Hairong SEG Electronics Market Co., Ltd.	1,530,000.00			1,530,000.00		
Wujiang SEG Electronics Market Co., Ltd.	1,530,000.00			1,530,000.00		
Wuxi SEG Electronics Market Co., Ltd.	1,530,000.00			1,530,000.00		
Shunde SEG Electronics Market Management Co., Ltd.	6,000,000.00			6,000,000.00		
Nanning SEG Electronics Market Management Co., Ltd.	8,000,000.00			8,000,000.00		
Nantong SEG Times Square Development Co., Ltd.	30,000,000.00			30,000,000.00		
Suzhou SEG Digital Plaza Management Co., Ltd.	8,000,000.00			8,000,000.00		
Xi'an Fengdong New Town SEG Times Square Properties Co., Ltd.	30,000,000.00		30,000,000.00			
Total	299,983,526.24		30,000,000.00	269,983,526.24		

(2) Investment in cooperative enterprises and joint ventures

Unit: Yuan

Invested organization	Opening balance	Increase/Decrease of the year								Closing balance	Closing balance of impairment provision
		Additional investment	Negative investment	Investment gains and losses confirmed under the equity method	Adjustment of other comprehensive income	Other equity changes	Issued cash dividends or profits	Accrued impairment provision	Others		
1. Cooperative enterprise											
2. Joint venture											
Shanghai SEG Electronics Market Co., Ltd.	3,576,788.18			-549,912.31						3,026,875.87	
Shenzhen Huakong SEG Co., Ltd.	78,523,408.83			-4,342,943.63	101,816,219.19					175,996,684.39	
Subtotal	82,100,197.01			-4,892,855.94	101,816,219.19					179,023,560.26	
Total	82,100,197.01			-4,892,855.94	101,816,219.19					179,023,560.26	

(3) Other descriptions**4. Operating revenue and operating cost**

Unit: Yuan

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Main business	66,577,264.42	44,695,244.80	67,615,859.10	40,521,511.25
Total	66,577,264.42	44,695,244.80	67,615,859.10	40,521,511.25

Other description:

5. Investment Income

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income by the cost method	22,060,280.00	20,694,873.17
Long-term equity investment income by the equity method	-4,892,855.94	-1,746,429.31
Investment income during the possession of available-for-sale financial assets	750,000.00	
Others	19,701,657.06	8,417,172.69
Total	37,619,081.12	27,365,616.55

XIV. Supplemental Information

1. Details on non-recurring gains and losses

☒ Applicable ☐ Not applicable

Unit: Yuan

Item	Amount	Remarks
Gains and losses from disposal of non-current assets	-177,731.11	Disposal loss of fixed assets
Government subsidies recorded into current gains and losses (except those closely related with corporate business and enjoyed according to national standards or certain quota)	223,828.12	The main purpose is to obtain the loans with discounted interest from the Economic Promotion Bureau of Futian District, Shenzhen, and the support fund for SEG e-Commerce trading platform of Shenzhen Economy and Trade Information Committee.
Transferred-back impairment provision for accounts receivable, for which separate impairment tests are carried out	400,000.00	
Other non-operating income and expenses except the above-mentioned items	-215,906.84	Payment for liquidated damages of merchants
Less: Amount of affected income tax	35,945.98	
Influenced amount of minority shareholders' equity	-13,635.11	
Total	207,879.30	--

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

2. Return on equity and earnings per share

Profit in report period	Weighted average ROE	Earnings per share	
		Basic EPS (Yuan/Share)	Diluted EPS (Yuan/Share)
Net profit attributable to common shareholders of the Company	2.55%	0.0445	0.0445
Net profit attributable to common shareholders of the Company after deduction of -recurring losses and gains	2.55%	0.0442	0.0442

3. Differences in accounting data under Chinese and overseas accounting standards**(1) The differences of net profit and net assets in this financial report calculated based on international and Chinese accounting standards**

☐ Applicable ☒ Not applicable

(2) The differences of net profit and net assets in this financial report calculated based on overseas and Chinese accounting standards

☐ Applicable ☒ Not applicable

4. Others

Abnormalities on main items of the financial statements of the Company and notes on reasons

Important item	Closing balance	Opening balance	Percentage change (%)	Reason for change
Monetary funds	156,272,010.47	383,056,680.70	-59.20	Caused by repayment for matured debts and increase of input for operating business in the current period.
Notes receivable	170,000.00	84,618.08	100.90	Caused by increase of rental of note settlement in the current period.
Other accounts receivable	44,545,199.45	95,366,156.27	-53.29	Caused by recovery of the land bidding deposit in this period.
Inventory	413,535,408.37	278,281,586.72	48.60	Caused by increase of development cost of SEG Nantong in this period.
Long-term equity investment	179,023,560.26	82,100,197.01	118.05	Shenzhen Huakong SEG Co., Ltd. issues stocks in a nondirective manner at premium in this period and the Company adds this item

Important item	Closing balance	Opening balance	Percentage change (%)	Reason for change
				correspondingly according to the equity method.
Construction in progress	216,000.00	---	---	Caused by construction of information system not completed in this period
Intangible assets	1,058,497.63	655,587.54	61.46	Caused by increase of expenditure in software purchase in this period.
Other non-current assets	---	4,655,063.54	-100.00	Caused by carry-over of the electronics market decoration engineering costs prepaid in the previous year and completed in this period.
Short-term borrowing	325,000,000.00	189,246,687.38	71.73	Caused by increase of bank loans in the previous year.
Accounts payable	95,811,903.31	200,129,651.92	-52.13	Decrease is caused due to goods payment of SEG e-Commerce supply chain business settlement in this period.
Payroll payable	10,503,337.50	18,858,843.33	-44.31	Some accrued payroll and bonus were paid in this period.
Interest payable	85,722.22	10,295,250.65	-99.17	Decrease is caused due to maturity of short-term financing bonds issued by the headquarters and bank loans and payment for loan interests withheld in the previous year.
Dividends payable	3,240,318.18	1,717,882.74	88.62	Caused by non-payment of dividends distributed by subsidiaries in this period.
Other current liabilities		250,000,000.00	-100.00	Caused by payment of the parent company for the short-term financing principal.
Other comprehensive income	442,719.36	231,817.05	90.98	Caused by increase of market value of Youhao Group's stocks held in this period.
Undistributed profits	41,205,933.02	6,299,799.41	554.08	Caused by acquisition of net profits that belong to the parent company in this period.
Interest expenses	3,159,048.64	1,693,472.23	86.54	Caused by increase of expenditure in interests due to increase of loans.
Financial cost	843,057.23	388,862.46	116.80	Caused by increase of bank loans and issuance of short-term financing bonds

Important item	Closing balance	Opening balance	Percentage change (%)	Reason for change
				in this period.
Loss from asset impairment	6,713,966.89	-288,507.28		Caused by increase of the loan scale and loan impairment provision in this period.
Investment income	5,451,963.64	11,731,540.84	-53.53	Caused by decrease of income from investment recognized according to the equity method in this period.
Non-operating expenses	815,788.94	131,965.13	518.19	Caused by liquidated damaged paid by Nanning SEG Electronics Market Management Co., Ltd. to merchants in this period.

Chapter 10 DOCUMENTS AVAILABLE FOR REFERENCE

(I) The Financial Statements with signatures and seals of the legal person, the responsible person of accounting work and the responsible person of the accounting institution;

(II) The original copies of all the files and the manuscripts of public notices of the Company which were disclosed on the newspapers specified by CSRC in the report period.