



Shenzhen SEG Co., Ltd.

2015 Annual Report

March 2016

Chapter 1 Important Notice, Contents, and Definitions

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

Chairman of the Board of Directors 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.

Except the director listed below, all the directors have attended this board meeting reviewing the semi-annual report.

Name of director unattended	Title of director not attended personally	Cause of absence	Name of attorney
Li Luoli	Independent director	Business trip	Song Pingping

The future plans, development strategies, and forward-looking statements involved in the annual report do not constitute any tangible commitment to investors. Investors should pay attention to investment risks.

The profit distribution plan passed by the Board of Directors is to issue cash RMB 0.30 (tax included) as dividends with 0 bonus shares per 10 shares (tax included) to all shareholders with RMB 784,799,010 as the base without transferring the capital reserve to share capital.

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Definitions

Definition	Refers to	Description
This Company, the Company	Refers to	Shenzhen SEG Co., Ltd.
Shenzhen SEG Group Co., Ltd.	Refers to	Shenzhen SEG Group 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.
Yantai SEG	Refers to	Yantai SEG Times Square Development 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.,

Definition	Refers to	Description
		Ltd.
Nantong SEG Operation	Refers to	Nantong SEG Commercial Operation Management Co., Ltd.
SEG Investment	Refers to	Shenzhen SEG Investment Management Co., Ltd.
SEG Chuangpinhui	Refers to	Chuangpinhui Branch of Shenzhen SEG Co., Ltd
SEG Logistics	Refers to	Shenzhen SEG Logistics Co., Ltd.
SEG Universal	Refers to	An integrated information platform for market management with the functions of access control management, micro-payment, query system and information distribution.
Shenzhen SASAC	Refers to	State-owned Assets Supervision and Administration Commission of Shenzhen Municipality
CSRC	Refers to	China Securities Regulatory Commission
Shenzhen Securities Regulatory Bureau	Refers to	Shenzhen Securities Regulatory Bureau of China Securities Regulatory Commission
<i>The Articles of Association</i>	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 RMB

Chapter 2 Company Profile and Main Financial Indexes

I. Basic Information

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

II. Contact Information

	Secretary of the Board of Directors	Securities affairs representative
Name	Zheng Dan	Zhang Xin
Contact address	31/F, Tower A, Stars Plaza, Huaqiang Road (N), Futian District, Shenzhen	31/F, Tower A, 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. Information Disclosure and Filing Site

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

IV. Changes of Registration Information

Organization code	27925377-6
Changes of main business since the Company's listing (if any)	Changes to business scope on July 6, 2005: Domestic commerce, goods supply and sale (excluding commodities under special operation, control and sale), industrial investment (licenses for specific projects shall be subject to application on a case-by-case basis), economic information consultancy, property lease, real estate agency, and operation of SEG professional electronics markets (the license for the professional market shall be further applied for).
Changes of dominant stockholders (if any)	No change.

V. Other Relevant Information of the Company

The accounting firm employed by the Company:

Name of the accounting firm	BDO Dahua CPA Co., Ltd. (special general partnership)
Address of the accounting firm	Room 1101, 11/F, Tower 7, No. 16 Block, Xisihuan Road (M), Haidian District, Beijing
Name of the certified public accountant	Zhang Xing and Zhang Zhaocheng

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

Applicable Not applicable

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

Applicable Not applicable

VI. Main Accounting Data and Financial Indexes

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

Yes No

	2015	2014	Year-on-year increase/decrease	2013
Operating revenue (Yuan)	741,533,676.93	681,343,920.99	8.83%	597,358,257.82
Net profit attributable to shareholders of the listed company (Yuan)	74,242,090.49	48,380,294.05	53.46%	54,338,735.35
Net profit attributable to shareholders of the listed company after deduction of non-recurring gains and losses (Yuan)	84,931,560.68	45,920,252.23	84.95%	48,912,658.58
Net cash flow arising from operating activities (Yuan)	-12,453,523.82	-427,933,620.94	-97.09%	-122,530,546.70
Basic EPS (Yuan/Share)	0.0946	0.0616	53.57%	0.0692
Diluted EPS (Yuan/Share)	0.0946	0.0616	53.57%	0.0692

Weighted average ROE	5.19%	3.80%	1.39%	4.44%
	End of 2015	End of 2014	Year-on-year increase/decrease	End of 2013
Total assets (Yuan)	2,614,660,524.37	2,659,717,718.28	-1.69%	2,134,940,597.85
Net assets attributable to shareholders of the listed company (Yuan)	1,475,126,229.16	1,298,970,719.85	13.56%	1,250,224,375.08

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

VIII. Major Quarterly Financial Indexes

Unit: Yuan

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Operating income	191,029,218.56	183,525,917.05	194,784,480.30	277,336,268.42
Net profit attributable to shareholders of the listed company	21,348,553.12	13,557,580.49	7,280,509.44	32,160,825.24
Net profit attributable to shareholders of the listed company after deduction of non-recurring gains and losses	21,168,892.76	13,529,361.55	6,782,338.84	43,450,967.53
Net cash flow from operating activities	-37,829,627.54	-60,758,206.08	52,310,864.17	33,823,445.63

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

Yes No

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

Applicable Not applicable

Unit: Yuan

Item	Amount of 2015	Amount of 2014	Amount of 2013	Remarks
Gains and losses on disposal of non-current assets (including the write-off)	-257,269.63	6,475.34	1,810,628.46	Gains on disposal of fixed assets

Item	Amount of 2015	Amount of 2014	Amount of 2013	Remarks
of assets depreciation reserves)				
Government subsidies recorded into current gains and losses (except those closely related with corporate business and enjoyed according to national standards or certain quota)	980,956.24	1,554,585.78	1,117,834.72	Won the special subsidies issued by Futian District Bureau of Science and Technology Innovation of Shenzhen, won the special subsidies issued by Shenzhen Economic, Trade and Information Technology Commission, and won the discount loans issued by Futian District Bureau of Economic Promotion.
Fund appropriation charges for non-financial entities recorded into current profits and losses	3,414,955.63	700,000.00	581,000.00	
Transferred-back impairment provision for accounts receivable, for which separate impairment tests are carried out	469,871.93		3,022,045.29	
Trustee fee from entrusted operation	200,000.00	200,000.00	200,000.00	
Other non-operating income and expenses except the above-mentioned items	-13,043,897.59	498,449.6	1,212,506.81	① The house leased by Nanning SEG for developing the electronics market suffered from severe water seeping and leakage, so the operation of the market was severely impacted. In 2015, because of this incident, the potential compensation to be paid by Nanning Electronics Market because of the dispute of cancelling contract was estimated ② Suzhou SEG could not reach a final agreement with Suzhou Track Traffic Group Co. on the metro project. The opposite part submitted a case to the court. According to the result of the 1 st instance judgment, in 2015 the potential compensation to be paid by Suzhou SEG because of the dispute of cancelling contract was estimated
Less: Amount of affected income tax	-2,022,052.01	216,991.94	1,617,611.87	
Amount of influence of minority shareholders' equity (after tax)	-432,034.76	282,468.32	900,326.64	
Total	-10,689,470.19	2,460,041.82	5,426,076.77	--

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 3 Overview of Business

I. Main Business within Report Period

(I) Main business and operation model

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

Operation model: Developing the three commercial operation platform that focuses on electronics market, commercial real estate and Chuangpinhui, expanding externally to mainstream industries relating to electronic information industry and relevant industries, participating in the manufacturing and operation of relevant contents instead of only serving as a single commercial platform, and creating a combined type operation mode with multiple industries' interaction involving maker demonstration, children experience, culture and education, entertainment and sports, intelligent science and technology, and e-sports games.

(II) Competition situation and development trend

In recent years, the development of the Internet - particularly the rapid development of mobile Internet and popularity of terminal services - has profoundly influenced people's thinking mode, behavioral pattern, shopping mode and consumption customs. Meanwhile, the rapid development of e-finance, collection and application of big data, Internet of Things, cloud computing, e-commerce oligopoly and vertical segmentation of e-commerce market have created many new business models and changed consumption customs and impacted the traditional business model. Now the traditional business model cannot satisfy diversified consumption demands in modern times. The physical electronics market that adopts traditional business and service models is declining in the technological revolution and is suffering impact to certain extent.

Toady the science and technology are developing rapidly, the physical electronics market is developing from a single mode to a commercial combination of electronics, science and technology, culture, catering and entertainment. An experiential, interactive and social business operation model has become a mainstream of the electronics market.

The Company's main business is involved in perfectly competitive industries. Significant changes in the external market environment have brought more challenges to the Company's main business. The Company is urged to seek new strategic business and new profit growth points through intensional innovation and extensional expansion and alliance between giants to effectively strengthen core competences and promote the sustainable development.

(III) Industrial position

Through 27-year hardworking operation in electronics market industry, ith rich market business resources and mature market operation and management experience, the Company has developed a professional electronics market chain that covers the Pearl River Delta, the Yangtze River Delta, and even the entire country. 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.

II. Significant Changes in Main Assets

1. Significant Changes in Main Assets

Main assets	Description of Significant Changes
Equity	<p>(1) On January 9, 2015, the holding enterprise Huakong SEG of the Company privately issued 110 million shares to its controlling shareholder Shenzhen Warranty Assets Management Co., Ltd. The Company gave up private placement, so the shareholding proportion fell from 22.54% to 20.00%. Based on the shareholding proportion after alteration, the Company included RMB 102,284,520.03 in equity investment.</p> <p>(2) Huakong SEG increased capital investment of RMB 55,307,710.00 individually to the subsidiary Tsinghua Holdings Huamn Settlements Environment Institute on June 4, 2015. Based on purchase cost and the equity proportion newly acquired, the difference of net identifiable assets since the date of transaction is RMB 2,329,608.93 to decrease the "capital reserve-stock premium". Based on the shareholding proportion, the Company included RMB 465,946.64 to decrease in investment in Tsinghua Holdings Huamn Settlements Environment Institute.</p> <p>(3) Within the report period, Huakong SEG holding 20% shares and Shanghai SEG holding 35% shares made profit, jointly contributing RMB 1,203,800 to the Company's equity investment (cash dividends to Shanghai SEG deducted).</p>
Fixed assets	There is no significant change within the report period.
Intangible assets	Within the report period, the Company configured its financial accounting software Jindie EAS and put it into use, which was included in this item.
Construction in progress	Within the report period, LCD in the lobby of SEG Plaza was installed, which was included in this item.

2. Main Overseas Assets

Applicable Not applicable

III. Analysis of Core Competence

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

Shenzhen SEG Electronics Market operated by the Company has 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", "2014-2015 National Integrity Model Market" (awarded by the State Administration for Industry and Commerce) and "Top 10 Brands of Professional Markets Influencing China in Shenzhen" and so on.

At present, 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. Through 27-year hardworking operation in electronics market

industry, the Company possesses abundant resources of commercial tenant in market and mature experience in market operation and management, 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.

Confronted with the increasingly drastic market competition and a new business model featuring the Internet, the Company starts with "O2O" of the electronics market and e-commerce, and vigorously forges a compound business model that combines physical market, e-commerce and channels by e-commerce platform construction, retail channel development and physical shop sales. Meanwhile, the Company cooperates with famous Internet enterprises in "Internet+" combined type business mode by using background big-data management system based on SEG Market Management System (MIS) and SEG Universal and so on, and also based on "PC + mobile terminal", to forge a resource sharing platform that integrates businesses, suppliers, purchasers and consumers, thereby realizing "online+offline" interaction and resource integration.

In the times of "Public Makership and Mass Innovation", the Company makes the most of geographical location of Shenzhen SEG Electronics Market at Huaqiang North as well as the industrial advantages of electronics (for example, electronic components) hubs to give full play to its rich operational experience and industry position achieved over the past twenty-seven years. Through SEG International Maker Product Exhibit and Promotion Center, the Company advances from product and market terminals to the resource terminals level by level, and integrates the information from the resource terminal with the makership terminal, thereby creating new platform value for SEG and providing omnibearing one-stop solution and supporting service to SEG Makers' ecosphere for project stationing, experiment and development, project incubation, project demonstration, channel incubation, marking promotion, IPO coaching and so on. The Company will take advantage of its unique location, market, brand, resources and channels to invent and satisfy the demands of makers, advance capitalization and industrialization of maker products, fuel innovation energy of the physical electronics market, continuously extend and enrich the service value chain, and thereby promote transformation and upgrading and healthy development of the Company.

Chapter 4 Management Discussion and Analysis

I. Overview

In 2015, the world economy remains being profoundly adjusted, and China's economy witnesses the critical phase of restructuring and transformation. Trending decline of potential growth rate together with long-term structural and short-term periodical problems aggravates the economic downturn. On the other hand, confronted with the economic downturn, China continues proactive fiscal policies and stable monetary policies to boost the real economy, advances economic restructuring, emphasizes the power of consumption to promote economic growth, and advocates the concepts of "Public Entrepreneurship and Mass Innovation" and the "Internet+" to solve the problems of slowdown in economic growth as well as economic restructuring, transformation and upgrading by deepening reforms and innovation.

The Company has re-positioned its existing business according to its advantages and realities. In 2015, thanks to joint efforts made by the Company and investors, the Company witnessed stable growth and intensified efforts in industrial transformation and upgrading as well as operation model innovation.

During the report period, the Company achieved a total operating income of RMB 846,675,900, a 12.53% increase over the previous year, mainly due to: (1) substantial increase in the income of the small loan business; (2) substantial increase in the income of the microcredit; and (3) growth in the income of property rental and hotel business.

During the report period, the Company achieved a total profit of RMB 143,068,600, a 28.01% increase over the previous year, mainly due to: (1) increase in the income and profit of the small loan business; (2) Huakong SEG holding 20% shares made profit within the report period, contributing RMB 1,400,000 to investment income of the Company, while Huakong SEG suffered losses within the same period last year, which reduced the investment income of the Company.

II. Analysis of Main Business

1. Overview

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

(1) Operation of the electronics market (including maker platform and “Internet+” services)

In 2015, along with the rapid development of Internet and mobile Internet and the speedy popularity of terminal business, and the form of e-commerce oligopoly and vertical segmentation of e-commerce market, electronics market was impacted to certain extent.

Facing the fierce market competition and impact from new-type business mode, the Company focused on promoting the transformation and up-grading of the existing business, actively explored new business development mode and continuously enhanced the abilities of operation and innovation of the electronics market mainly run by the Company, through the methods of making the most out of users’ value, integrating various resources and establishing multi-channel profitability pattern and so on. In addition, the Company put forth effort to build new-type O2O operational platform in SEG electronics market through the strategic cooperation with popular web platform such as Taobao and Tmall and etc.

The Shenzhen Municipal Government plans to develop Huaqiang North into a maker center. Capturing this opportunity, the Company has established SEG International Maker Product Exhibition and Promotion Center based on its advantages, creating a segmented vertical O2O channel for SEG electronics market. With intelligent hardware and maker products as the core, the Company makes the best of its resource allocation capability, and connects upstream and downstream channels of the electronics market, finally creating its own platform value with SEG characteristics, which helps attract multi-tier consumers, compete against other electronics markets with diversified products, and promote transformation and upgrading. Meanwhile, during the development of SEG factory store, the Company digged and incubated sales channels of maker products, and promoted the construction and optimization of SEG maker ecosystem.

In the report period, the Company achieved operating revenue of RMB 350,190,000 from the business of electronics markets with an increase of 12% over the same period of the previous year, and a total profit of RMB

70,060,000 with a decrease of 9% over the same period of the previous year. The decrease results from the losses suffered by Nanning SEG.

(2) Businesses of property leasing service

In the report period, the property rental business of the headquarters and the Company's subsidiary SEG Baohua (holding 66.58% shares) continues to increase steadily.

Despite the depressing property lease environment in Huaqiang North district and the rising vacancy rate and rent drop of the surrounding office buildings, SEG Baohua kept the occupancy rate at 99% and above and maintained the highest rent among the office buildings in Huaqiang North district by improving the service level and quality of property management and taking effective business operation measures. In addition, the rent price was kept high among surrounding buildings in Huaqiang North and even with an increase comparing with the previous year.

In the report period, the Company's property rental service yielded a total operation income of RMB 64,940,000, a year-on-year decrease of 2%, and a total profit of RMB 23,860,000, a year-on-year increase of 2%.

(3) Trade and channel service

In the report period, the Company's wholly-owned subsidiary SEG Industry operated its trade and channel service in good condition, with a dramatic increase in each economic index over the same period of the previous year. 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 number of terminal retail shops increased by 3.

In the report period, the Company's trade and channel service achieved a total operating income of RMB 264,300,000, a 14% increase over the previous year, mainly due to the increase of trade purchase agency, mobile phone distribution and communications distribution business over the previous year.

(4) Electronic commerce

In the report period, the SEG E-commerce achieved a total operating income of RMB 35,580,000, a 24% decrease over the previous year, total revenue of 98,000 Yuan, a 93% decrease over the previous year, mainly due to the decrease of the supply chain service 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 to the related departments for equity transfer, and auditing and evaluation are in progress. However, as there are outstanding debts between SEG E-commerce and the Company, equity transfer can be continued only after the debts are settled. The Company will timely disclose the related information according to the specific progress.

(5) Microcredit

SEG Microcredit, a subsidiary controlled by the Company (holding 53.02% shares), operated in good condition within the report period, with a dramatic increase in each economic index over the same period of the previous year. 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 and other supply chain finance 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 RMB 105,140,000, a 48% increase over the previous year, a total revenue of RMB 46,750,000, an 18% increase over the previous year, mainly due to the increase of the loan scale and loan interests over the previous year.

(6) Hotel

The Company's hotel includes Changsha Branch of Chengguo Hotel, Xingsha Branch of Chengguo Hotel, and Bao'an Branch of Chengguo Hotel, which offer accommodation, catering, and conference services. Xingsha Branch of Chengguo Hotel invested in the second half of 2014 operated stably in 2015, and contributed to hotel business growth for the Company.

In the report period, the Company achieved from its hotel business a total operating income of RMB 26,520,000, a 10% increase over the previous year, a total profit of RMB 2,090,000, an 8.29% increase over the previous year, mainly due to the increase in the number of hotels.

2. Income and Cost

(1) Formation of operating income

Unit: Yuan

	2015		2014		Year-on-year increase/decrease (%)
	Amount	Percentage of total operating income	Amount	Percentage of total operating income	
Total operating income	846,675,884.33	100%	752,414,741.06	846,675,884.33	100%
Classified by industry					
Electronics market operation and property leasing	415,127,517.70	49.03%	378,687,526.55	50.33%	9.62%
Trade	264,303,143.71	31.22%	231,763,054.54	30.80%	14.04%
Hotel	26,523,482.58	3.13%	24,114,841.00	3.20%	9.99%
(3). E-commerce	35,579,532.94	4.20%	46,778,498.90	6.22%	-23.94%
Finance	105,142,207.40	12.42%	71,070,820.07	9.45%	47.94%
Classified by product					
Region					
Shenzhen	625,255,412.68	73.85%	550,831,410.15	65.06%	13.51%
Xi'an	59,688,953.13	7.05%	54,408,611.06	6.43%	9.70%
Su Zhou	79,040,494.44	9.34%	56,137,670.38	6.63%	40.80%
Changsha	39,091,884.16	4.62%	32,771,338.47	3.87%	19.29%
Nanjing	32,421,829.58	3.83%	40,176,866.63	4.75%	-19.30%
Foshan	2,474,556.31	0.29%	2,331,170.63	0.28%	6.15%
Nanning	1,623,611.29	0.19%	10,572,085.86	1.25%	-84.64%
Wuxi	7,079,142.74	0.84%	5,185,587.88	0.61%	36.52%

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

√ Applicable □ Not applicable

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 market operation and property leasing	415,127,517.70	301,511,104.70	27.37%	9.62%	12.89%	-2.10%
Trade	264,303,143.71	260,773,559.46	1.34%	14.04%	13.97%	0.07%
Hotel	26,523,482.58	22,255,148.18	16.09%	9.99%	23.80%	-9.36%
(3). E-commerce	35,579,532.94	24,989,821.48	29.76%	-23.94%	-40.79%	19.98%
Finance	105,142,207.40	8,533,082.37	91.88%	47.94%	75.38%	-1.27%
Region						
Shenzhen	625,255,412.68	423,538,888.25	32.26%	13.51%	10.16%	2.06%
Xi'an	59,688,953.13	43,478,512.32	27.16%	9.70%	8.00%	1.15%
Su Zhou	79,040,494.44	75,535,558.83	4.43%	40.80%	38.45%	1.61%
Changsha	39,091,884.16	27,686,044.38	29.18%	19.29%	0.10%	13.58%
Nanjing	32,421,829.58	33,873,081.64	-4.48%	-19.30%	-7.80%	-13.04%
Shunde	2,474,556.31	2,314,003.45	6.49%	6.15%	2.08%	3.73%
Nanning	1,623,611.29	6,134,780.83	-277.85%	-84.64%	-36.86%	-285.95%
Wuxi	7,079,142.74	5,501,846.49	22.28%	36.52%	4.14%	24.16%

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

□ Applicable √ Not applicable

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

□ Yes √ No

(4) Performance of executed major sales contracts as of this report period

□ Applicable √ Not applicable

(5) Formation of operating cost

Industry classification

Unit: Yuan

Industry	Item	2015	2014	Year-on-year
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classification		Amount	Percentage of operating cost	Amount	Percentage of operating cost	increase/decrease (%)
Electronics market operation and property leasing	Lease and property costs	99,519,264.28	33.01%	92,118,558.40	34.49%	8.03%
Electronics market operation and property leasing	Total remuneration for employees	73,123,516.29	24.25%	71,127,699.88	26.63%	2.81%
Electronics market operation and property leasing	Depreciation and amortization	29,266,499.62	9.71%	30,331,273.28	11.36%	-3.51%
Electronics market operation and property leasing	Market and property service costs	75,217,006.81	24.95%	73,064,579.48	27.36%	2.95%
Electronics market operation and property leasing	Retail goods sales cost	24,384,817.70	8.09%	440,050.85	0.16%	5441.36%
Electronics market operation and property leasing	Total	301,511,104.70	100.00%	267,082,161.89	100.00%	12.89%

Unit: Yuan

Product category	Item	2015		2014		Year-on-year increase/decrease (%)
		Amount	Percentage of operating cost	Amount	Percentage of operating cost	
Trade	Goods sales cost	260,773,559.46	100.00%	228,817,359.36	100.00%	13.97%

Industry classification	Item	2015		2014		Year-on-year increase/decrease (%)
		Amount	Percentage of operating cost	Amount	Percentage of operating cost	
Finance	Lease cost	664,432.82	7.79%	620,955.52	12.76%	7.00%
Finance	Financial service cost	7,868,649.55	92.21%	4,244,413.96	87.24%	85.39%

Industry classification	Item	2015		2014		Year-on-year increase/decrease (%)
		Amount	Percentage of operating cost	Amount	Percentage of operating cost	

Industry classification	Item	2015		2014		Year-on-year increase/decrease (%)
		Amount	Percentage of operating cost	Amount	Percentage of operating cost	
E-commerce	Total remuneration for employees	1,248,958.81	5.00%	1,721,073.48	4.08%	-27.43%
E-commerce	Sales cost	16,457,203.37	65.86%	25,449,032.36	60.30%	-35.33%
E-commerce	Promotion expenses	2,562,768.35	10.26%	3,375,883.77	8.00%	-24.09%
E-commerce	Customs declaration and property service expenses	2,058,226.13	8.24%	7,455,094.45	17.67%	-72.39%
E-commerce	Others	2,662,664.82	10.65%	4,201,100.68	9.95%	-36.62%

Industry classification	Item	2015		2014		Year-on-year increase/decrease (%)
		Amount	Percentage of operating cost	Amount	Percentage of operating cost	
Hotel	Total remuneration for employees	5,458,034.64	24.52%	5,190,604.03	28.87%	5.15%
Hotel	Depreciation and amortization	3,577,343.55	16.07%	3,590,428.65	19.97%	-0.36%
Hotel	Administrative fee	597,774.92	2.69%	596,888.64	3.32%	0.15%
Hotel	Lease cost	8,199,833.24	36.84%	8,202,585.69	45.63%	-0.03%
Hotel	Others	4,422,161.83	19.87%	396,875.30	2.21%	1014.24%

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

Yes No

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

Applicable Not applicable

(8) Information on main customers and main suppliers

Information about the Company's major customers

Sales amount of top 5 customers (Yuan)	259,258,237.07
Percentage of the total sales amount of top 5 customers to the annual sales	30.62%

Information about top 5 customers

No.	Customer Name	Sales amount (Yuan)	Percentage of the annual sales amount
1	Shenzhen Runneng Digital Co., Ltd.	120,891,901.16	14.28%

No.	Customer Name	Sales amount (Yuan)	Percentage of the annual sales amount
2	Shenzhen Wonder Industry Co., Ltd.	59,270,803.34	7.00%
3	Shenzhen Comnet Technology Co., Ltd.	33,381,639.00	3.94%
4	Shenzhen Nanfang Yunhe Technology Co., Ltd.	32,219,754.72	3.81%
5	Beijing Botai Yongxin Scientific and Technological Development Co., Ltd.	13,494,138.85	1.59%
Total	--	259,258,237.07	30.62%

Other information on main customers

Applicable Not applicable

Information about major suppliers

Total purchase amount of top 5 suppliers (Yuan)	218,317,113.43
Percentage of the total purchase amount of top 5 suppliers to the annual purchase	35.32%

Information about top 5 suppliers

No.	Name of supplier	Purchase amount (Yuan)	Percentage of the annual purchase
1	Shenzhen Shuojian Industry Co., Ltd	146,858,533.11	23.76%
2	Nanjing Yunde Investment and Development Co., Ltd.	23,119,020.12	3.74%
3	Beijing Hengsha Science and Technology Co., Ltd.	19,439,652.52	3.15%
4	Tonmac International Electronics (Suzhou) Co., Ltd	16,024,907.88	2.59%
5	Xi'an Gaoke (Group) New West China Industrial Development Co., Ltd	12,874,999.80	2.08%
Total	--	218,317,113.43	35.32%

Other information on main suppliers

Applicable Not applicable

3. Expense

Unit: Yuan

	2015	2014	Year-on-year increase/decrease (%)	Description of significant changes
Sale expenses	4,585,434.23	2,149,313.48	113.34%	In the report period, the newly established sales office of Nantong SEG Times Square incurred expenses of RMB 2,420,000, while this project was not opened in the same period of the previous year.
Management expenses	44,222,779.09	45,406,128.22	-2.61%	

	2015	2014	Year-on-year increase/decrease (%)	Description of significant changes
Financial cost	3,564,776.76	9,168,643.60	-61.12%	(1) In the report period, financing amount was reduced, and interest rate decreased, which reduced the financing cost. (2) The proportion of loan used in Nantong SEG Times Square increased, so the amount of capitalized interests increased accordingly.

4. Investment in research and development

Applicable Not applicable

During the report period, the company's R&D expenditure is mainly used for the construction, upgrade, and maintenance of segbuy.com and SEG Universal. The investment will further help to improve the Company's e-business platform to improve the viability and competitiveness of the Company.

Investment in research and development

	2015	2014	Percentage of change
Number of R&D staff (Person)	0	0	0.00%
Percentage of R&D staff	0.00%	0.00%	0.00%
Amount invested in research and development (Yuan)	659,249.00	1,136,073.70	-41.97%
Ratio of investment in research and development to operating income	0.09%	0.17%	-0.08%
Amount of capitalized investment in research and development (Yuan)	0.00	0.00	0.00%
Ratio of capitalized amount to total investment in research and development	0.00%	0.00%	0.00%

Reason for significant change in ratio of total investment in research and development to operating income over the previous year

Applicable Not applicable

Reason for significant change in rate of capitalization of investment in research and development and description of its rationality

Applicable Not applicable

5. Cash Flow

Unit: Yuan

Item	2015	2014	Year-on-year increase/decrease (%)
Subtotal of cash inflow from operating activities	2,188,033,814.36	2,439,133,722.87	-10.29%

Item	2015	2014	Year-on-year increase/decrease (%)
Subtotal of cash outflow in operating activities	2,200,487,338.18	2,867,067,343.81	-23.25%
Net cash flow from operating activities	-12,453,523.82	-427,933,620.94	
Subtotal of cash inflow from investing activities	2,264,549,143.15	3,997,632,856.03	-43.35%
Subtotal of cash outflow in investing activities	2,172,173,875.73	3,914,849,729.51	-44.51%
Net cash flow from investing activities	92,375,267.42	82,783,126.52	11.59%
Subtotal of cash inflow from financing activities	442,000,000.00	678,352,371.12	-34.84%
Subtotal of cash outflow in financing activities	628,455,033.90	286,738,699.97	119.17%
Net cash flow arising from financing activities	-186,455,033.90	391,613,671.15	-147.61%
Net increase in cash and cash equivalents	-106,533,251.60	46,463,186.89	-329.29%

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

√ Applicable □ Not applicable

- The reason for a 10.29% year-on-year decrease in the sub-total of operating cash inflow in the report period is that the subsidiary SEG E-commerce witnessed a decline in supplier chain business within the report period and that cash inflow decreased accordingly.
- The reasons for a 23.25% year-on-year decrease in the sub-total of operating cash outflow in the report period:
 - ① The subsidiary SEG E-commerce witnessed a decline in supplier chain business within the report period and the cash paid decreased.
 - ② During the report period, the cash outflow of Nantong SEG estate subsidiary decreased over the same period of the previous year.
- During the report period, the net amount of cash flow incurred in operation increased over the same period of the previous year. The reason is that the cash outflow in operation decreased for the above-mentioned reasons and that the amount of such decrease exceeds that in cash inflow in operation during the same period.
- The reasons for a 43.35% year-on-year decrease in the sub-total of investment cash inflow in the report period is that the amount of bank investment decreased.
- The reasons for a 44.51% year-on-year decrease in the sub-total of investment cash outflow in the report period is that the amount of bank investment decreased and that the received investment fund decreased accordingly.

6. Net cash flow arising from investing activities has a year-on-year increase during the report period because the bank financial investment recovered is higher than the external investment size and the income received from bank financial investment increased.

7. The reasons for a 34.84% year-on-year decrease in the sub-total of financing cash inflow in the report period are that the amount of acquired bank loans and financing bonds decreased.

8. The reasons for a 119.17% year-on-year increase in the sub-total of financing cash outflow in the report period is that the total amount of acquired bank loans and financing bonds increased.

9. The reasons for a 147.61% year-on-year decrease in the net amount of financing cash flow in the report period are that the scale of financing declined.

10. Increase or decrease in increased cash or cash equivalent in the report period is co-caused by the reasons described in Items 3, 6, and 9.

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

Applicable Not applicable

The reason for the big difference between the cash flow arising from operating activities and the annual net profit in the report period is that cash outflow of the subsidiary the Nantong SEG estate formed inventory, which did not increase net profits within the report period.

III. Analysis of Non-major Business

Applicable Not applicable

Unit: Yuan

	Amount	Percentage of total profit	Reason	Sustainable or not
Investment income	17,647,493.77	12.33%	Financial income and income from investment in joint ventures	Partially sustainable
Asset impairment	5,095,364.09	3.56%	Impairment provision for loans and advances issued by subsidiary SEG CREDIT	Partially sustainable
Non-operating income	2,367,546.40	1.65%	Government subsidies and liquidated damages	Partially sustainable
Non-operating expenses	14,687,757.38	10.27%	During the report period, Suzhou SEG paid lawsuit compensation and such payment was estimated.	Unsustainable

IV. Assets and Liabilities

1. Significant Changes in Asset Formation

Unit: Yuan

	End of 2015		End of 2014		Increase/decrease	Description of significant changes
	Amount	Percentage of total assets	Amount	Percentage of total assets		
Monetary funds	276,863,429.10	10.59%	383,056,680.70	14.40%	-3.81%	
Accounts receivable	98,212,422.87	3.76%	185,866,040.16	6.99%	-3.23%	
Inventory	450,809,934.72	17.24%	278,281,586.72	10.46%	6.78%	
Investment properties	443,851,726.40	16.98%	462,562,882.78	17.39%	-0.41%	
Long-term equity investment	185,122,573.88	7.08%	82,100,197.01	3.09%	3.99%	
Fixed assets	37,524,425.25	1.44%	41,408,298.43	1.56%	-0.12%	
Construction in progress	140,810.00	0.01%		0.00%	0.01%	
Short-term borrowing	367,759,630.48	14.07%	189,246,687.38	7.12%	6.95%	

2. Assets and liabilities measured based on fair value

Applicable Not applicable

V. Investment

1. General

Applicable Not applicable

Investment in the report period (Yuan)	Investment over the same period of the previous year (Yuan)	Increase/decrease (%)
171,899,357.22	218,410,000.00	-21.22%

2. Significant equity investment within report period

√ Applicable □ Not applicable

Unit: Yuan

Investee name	Main business	Investment mode	Investment amount	Shareholding percentage	Source of capital	Partner	Investment horizon	Product Type	Progress as of the date of Balance Sheet	Projected income	Investment profits and losses of the current period	Lawsuite involved	Disclosure date (if any)	Disclosure Index (if any)
Announcement of Shenzhen SEG Investment Management Co., Ltd.	Investment management, investment real industry, investment consultation, financial consultation, industrial investment funds management, makership investment funds management, equity investment management	Newly-established	10,000,000.00	100.00%	Self-owned capital	None	Not applicable	Investment funds management	None	0.00	0.00	No	December 30, 2015	CNINF http://www.cninfo.com.cn <i>Announcement about Establishment of Shenzhen SEG Investment Management Co. Ltd.</i>
Total	--	--	10,000,000.00	--	--	--	--	--	--	0.00	0.00	--	--	--

3. Significant non-equity investment in progress within report period

√ Applicable □ Not applicable

Unit: Yuan

Project name	Investment mode	Fixed assets investment?	Industries involved in investment	Amount of investment during this report period	Accumulated amount invested as of the end of this report period	Source of capital	Progress	Projected income	Accumulated income as of the end of this report period	Reasons for failure to achieve the plan schedule objective and expected income	Disclosure date (if any)	Disclosure Index (if any)
Nantong SEG Times Square	Self-constructed?	No	Real estate	171,899,357.22	448,858,750.91	Self-owned capital and bank loans		0.00	-6,188,279.12	Not applicable		
Total	--	--	--	171,899,357.22	448,858,750.91	--	--	0.00	-6,188,279.12	--	--	--

4. Financial assets investment

(1) Security investment

√ Applicable □ Not applicable

Unit: Yuan

Stock type	Stock code	Short form of the security	Initial investment cost	Accounting measurement mode	Opening book value	Gains and losses from fair value changes in the current period	Accumulative change of fair value counted into equity	Amount of purchase in the current period	Amount of sales in the current period	Gains and losses in the report period	Closing book value	Accounting item	Source of capital
Domestic and overseas shares	600778	Youhao Group	90,405.00	Measurement of fair value	554,642.62	0.00	189,937.79	0.00	0.00		744,580.41	Available-for-sale financial assets	Self-owned capital

Stock type	Stock code	Short form of the security	Initial investment cost	Accounting measurement mode	Opening book value	Gains and losses from fair value changes in the current period	Accumulative change of fair value counted into equity	Amount of purchase in the current period	Amount of sales in the current period	Gains and losses in the report period	Closing book value	Accounting item	Source of capital
Domestic and overseas shares	000068	Huakong SEG	279,307,046.38	Measurement of cost method	78,523,408.83	0.00	101,818,573.39	0.00	0.00	1,401,178.85	181,743,161.07	Other assets	Self-owned capital
Domestic and overseas shares	832770	SEG Navigations	8,275,321.43	Measurement of cost method	13,515,392.83	0.00		0.00	0.00	750,000.00	13,515,392.83	Available-for-sale financial assets	Self-owned capital
Other securities invested at the end of period				--					0.00			--	--
Total			287,672,772.81	--	92,593,444.28	0.00	102,008,511.18	0.00	0.00	2,151,178.85	196,003,134.31	--	--

(2) Investment of derived products

Applicable Not applicable

No investment in derivatives is involved within the report period.

5. Use of the collected capital

Applicable Not applicable

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

VI. Sales of Major Assets and Equity

1. Sales of Major Assets

Applicable Not applicable

No major asset sales are involved in the report period.

2. Sales of Major Equity

□ Applicable √ Not applicable

VII. Analysis of Controlling and Holding Companies

√ Applicable □ Not applicable

Information on main subsidiaries and holding companies with more than 10% influences on the Company's net profits

Unit: Yuan

Company name	Company Type	Main business	Registered Capital	Total assets	Net Assets	Operating income	Operating Profit	Net profit
Wujiang SEG	Subsidiary	Operation and management of professional electronics market	3,000,000.00	21,284,118.57	4,507,264.36	14,557,817.51	1,557,532.38	1,294,311.28
Wuxi SEG	Subsidiary	Operation and management of professional electronics market	3,000,000.00	12,180,152.44	3,945,310.68	7,079,142.74	1,561,015.08	1,254,297.87
Nantong SEG	Subsidiary	Development and operation of real estate	30,000,000.00	496,111,485.13	23,811,720.88		-3,611,015.41	-3,578,015.98
Nanning SEG	Subsidiary	Operation and management of professional electronics market	8,000,000.00	1,759,691.34	-881,062.28	1,623,611.29	-4,740,544.72	-8,667,217.21
SEG E-Commerce	Subsidiary	E-commerce	48,000,000.00	235,625,802.19	7,960,975.57	35,579,532.94	-674,410.27	97,877.53
SEG Credit	Subsidiary	Micro-credit	150,000,000.00	519,089,420.44	190,007,937.67	77,554,704.11	46,750,090.02	35,003,585.70
SEG Baohua	Subsidiary	Property operation and management and hotel business	30,808,800.00	149,837,326.21	104,178,215.48	83,242,678.25	34,832,330.47	26,178,616.48
SEG Industry	Subsidiary	Channel retail terminal of electronic products and property operation and management	25,500,000.00	98,207,733.58	38,661,918.21	274,095,883.71	7,807,596.25	6,913,740.17
Xi'an SEG	Subsidiary	Operation and management of professional electronics market	3,000,000.00	46,795,150.81	16,930,015.72	39,424,062.40	12,218,974.34	10,424,310.91

Company name	Company Type	Main business	Registered Capital	Total assets	Net Assets	Operating income	Operating Profit	Net profit
Longgang SEG	Subsidiary	Operation and management of professional electronics market	3,000,000.00	27,721,592.72	7,598,986.93	10,553,765.58	2,623,440.68	1,984,703.82
Suzhou SEG	Subsidiary	Operation and management of professional electronics market	3,000,000.00	40,688,470.26	7,440,740.54	44,300,279.01	6,519,137.79	2,769,888.05
Changsha SEG	Subsidiary	Operation and management of professional electronics market	35,000,000.00	83,638,292.12	63,757,520.59	23,221,623.20	7,377,443.16	5,350,203.30
Xi'an Hairong SEG	Subsidiary	Operation and management of professional electronics market	3,000,000.00	27,235,772.09	5,223,325.28	20,264,890.73	2,389,659.27	2,152,901.11
Nanjing SEG	Subsidiary	Operation and management of professional electronics market	20,000,000.00	28,986,700.38	8,989,546.45	32,421,829.58	-3,011,470.00	-2,869,425.38
Suzhou SEG Digital	Subsidiary	Operation and management of professional electronics market	8,000,000.00	21,998,127.23	-2,543,191.96	34,740,215.43	-4,003,025.37	-3,996,481.53
Shunde SEG	Subsidiary	Operation and management of professional electronics market	6,000,000.00	4,996,901.03	3,159,222.55	2,474,556.31	12,150.64	43,916.14
Nantong SEG Commercial Operation	Subsidiary	Property Operation	5,000,000.00	796,227.61	-472.97		-406.13	-406.13
Huakong SEG	Shareholding company	Manufacturing and operation of color picture tube (CPT), CPT materials, and glass apparatus	1,006,671,464.00	757,877,879.31	662,394,969.60	170,618,870.76	-599,926.54	8,133,783.50
Shanghai SEG	Shareholding company	Operation and management of professional electronics market	5,000,000.00	21,112,291.39	10,364,443.80	8,283,156.47	933,616.52	864,641.80
SEG Navigations	Shareholding company	SEG GPS products manufacturing and operation network service	60,000,000.00	372,367,978.78	203,933,390.54	232,971,791.13	-6,211,307.94	5,828,366.52

Information on controlling and holding companies

1. In the report period, the operating income of Nanjing SEG decreased by 19.30% over the previous year mainly because some customers withdrew and resulted in more empty stalls, the Phase IV market ended at the end of October 2014 and resulted in zero income in 2015. As a result, operating income significantly decreased and Nanjing SEG suffered losses in the report period.
2. In the report period, the house leased by Nanning SEG for developing the electronics market suffered from severe water seeping and leakage, which seriously affected operation of the market and resulted in a decrease of 84.64% in operating income in the report period. Nanning SEG has filed a lawsuit against the property lesser. The original decoration expenses of previous years can no longer be amortized according to the benef years, so they one-off transferred into non-business expenditures as losses, making Nanning SEG suffered great losses in the current period.
3. In the report period, Suzhou SEG Digital witnessed a dramatic increase in operating income mainly because the operation of the company increased operating income since this company started its formal operation in September 2014..
4. In the report period, total profits of Xi'an Hairong SEG increased by 41.47% over the previous year mainly because of many factors, such as the market gradually matured, rents for some stalls were raised, and income from investment in financing products also increased, making Xi'an Hairong SEG witnessed a dramatic rise in total profits comparing to that of previous year..
5. In the report period, Wuxi SEG witnessed an increase of 36.52% in its operating income over the previous year as well as a turnaround of total profits. Wuxi SEG opened at the end of March 2014. Rental income of the previous year was accumulated for only three quarters, while the rental income in 2015 was accumulated for four quarters. Therefore, the operating income increased over the previous year. The increase in operating income and financial product investment income greatly raised the total profit over the previous year.
6. In the report period, Changsha SEG witnessed a year-on-year increase of 38.66% in the total profit mainly because the company operated stably and fiscal expenses decreased year-on-year. The fiscal expenses decreased mainly because Changsha SEG paid back its parent company the decoration loans together with principal and it paid no interest in the report period.
7. In the report period, SEG E-commerce witnessed a 24% decrease in operating income and a 93% decrease in the total profit over the previous year mainly because of reduction of supplier chain business in the 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 to the related departments for equity transfer, and auditing and evaluation are in progress. However, because there was outstanding debt existing between SEG E-commerce and the Company, the relevant work can be carries out only after the outstanding debt has been settled. The Company will timely perform the duty for information disclosure according to the actual progress of this issue.
8. In the report period, SEG Industry witnessed a 24% decrease in operating income and a93% decrease in the total profit over the previous year mainly because of reduction of supplier chain business in the 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 to the related departments for equity transfer, and auditing and evaluation are in progress.

In the report period, SEG Industry witnessed a 128.31% increase year-on-year in the total profit mainly because the income from investment in SEG CREDIT increased.

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

Applicable Not applicable

Company name	Mode of acquisition and disposal of subsidiaries in the report period	Impact on the overall production and performance
Shenzhen SEG Investment Management Co., Ltd.	Investment, newly-established	Net profits of the current period are not affected.

VIII. Information on Structural Entity Controlled by the Company

Applicable Not applicable

IX. Outlook of future development of the Company

(I) Future development planning of the Company

1. With the development of electronic information industry in China, the electronics market industry maintains a rapid growth in recent years and market functions are expanded. According to statistics of Wind, by the end of 2014, China has 154 electronics markets with the scale of 100 million Yuan in total and the total turnover amounted to 97.205 billion Yuan.

The booming e-commerce in the context of mobile Internet has a considerable impact on the electronics markets. The trade share of the physical electronics market is squeezed, causing considerable pressure on market operation. The electronics market industry hits its bottleneck currently and presses for transformation and upgrading.

2016 will be a critical year for transformation and upgrading of the Company. Though electronics markets of the Company have maintained a rapid growth in recent years, to deal with the impact of e-commerce, the Company shall transform and upgrade the traditional electronics markets by further expanding the industry chains and enriching the industry products and service. This is specifically embodied in "three transformations": firstly, transformation from a single electronic trading platform and commercial real estate platform to an integrated industry platform for comprehensive makers' ecology, culture and education, intelligent science and technology, sports and entertainment, virtual experience, Internet games and financial services, etc. and from the operation of single business platform to the manufacturing and operation of relevant content; secondly, the Company's rapid transformation of enterprises engaged in electronics markets from a single tenancy role to platform operator and service provider engaged in integration of on-line and off-line resources; thirdly, based on the business resource platform of electronics markets and commercial real estate business, the Company shall support innovative business development, strive to build an international maker platform with SEG characteristics, develop a whole-industry chain layout, and expand innovative fields such as electronic information products and intelligent electronic applications, and financial service in the supply chain.

2. The annual project investment plan in 2016 focuses on the transformation and upgrading of the Company which is expected to be RMB 326,700,000 in total.

Unit: RMB ten thousand Yuan

No.	Project name	2016 Plan	Remarks
1	New investment project	18,570	For new investment in the innovative development business
2	Nantong SEG Times Square	14,100	The key tasks of Nantong SEG Times Square project in 2016 are the completion of construction and delivery with safety and high quality and completion of the construction of Nantong Animation Industry Base project and the preliminary tender-invitation for the opening of the animation industrial park and business. The new investment in 2016 is expected to be RMB 141,000,000.
	Total	32,670	

(II) Completion Result of Main financial budget and investment plan of 2015:

1. The Company released Announcement of Resolution of 6th meeting of the 6th Session of the Board of Directors on March 28, 2015, wherein main financial budget targets of 2015 was disclosed. The completion result is shown in the table below:

Unit: RMB ten thousand Yuan

Item	Actual amount of 2015	Budget target of 2015	Increase or decrease ratio based on the target
I. Total assets	261,466	274,522	-4.76%
II. Total liabilities	93,432	118,084	-20.88%
III. Owners' equity	168,034	156,438	7.41%
Including: Owners' equity attributable to the parent company	147,513	135,228	9.08%
IV. Asset-liability ratio (%)	35.73%	43.01%	-16.92%
V. Management expenses	4,422	5,176	-14.56%

The annual investment plan for 2015 focuses on the Company's main business, including the investments on the continued construction and land reserves of the entity electronic stores and Nantong SEG Times Square project, with a total expected investment of RMB 594,010,000. The completion result is shown in the table below:

Unit: RMB ten thousand Yuan

No.	Project name	2015 Investment completed	Investment planned in 2015	Details of completion
1	Construction of new electronics markets		2,000	Due to changes in the environment of electronics market industry, the risks of market operation increase and the Company slows down the construction of new electronics markets. In the reporting period,

No.	Project name	2015 Investment completed	Investment planned in 2015	Details of completion
				the Company has no investment in the construction of new electronics markets.
2	Commercial property reserve project		30,000	In the reporting period, this investment budget is not used because there is no proper land.
3	Nantong SEG Electronics Market and auxiliary project.	17,190	27,401	In consideration of the domestic real estate market trend, in order to reduce capital costs, the Company postponed the opening time of the project. In the reporting period, the investment progress is slowed down and the expected investment amount is not reached.
	Total		59,401	

(III) Review and summary of progress of the disclosed operation plan in the reporting period

In 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:

1. Reform of organizational structure and innovation of business mode

In order to adapt to the change of external business environment and customers' demand, the Company sped up the steps of business transformation and innovation. For this purpose, the Company has adjusted the original organizational structure in the first half of 2015. The new organizational structure is featured by flexible organizational structure and matrix management, a combination of the "fixation and flexibility", which helps the company respond quickly to changes in demands of market, technology and users and improve the efficiency of operational decision-making.

At the same time, the Company has introduced the business project system and encourages the integration of tradition and modernism and the integration of online and offline. By utilizing resources in the global platform, the Company actively cultivates the makership culture to stimulate the creativity of employees, promotes the optimized distribution of all kinds of elements and resources.

2. Development of new markets and exploration of new business modes in the electronics market

(1) In the current environment, the Company uses the asset-light model to explore new markets. In the reporting period, the Company has completed the signing of the Tangshan SEG and Nanchang SEG entrust management projects.

(2) Electronics markets all over the country have been promoting the business transformation and upgrading, improving the market core competitiveness, searching for rich promotion channel, increasing investment, enhancing service innovation, optimizing and strengthening internal management, improving the quality and benefits of management.

(3) While the original business mode and the market competitiveness are maintained, electronics markets all over the country actively carry out business innovation and explore new profit model. For example, "Community Store" project in Xi'an SEG, "Dream House" project in Suzhou SEG Digital, and "S-mart Lifestyle House" project in Suzhou SEG, and "SEG Internet Cafe" in headquarters and so on.

3. Orderly advance of the commercial real estate project

The Nantong SEG Times Square project has obtained the sales licenses of three tower buildings (mainly SOHO and LOFT office areas) and commercial podium buildings respectively in March 2015 and July 2015. The permitted total construction area for pre-sale is 99,133.63 m².

To improve the attractiveness and competitiveness of the entire project, the Company is building the first animation industry maker base in China, together with Nantong municipal government, Gangzha district government, Kungfu Animation Company, venture capital institutions, and universities and colleges. On June 18, 2015, Nantong SEG Times Square is formally awarded "Nantong Animation Industry Base". As of the date of disclosure of this report, over 10 animation enterprises have entered into settlement agreements with the Company.

Within this report period, the decoration of commercial podium buildings has been completed. In the reporting period, the Company has been digging into the advantages and selling points of the project, enhanced the promotion, expanded the market, optimized the business planning and orientation, and achieved differentiated investment. Currently, anchor stores have entered and started decoration.

Nantong SEG Times Square will be built into a commercial complex with SEG characteristics integrating children's animation, cultural education and Internet games as a whole.

4. Research and promotion of 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. However, in view of the restriction of either party, no specific agreement on this cooperation project has been reached so far.

(2) The Company set up "SEG Chuangpinhui" and built SEG International Maker Product Exhibition and Promotion Center to build the maker industry ecosystem with SEG characteristics.

In the national strategy context of "Public Entrepreneurship and Mass Innovation", the Company built SEG International Maker Product Exhibition and Promotion Center based on mature brand and platform resources. With its advantages in region, brand, supporting facilities and operation, the Company expands business by means of maker product exhibition, O2O channel creation and resource integration, which creates a new development space and area for its upgrading and transformation and sustainable development in the future.

In August 2015, the Company set up SEG Chuangpinhui Branch through investment. As one of the major projects of CHFT, SEG Chuangpinhui successfully started business in November 2015.

SEG Chuangpinhui principally provides services to the global makers' space and makers, mainly divided into four functional areas. i.e. product display and transaction area, route-show and distribution area, in-site service and communication and leisure area, and focusing on makers' innovative products in intellectual hardware area, including various categories such as unmanned plane, robot, 3D printer, VR experience, intellectual wearing,

innovative digital products, solution demonstration, open source software and so on, exert itself to becoming the wind vane of global intellectual hardware science and technology, and building the dreaming palace of globe makers and the paradise of innovators and the everlasting global innovative product exhibition.

SEG Chuangpinhui takes makers' innovative products as its core and the operational mode of being makers' innovative product presentation center, building internationalized promotion and transaction center, achieving O2O interactive experience and promoting nation-wide chains as its development direction. SEG Chuangpinhui combines innovation with display and display, provides makers with comprehensive services including product release, display, route-show, promotion, transaction, mass-funding, financing and makers' communication and training and so on, helps the industrialized development of makers' products, as well as pushes the deep integration of industry chain and innovation chain at the same time so as to decrease the cost of "Public Entrepreneurship and Mass Innovation".

Within a short period of several months, SEG Chuangpinhui has already attracted a number of international and domestic famous brands and makers' innovative products to station here gathered over 300 kinds of brand products, held more than 20 meetings for route-show, academic exchange and product release, entertained above 40 times of the visits from leaders at various levels, industries and enterprises, and achieved extensive influence and sound social demonstration effects. So, its brand effect is becoming increasingly obvious day by day.

(3) The Company invested and established Shenzhen SEG Investment Management Co., Ltd.

In the reporting period, in order to build the complete maker industry ecosystem, based on its geographic advantages in electronics markets and Huaqiang North area and years of industry experience and integration capacity in the electronic Information Industry, relying on the resource advantage of maker service platform such as SEG International Maker Product Exhibition and Promotion Center, the Company invested and established a wholly-owned subsidiary Shenzhen SEG Investment Management Co., Ltd. for fund management business such as project investment, industry investment and VC.

(4) Innovative research on Internet finance

In the reporting period, SEG Credit ran well on the whole. While actively expanding business, SEG Credit carried out in-depth exploration and research on the new-type service mode of finance of purchase chain and Internet finance platform and so on, and has primarily entered into supply chain financial business.

5. Major asset restructuring

The Company launched a major asset restructuring program in November 2015 and its stock (SHEN SEG, SHEN SEG B, stock code: 000058, 200058) have been suspended since the opening of morning session on November 4, 2015. During suspension, the Company and relevant parties have been promoting major asset restructuring and regularly disclose the progress announcement according to relevant provisions. As of the date of disclosure of the report, the Company has disclosed the major asset restructuring plan. See Shenzhen SEG Co., Ltd. Plan on Assets Purchase and Collection of Supporting Funds based on Issue of Shares and Cash Payment & Associated Transaction (Revision) for details. Its stocks have been suspended since the opening of morning session on February 25, 2016. After resumption, the Company and relevant parties will continue to promote this major asset restructuring, prepare the restructuring report and perform relevant approval procedures.

According to the major asset restructuring plan, the Company plans to purchase 100% of equity of SEG Chuangyehui, 55% of equity of SEG Kang Le, 100% of equity of SEG Property, and 79.02% of equity of SEG Real Estate based on issue of shares and cash payment and issued private placement to no more than 10 specific investors.

After this major asset restructuring, based on integration of the existing resource platform, the Company will promote interactive development in combination of the commercial real estate and comprehensively improve the property value. The Company will build an O2O platform via e-commerce and a diversified SEG industry ecosystem. As a result, a new SEG with clear strategic orientation and leading position in the field will be formed.

After restructuring, the Company plans to expand multiple businesses in cultural education, intelligence, science and technology, sports and entertainment, Internet games and financial service. At the same time, based on its operation advantages in electronics market and commercial real estate business and advantages in Huaqiang North industrial clusters, the Company gives full play to the resource allocation function. The Company has built SEG Maker Center, SEG International Maker Product Exhibition and Promotion Center, SEG Maker Apartment and maker funds to dig into maker business ecosystem, facilitate maker groups with fundamental hardware technology, R & D and production supports and fund investment. Besides, the Company connects upstream and downstream manufacturers, promotes the capitalization and industrialization of innovations, boosts the rapid market application of technologies and products, stimulates innovation vitality of the market in order to build a new maker business ecosystem featured by an integration of "experimental development + incubation + marketing + supporting services" and promote the business development of the Company. In addition, based on vitalization of the existing electronics market, the Company has integrated the service advantages of electronics markets and customer resources to expand businesses in e-financial services, Internet e-commerce, financial services in the supply chain, intelligent hardware, virtual interactive experience and other industries, and optimize and integrate the business chain system. Based on the consumption experience, the Company makes use of online and offline channels and resources to carry out industry upgrading.

(IV) Main problems of business development

1. The booming e-commerce in the context of mobile Internet has a considerable impact on the electronics markets. The trade share of the physical electronics market is squeezed, causing considerable pressure on market operation. The electronics market industry hits its bottleneck currently and presses for transformation and upgrading.
2. The limited financing channels and deficient capital sources restricted the business development of SEG Credit. Meanwhile, due to impact of economic downward pressure and slow growth of all industries, the petty loan business is confronted with risks in sluggish growth to some extent and falling yields.
3. Due to a sharp increase in supply of domestic commercial real estate, some commercial real estate projects have problems such as poor operating, harsh homogeneous competition and rising regional bubble risks. In 2016, the inventory pressure of Nantong macro real estate market remains apparent, particularly office products, and the supply and demand ratio is still inclined toward the buyer's market. In light of the macro environment of the said commercial real estate at present and in the future, Nantong project has certain risks in investment sales and post-operation.
4. Lack of various professional talents will be highlighted in the transformation and upgrading of the Company.

(V) Focus of 2016

1. To accelerate the transformation and upgrading of strategic business; to build the maker service platform, financial service platform and e-market operation platform by integrating all physical or intangible resources and resources from other channels; and to promote the transformation of SEG electronics markets from the traditional rent-based profit model to the multi-channel platform profit model, at the same time, to expand the

strategic cooperation with the leading enterprises in relevant industries and to actively pursue the strategic partner with strong complementarity which not only complies with the Company's strategic development, direction but also exert respective advantages, so to constantly strengthen self core competence and profitability.

2. To complete the examination and approval procedures and implementation of new projects.
3. To further develop "SEG Chuangpinhui" based on the operation strategy of "SEG maker ecosystem", to enhance strategic cooperation with famous enterprises or maker platforms, to focus on creation of the influence of SEG maker platform, to find a suitable platform business model, to expand the popularity of the platform, and to improve resource integration capacity of the platform.
4. Speed up the work of attracting investment and sales of Nantong SEG Times Square project.
5. In the social context that "Internet plus" and inclusive finance system have been major policies of the central government, SEG Credit should take advantage of such opportunities to carry out transformation and upgrading. For example, SEG Credit should focus on Internet-based business and the mobile end, try to use big data risk control technology, exploit specific markets, bring in innovative talents, and ultimately improve efficiency and reduce costs.
6. Actively promote the major asset restructuring. (Refer to Chapter 4 "Management Discussion and Analysis", Clause 9 "Outlook of future development of the Company", Subclause III, Item 5.)
7. Accelerate the development of qualified personnel: To deepen reform and innovation in human resources management, talent cultivation and reservation and especially talent motivation.

(VI) Risk warning

The future development planning and investment plan mentioned above do not reflect the profit estimation of 2016 by the Company. The results depend on multiple factors such as changes in market condition, efforts of the operation team, and approval of relevant authority departments and great uncertainties exist. Investors shall pay special attention to it.

X. Statement of receipt of surveys, communication and visits

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

√ Applicable □ Not applicable

Time	Means	Type	Basic information on investigation
January 09, 2015	Phone call	Individual	Asked about the results of 29.51% equity listed for transfer, Warranty Assets Management Co., Ltd. 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	Phone call	Individual	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	Phone call	Individual	Asked about the results of 29.51% equity listed for transfer. The company answered that no related information about the SEG Group equity transfer was received. For details, please focus on the real-time notifications on the Shenzhen Stock Exchange website.
January 15, 2015	Phone call	Individual	Inquired why the share is not dramatically appreciated. The

Time	Means	Type	Basic information on investigation
			Company provided the basic information and regularly disclosed reports of the Company.
January 22, 2015	Phone call	Individual	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	Phone call	Individual	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	Phone call	Individual	Asked why the Huakong SEG Co., Ltd was suspended. The Company suggested the investor to consult the information from Deputy General Manager office.
January 30, 2015	Phone call	Individual	Asked why the Huakong SEG Co., Ltd was suspended. The Company suggested the investor to consult the information from Deputy General Manager office.
February 1, 2015	Phone call	Individual	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	Phone call	Individual	Inquired the number of shareholders till January 31. The Company provided the information released by the Securities Depository and Clearing Corporation.
February 5, 2015	Phone call	Individual	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	Phone call	Individual	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.
February 13, 2015	Phone call	Individual	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.
March 9, 2015	Phone call	Individual	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	Phone call	Individual	Inquired the number of shareholders till February 28. The Company provided the information released by the Securities Depository and Clearing Corporation.
March 13, 2015	Phone call	Individual	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	Phone call	Individual	Inquired the number of shareholders till March 15. The

Time	Means	Type	Basic information on investigation
			Company provided the information released by the Securities Depository and Clearing Corporation.
March 24, 2015	Phone call	Individual	Inquired the specific operating conditions in Q1. The Company suggested the investor to focus on the 2015 Q1 Report to be disclosed soon.
May 7, 2015	Phone call	Individual	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	Phone call	Individual	Inquired the number of shareholders till May 15. The Company provided the information released by the Securities Depository and Clearing Corporation.
May 25, 2015	Phone call	Individual	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	Phone call	Individual	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	Phone call	Individual	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	Phone call	Individual	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	Phone call	Institution	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.
June 3, 2015	Phone call	Individual	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	Phone call	Individual	Inquired whether the Company will disclose important public notice. The Company replied no information that needs to be disclosed is undisclosed.
June 25, 2015	Phone call	Individual	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	Phone call	Individual	Inquired whether the Company will disclose important public notice. The Company replied no information that needs to be disclosed is undisclosed.
July 2, 2015	Phone call	Individual (20)	Inquired about operation of the Company and whether

Time	Means	Type	Basic information on investigation
			continuous drop of the stock price was caused by abnormalities. The Company returned to normal without any information that should have been disclosed.
July 6, 2015	Phone call	Individual (20)	Inquired whether continuous drop of the stock price was caused by abnormalities and whether the Company took protective measures, and urged the Company to suspend its shares.
July 7, 2015	Phone call	Individual (24)	Urged the Company to suspend its shares.
July 8, 2015	Phone call	Individual (27)	Urged the Company to suspend its shares.
July 10, 2015	Phone call	Individual (8)	Inquired when the Company would resume trading of shares.
July 22, 2015	Phone call	Individual (5)	Inquired about transfer of SEG E-commerce equity. The company replied based on the notice contents.
July 25, 2015	Phone call	Individual	Inquired about purchase of shares by directors, supervisors and senior executives. The Company advised them to refer to the disclosed announcement,
August 3, 2015	Phone call	Individual	Inquired the number of shareholders till July 31. The Company provided the information released by the Securities Depository and Clearing Corporation.
August 10, 2015	Phone call	Individual	Inquired about progress of transfer of SEG E-commerce equity. The Company indicated that it would timely fulfill the obligations disclosed according to the progress of transfer.
August 18, 2015	Phone call	Individual	Inquired about purchase of shares by directors, supervisors and senior executives. The Company advised them to refer to the disclosed announcement,
August 25, 2015	Phone call	Individual	Inquired about purchase of shares by directors, supervisors and senior executives. The Company advised them to refer to the disclosed announcement,
September 2, 2015	Phone call	Individual	Inquired the number of shareholders till August 31. The Company provided the information released by the Securities Depository and Clearing Corporation.
September 15, 2015	Phone call	Individual	Inquired the specific operating conditions in Q3. The Company suggested the investor to focus on the 2015 Q3 Report to be disclosed soon.
October 9, 2015	Phone call	Individual	Inquired the number of shareholders till September 30. The Company provided the information released by the Securities Depository and Clearing Corporation.
October 22, 2015	Phone call	Individual	Inquired about financial data in Q3. The Company suggested the investor to focus on the 2015 Q3 Report to be disclosed soon.
November 4, 2015	Phone call	Individual (7)	Inquired why the Company suspended trading of shares. The Company replied according to the announcement thereof.
November 5, 2015	Phone call	Individual (3)	Inquired why the Company suspended trading of shares. The Company replied according to the announcement thereof.

Time	Means	Type	Basic information on investigation
November 9, 2015	Phone call	Individual	Inquired about the progress of major asset restructuring. The Company replied according to the disclosed progress.
November 20, 2015	Phone call	Individual	
December 2, 2015	Phone call	Individual	
December 3, 2015	Phone call	Individual	
December 7, 2015	Phone call	Individual (2)	
December 8, 2015	Phone call	Individual	
December 9, 2015	Phone call	Individual	
December 15, 2015	Phone call	Individual (3)	
December 16, 2015	Phone call	Individual (4)	
December 21, 2015	Phone call	Individual	
December 30, 2015	Phone call	Individual	
Frequency of reception			
Number of institutions received			1
Number of individuals received			163
Number of other objects received			0
Is there any important information disclosed?	No		

Chapter 5 Important Matters

I. Plan of ordinary share profit distribution and transferring the capital reserve to shares

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

Applicable Not applicable

(I) Information on the establishment, implementation or adjustment of the profit distribution policy:

1. In the report period, the Company developed a profit distribution proposal and the proposal for transfer of capital reserve into share capital of 2014 complied with related regulations in the *Articles of Association* and the *Plan of Shareholder Return in the Future Three Years (2012-2014)*, and the deliberation procedure accorded with related regulations without damaging the interests of the Company and shareholders. The independent director expressed independent opinion.

2. In the report period, to perfect the dividend mechanism and supervision mechanism, further improve the transparency of the profit distribution policy, and effectively protect the legitimate rights and interests of all shareholders, the Company prepared the *Plan of Shareholder Return in the Future Three Years (2015-2017)*. The plan was passed at the first interim meeting of shareholders in 2015.

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

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

Pursuant to *Accounting Standard for Business Enterprise 2014*, the investment in subsidiaries by the Company was calculated based on the basis of cost method, the profit of parent company remained bigger differences with consolidated profit. According to relevant provisions of the *Company Law* and the *Articles of Association*, profits shall be distributed by the parent company and the Company's distribution of profits for 2010 shall be subject to distributable profit of the parent company. In accordance with relevant provisions of the *Company Law*, the profit distribution was implemented with the parent company as the main body. Therefore, the profit distribution of the Company in 2013, 2014, and 2015 was implemented depending on the distributable profit of the parent company.

1. Profit distribution proposal and the proposal for transfer of capital reserve into share capital in 2015: The auditing by Beijing Shu Lun Pan Certified Public Accountants Co., Ltd found that the net profit attributable to the listed company realized by the parent company in 2015 amounted to RMB 92,305,001.57; the profit distributable to shareholders this time, which was calculated by adding the undistributed profit at the beginning of the previous year, RMB -22,209,989.62 to the former, was RMB 70,095,011.95. According to the *Plan of Shareholder Return in the Future Three Years (2015-2017)*, the Company's profit distribution plan in 2015 is: withdraw 10% of distributable profits RMB 7,009,501.20 as legal surplus capital reserve, and distribute cash RMB 0.30 per ten shares (tax included) to all shareholders based on the share capital 784,799,010 shares as of December 31, 2015. The amount of profits distributed totals RMB 23,543,970.30. Cash dividends account for 100%. The Company decided not to transfer capital reserve into share capital.

2. Profit distribution proposal and the proposal for transfer of capital reserve into share capital in 2014: The auditing by Beijing Shu Lun Pan Certified Public Accountants Co., Ltd found that the net profit attributable to the listed company realized by the parent company in 2014 amounted to RMB 32,887,973.01; the profit distributable to shareholders this time, which was calculated by adding the undistributed profit at the beginning of the previous year, RMB -55,097,962.63 to the former, was RMB -22,209,989.62. No profit distribution would be made for the current year. The Company decided not to transfer capital reserve into share capital.

3. Profit distribution proposal and the proposal for transfer of capital reserve into share capital in 2013: The auditing by Beijing Shu Lun Pan Certified Public Accountants Co., Ltd found that the net profit attributable to the listed company realized by the parent company in 2013 amounted to RMB 51,015,079.16; the profit distributable to shareholders this time, which was calculated by adding the undistributed profit at the beginning of the previous year, RMB -106,113,041.79 to the former, was RMB -55,097,962.63. No profit distribution would be made for the current year. The Company decided not to transfer capital reserve into share capital.

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

Unit: Yuan

Year for bonus distribution	Amount of cash bonus (incl. tax)	Net profit attributable to ordinary shareholders of listed company in consolidated statement of bonus year	Ratio of net profit attributable to ordinary shareholders of listed company in consolidated statement (%)	Amount of cash dividends otherwise distributed	Percentage of cash dividends otherwise distributed
2015	23,543,970.30	74,242,090.49	31.71%	0.00	0.00%
2014	0.00	48,380,294.05	0.00%	0.00	0.00%
2013	0.00	54,338,735.35	0.00%	0.00	0.00%

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

Applicable Not applicable

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

√ Applicable □ Not applicable

Bonus shares per 10 shares (share)	0
Interest per 10 shares (Yuan) (tax included)	0.3
Base of share capital in the distribution proposal (share)	784,799,010
Total of cash dividends (Yuan) (tax included)	23,543,970.30
Distributable profits (Yuan)	63,085,510.75
Ratio of cash dividends to total of distributed profits	100.00%
Information on distribution of cash dividends	
Others	
Details of profit distribution proposal or proposal for transfer of capital reserve into share capital	
<p>According to the audit report issued by Dahua Certified Public Accountants Co., Ltd., the parent company realized net profit attributable to listed companies amounting to of RMB 92,305,001.57 attributable to listed companies, plus the undistributed profit at year-beginning amounting to RMB -22,209,989.62, the profit available for distribution amount to RMB 70,095,011.95.</p> <p>According to the <i>Plan of Shareholder Return in the Future Three Years (2015-2017) for Shenzhen SEG Co., Ltd.</i>, the Company's profit distribution plan in 2015 is: withdraw 10% of distributable profits RMB 7,009,501.20 as legal surplus capital reserve, and distribute cash RMB 0.30 per ten shares (tax included) to all shareholders based on the share capital 784,799,010 shares as of December 31, 2015. The amount of profits distributed totals RMB 23,543,970.30. Cash dividends account for 100%. The Company decided not to transfer capital reserve into share capital.</p>	

III. Fulfillment of Commitments

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

√ 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	According to the Article Five of the Equity	July 1, 1996	Long-term	In progress

Commitments	Promisor	Content	Commitment date	Commitment term	Fulfillment
the time of initial public offerings or refinancing	SEG Group Co., Ltd.	Transfer Agreement signed by the Company with SEG Group when the Company was listed, SEG Group agreed that the Company and its subsidiaries and associated companies to use the eight trademarks registered by SEG Group at the National Trademark Bureau; SEG Group agreed that the Company used the aforesaid trademarks or similar signs as the Company's logo and used the trademarks and signs during its operation; the Company needn't pay any fee to SEG Group for using the aforesaid trademarks or signs.			
	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	In progress
	Shenzhen SEG Group Co., Ltd.	The 6th interim meeting of the 5th Board of Directors held on January 26, 2011 reviewed and approved the Proposal of Solving the Horizontal Competition between the Company and Its Controlling Shareholder. After friendly consultation, SEG Group agreed to entrust the Company to operate and manage with full authority SEG Communications Market under direct management of SEG Group. Therefore, the two parties have signed the entrustment operation and management contract, and SEG Group will pay the Company RMB 200,000 Yuan as entrust management expenses.	January 26, 2011	From February 1, 2011 to January 31, 2015, totally five years, and the entrustment contract was expired within this report period. As of the end of the report period, the above-mentioned contract has been renewed. The contract	In progress

Commitments	Promisor	Content	Commitment date	Commitment term	Fulfillment
				term lasts from February 1, 2015 to January 31, 2016.	
Commitment of equity incentives	Not applicable				
Other commitments made to the medium and small shareholders of the Company	Shenzhen SEG Group Co., Ltd.	With confidence in the prospect of China's economy and the development of the Company, and with the objective to co-maintain the stable market and promote a sustainable, stable and health development of the Company, the controlling shareholder of the Company Shenzhen SEG Group Co., Ltd. makes a commitment not to unload the shares of the Company within the coming twelve months following July 9.	July 9, 2015	Twelve months	In progress
	Directors, Supervisors, and Senior Executives	With confidence in the prospect of the Company and rational judgment of the share price, and with the objective to co-maintain the stable market, promote a sustainable, stable and health development of the Company and protect the interests of medium and small shareholders, directors, supervisors, and senior executives commit themselves to purchase from the secondary market or increase share holdings with their own funds within six months following July 14 when the trading of shares is resumed, not to unload shares, not to engage in insider trading, not to trade shares or engage in short-swing trading in the sensitive period.	July 9, 2015	Six months	In progress
Whether commitments were fulfilled on time	Yes				
Reason for not fulfilling the commitments and future plan (if applicable)	N/A				

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

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

VI. Information on changes in accounting policies, accounting estimates and accounting methods compared with the financial reports of 2014

Applicable Not applicable

There is no change in the Company's accounting policies, accounting estimates and accounting methods in the report period.

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

Applicable Not applicable

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

VIII. Information on changes in the scope of consolidation compared with the financial report of 2012

Applicable Not applicable

There are no changes in the scope of consolidation in the report period.

IX. Engagement and dismissal of the accounting firm

Engaged accounting firm

Name of accounting firm engaged from China	BDO Dahua CPA Co., Ltd. (special general partnership)
Remuneration for the accounting firm engaged from China (RMB ten thousand Yuan)	45
Consecutive years of service offered by accounting firm engaged from China	13
Name of certified public accounts from the accounting firm engaged from China	Zhang Xing and Zhang Zhaocheng
Name of accounting firm engaged from outside of China (if any)	N/A
Consecutive years of service offered by overseas accounting firm (if any)	N/A

Name of certified public accounts from the overseas accounting firm (if any)	N/A
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Whether to engage another accounting firm in current period

Yes No

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

Applicable Not applicable

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

Applicable Not applicable

XI. Bankruptcy and Reorganization

Applicable Not applicable

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

XII. Major lawsuits and arbitrations

Applicable Not applicable

Basic Information About Lawsuits and Arbitrations	Amount (RMB: ten thousand Yuan)	Whether Estimated Liabilities Occurred	Progress	Judgment Result and Impact	Judgment and Execution	Disclosure Date	Disclosure Index
(I) In March 2013, Nanning SEG rented from Nanning Haiqi Real Estate Development Co., Ltd. (hereinafter referred to as "Haiqi") the 1st and 2nd floors aboveground of Nanning Zhidi Plaza at No. 158, East Renmin Road, Xingning District, Nanning to develop an electronics market. The lease term agreed lasts from March 18, 2013 to March 17, 2025. With respect to the severe water seepage and leakage in the rented houses, Nanning SEG had communicated with Haiqi for multiple times but failed to solve the problem. Thus, Nanning SEG appealed to the People's Court of Xingning District, Nanning. Meanwhile, Haiqi appealed to the same court against Nanning SEG for its failure to pay rent and default incurred.	455.81	Yes	The trial started on September 28, 2015. The judgment is yet to be made.	N/A	N/A		

Basic Information About Lawsuits and Arbitrations	Amount (RMB: ten thousand Yuan)	Whether Estimated Liabilities Occurred	Progress	Judgment Result and Impact	Judgment and Execution	Disclosure Date	Disclosure Index
The court will rationally judge the case.							
(II) On February 4, 2013, Suzhou SEG signed the Contract of Renting Underground Space of Suzhou Metro Line 1 at South Guangji Road with Suzhou Rail Transit (hereinafter referred to as SRT), agreeing that Suzhou SEG should rented the underground space of Suzhou Metro Line 1 at South Guangji Road for 96 months. After execution of the Contract, as market changes made it difficult to operate the project, both parties repeatedly negotiated about changes of conditions for cooperation but failed to agree upon new conditions, and the project was under liquidation. On January 26, 2015, SRT appealed to the court, requesting the court to order Suzhou SEG to assume corresponding penalties.	326.42	Yes	The trial ended on February 7, 2016. The second judgment is yet to be made.	N/A	N/A	August 29, 2015	Cninfo Website: http://www.cninfo.com.cn Semi-Annual Report 2015 of Shenzhen SEG Co., Ltd.
(III) On June 29, 2011, SEG Industry signed the Lease Agreement with Shenzhen Saibo Maite Digital Science and Technology Co., Ltd. (hereinafter referred to as Saibo Maite), agreeing that SEG Industry should lease its stores covering 240 square meters totally at Contemporary Window to Saibo Maite. The validity period lasts from July 1, 2011 to June 30, 2019. Later on, due to construction of the subway at North Huaqiang Road, Shenzhen as well as Saibo Maite encountered operation problems, both parties signed the Supplementary Agreement on February 20, 2014,	0	No	The case was registered with the People's Court of Futian District, Shenzhen on April 15, 2015. The court ordered on August 12, 2015 that SEG industry win the	SEG industry won the lawsuit.	In progress	August 29, 2015	Cninfo Website: http://www.cninfo.com.cn Semi-Annual Report 2015 of Shenzhen SEG Co., Ltd.

Basic Information About Lawsuits and Arbitrations	Amount (RMB: ten thousand Yuan)	Whether Estimated Liabilities Occurred	Progress	Judgment Result and Impact	Judgment and Execution	Disclosure Date	Disclosure Index
agreeing upon new terms of rent and liquidated damages. In August 2014, SEG Industry received the Notice of Contract Termination and Store Takeover from Saibo Maite. SEG Industry communicated with Saibo Maite about liquidated damages under the lease contract for multiple times but failed. To effectively protect its interests, SEG Industry decided to engage a lawyer to file a risk agency lawsuit. SEG Industry engaged Guangdong Ruiting Law Firm.			lawsuit.				
(IV) Eight intellectual property rights cases: In these cases, individual stores in the electronics market operated by the Company may sell products that infringe others' intellectual property rights, and the obligees file a lawsuit against them and consider the Company as a co-defendant. As a market manager, the Company is not the actual seller of the products that are suspected to be infringing.	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.	In progress	August 29, 2015	Cninfo Website: http://www.cninfo.com.cn Semi-Annual Report 2015 of Shenzhen SEG Co., Ltd.

XIII. Punishment and Rectification Issues

Applicable Not applicable

No punishment and rectification is involved in the report period.

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

Applicable Not applicable

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

Applicable Not applicable

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

XVI. 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 price	Transaction Amount (RMB ten thousand Yuan)	Amount Proportion Occupied in the Transactions of the Same Kind	Approved transaction amount (RMB ten thousand Yuan)	Whether Exceeding the Approved Quota	Transaction Clearing Form	Available similar market price	Disclosure Date	Disclosure Index
Shenzhen SEG Group Co., Ltd.	Controlling shareholder	Property lease	Warehouse with an area of 809.26m ² on 8F of SEG Plaza	Determined by the market	65.77 (Yuan/m ² . month)	63.87	0.10%	100	No	According to the agreement	60-125 (Yuan/m ² . month)	March 28, 2015	(Cninfo Website)
Shenzhen SEG Group Co., Ltd.	Controlling shareholder	Entrusted operation	The controlling shareholder entrusted its investment in SEG communications market to the Company.	Determined by the market	RMB 200,000	20	0.03%	20	No	According to the agreement	--		
Shenzhen SEG Group	Controlling shareholder	Property lease	The 15th floor of SEG Plaza, with an area of 687.01 square meters	Determined by the market	67.77 (Yuan/m ² . month)	46.56	0.07%		Yes	According to the agreement	60-125 (Yuan/m ² . month)		
Shenzhen SEG Real Estate Investment Co., Ltd.	Subsidiary of shareholders	Property lease	12F (West), Block 4, SEG Science Park	Determined by the market	76.58 (Yuan/m ² . month)	27.87	0.04%		No	According to the agreement	60-100 (Yuan/m ² . month)		
Total				--	--	158.3	--	120	--	--	--	--	--

2. Relevant Transactions Due to Asset or Equity Sales and Acquisition

Applicable Not applicable

No relevant transaction due to asset or equity 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

Whether there are non-operating associated creditor's rights and liabilities?

Yes No

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

5. Other Important Transactions

Applicable Not applicable

In the report period, the Company has no other major related transactions.

XVII. Important contracts and implementation

1. Trusteeship, Contracting, and Leasing Issues

(1) Trusteeship Issues

Applicable Not applicable

Explanations to trusteeship

The controlling shareholder Shenzhen SEG Group Co., Ltd. entrust the Company to manage SEG telecommunication market. The Company administrates the income RMB 200,000 according to the trusteeship agreement in the report period.

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

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

Information about lease

Refer to the preceding section Transactions Concerning Routine Operation.

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

2. Major guarantees

Applicable Not applicable

No guarantee issue is involved within the report period.

3. Information on cash asset management entrusted to others

(1) Entrusted financing

Applicable Not applicable

Unit: RMB ten thousand Yuan

Name of trustee	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	Actual return of gains and losses in the report period
Industrial and Commercial Bank of China	No	SZWL1560 (93 days)	1,000	August 24, 2015	November 25, 2015	Float income	1,000	12.23	12.23	12.23
Industrial and Commercial Bank of China	No	SZWL1560 (93 days)	700	September 17, 2015	December 19, 2015	Float income	700	8.75	8.75	8.75
Industrial and Commercial Bank of China	No	SZWL1560 (93 days)	2,000	December 28, 2015	March 30, 2016	Float income		24.46		0
Bank of China	No	AMZYJZT-A14208	600	July 4, 2014	January 9, 2015	Float income	600	15.53	15.53	15.53
Bank of China	No	Instructions for AMZYPW HQ14509	400	October 16, 2014	April 13, 2015	Float income	400	10	10	10.00
Bank of China	No	AMZYZH15009	600	January 12, 2015	July 9, 2015	Float income	600	15.36	15.36	15.36
Bank of China	No	AMZYJZT-A15231	400	April 14, 2015	August 18, 2015	Float income	400	6.97	6.97	6.97
Shanghai Pudong	No	230113733	400	April 29,	October	Float income	400	10.85	10.85	10.85

Name of trustee	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	Actual return of gains and losses in the report period
Development Bank		8		2015	24, 2015					
Bank of China	No	AMZYPW HQ15336	80	June 8, 2015	September 10, 2015	Float income	80	1.02	1.02	1.02
Bank of China	No	AMZYPW HQ15334	320	June 4, 2015	September 7, 2015	Float income	320	3.91	3.91	3.91
Bank of China	No	AMZYPW HQ15443	400	July 16, 2015	October 19, 2015	Float income	400	4.68	4.68	4.68
Shanghai Pudong Development Bank	No	Product code - 2301137338; product name - Liduoduo Wealth Bus Progress No. 3	400	August 20, 2015	November 18, 2015	Float income	400	4.78	4.78	4.78
Shanghai Pudong Development Bank	No	Product code - 2301137338; product name - Liduoduo Wealth Bus Progress No. 3	400	September 12, 2015	December 14, 2015	Float income	400	4.74	4.74	4.74
Bank of China	No	AMZYPW HQ15711	400	October 22, 2015	January 21, 2016	Float income		4.19		0
Shanghai Pudong Development Bank	No	Product code - 2301137338; product name - Liduoduo Wealth Bus Progress No. 3	400	October 28, 2015	January 25, 2016	Float income		4.54		0
Shanghai Pudong Development	No	Product code - 230113733	400	November 21, 2015	May 19, 2016	Float income		8.68		0

Name of trustee	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	Actual return of gains and losses in the report period
Bank		8; product name - Liduoduo Wealth Bus Progress No. 4								
Shanghai Pudong Development Bank	No	Product code - 2301137335; product name - Yuetianli	400	December 16, 2015	January 15, 2016	Float income		1.46		0
Industrial and Commercial Bank of China	No	ZQL180ZQX	77.9	June 24, 2014	December 31, 2016	Float income	46.77	1.31	1.31	1.3115
Industrial and Commercial Bank of China	No	SZWL1560	72	October 15, 2015	January 16, 2016	Float income	0	0.89		0
Bank of China	No	CNYAQKF TPO	100	August 19, 2015	September 29, 2015	Float income	100	0.36	0.36	0.36
China Merchants Bank	No	Gu Zhi Ying 52271	150	January 9, 2015	April 23, 2015	Float income	150	1.89	1.89	1.89
China Merchants Bank	No	Gu Zhi Ying 52287	50	February 6, 2015	March 19, 2015	Float income	50	0.22	0.22	0.22
China Merchants Bank	No	Gu Zhi Ying 52298	100	March 13, 2015	May 20, 2015	Float income	100	0.75	0.75	0.75
China Merchants Bank	No	Gu Zhi Ying 52299	50	March 19, 2015	June 18, 2015	Float income	50	0.56	0.56	0.56
Bank of Communications	No	YTFCF-RZL	150	April 10, 2015	October 12, 2015	Float income	150	3.59	3.59	3.59
Bank of Communications	No	YTFCF-RZL	100	April 27, 2015	October 26, 2015	Float income	100	2.39	2.39	2.39

Name of trustee	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	Actual return of gains and losses in the report period
Bank of Communications	No	YTCF-RZL	150	May 4, 2015	August 3, 2015	Float income	150	1.87	1.87	1.87
Bank of Communications	No	YTCF-RZL	100	May 29, 2015	September 3, 2015	Float income	100	1.13	1.13	1.13
Bank of Communications	No	YTCF-RZL	150	June 15, 2015	September 14, 2015	Float income	150	1.46	1.46	1.46
Bank of Communications	No	YTCF-RZL	150	August 24, 2015	September 29, 2015	Float income	150	0.49	0.49	0.49
Bank of Communications	No	YTCF-RZL	100	September 14, 2015	October 15, 2015	Float income	100	0.34	0.34	0.34
Bank of Communications	No	YTCF-RZL	150	September 21, 2015	October 22, 2015	Float income	150	0.42	0.42	0.42
Bank of China	No	GSRJYL01	600	January 5, 2015	January 28, 2015	Float income	600	0.88	0.88	0.88
Bank of China	No	GSRJYL01	300	March 18, 2015	March 26, 2015	Float income	300	0.18	0.18	0.18
Bank of China	No	GSRJYL01	600	March 24, 2015	April 23, 2015	Float income	600	0.5	0.5	0.50
Bank of China	No	GSRJYL01	1,400	April 22, 2015	May 26, 2015	Float income	1,400	2.27	2.27	2.27
Bank of China	No	GSRJYL01	800	May 29, 2015	June 26, 2015	Float income	800	0.87	0.87	0.87
Bank of China	No	GSRJYL01	700	June 24, 2015	July 7, 2015	Float income	700	0.61	0.61	0.61
Bank of China	No	GSRJYL01	400	July 21, 2015	August 11, 2015	Float income	400	0.44	0.44	0.44
Bank of China	No	GSRJYL01	900	August 25, 2015	October 13, 2015	Float income	900	1.83	1.83	1.83
Bank of China	No	GSRJYL01	300	September 29, 2015	October 22, 2015	Float income	300	0.53	0.53	0.53
Bank of China	No	GSRJYL01	500	October	December	Float income	500	1.04	1.04	1.04

Name of trustee	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	Actual return of gains and losses in the report period
				29, 2015	8, 2015					
Bank of China	No	GSRJYL01	900	December 14, 2015	December 31, 2016	Float income	400			0
Bank of China	No	AMZYPW HQ-15190	500	April 7, 2015	October 8, 2015	Float income	500	12.98	12.98	12.98
Bank of China	No	AMZYPW HQ-15213	300	April 16, 2015	July 16, 2015	Float income	300	3.7	3.7	3.7
Bank of China	No	AMZYJZT-B15116	300	April 27, 2015	June 1, 2015	Float income	300	1.38	1.38	1.38
China Minsheng Banking	No	20150430	650	April 30, 2015	May 13, 2015	Float income	650	1.22	1.22	1.22
China Minsheng Banking	No	20150430	50	April 30, 2015	May 28, 2015	Float income	50	0.19	0.19	0.19
Bank of China	No	AMZYJZT-A15267	300	May 5, 2015	June 9, 2015	Float income	300	1.36	1.36	1.36
China Minsheng Banking	No	20150430	900	May 14, 2015	May 27, 2015	Float income	900	1.69	1.69	1.69
China Minsheng Banking	No	20150430	900	May 28, 2015	June 10, 2015	Float income	900	1.64	1.64	1.64
China Minsheng Banking	No	20150430	900	June 11, 2015	June 25, 2015	Float income	900	1.57	1.57	1.57
China Minsheng Banking	No	20150430	900	June 26, 2015	July 9, 2015	Float income	900	1.62	1.62	1.62
Bank of China	No	GSRJYL01	600	July 1, 2015	July 15, 2015	Float income	600	0.64	0.64	0.64
China Minsheng Banking	No	20150430	900	July 10, 2015	July 23, 2015	Float income	900	1.59	1.59	1.59
Bank of China	No	AMZYJZT-A15440	420	July 10, 2015	October 13, 2015	Float income	420	5.08	5.08	5.08
Bank of China	No	AMZYPW	80	July 13, 2015	October	Float income	80	1.01	1.01	1.01

Name of trustee	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	Actual return of gains and losses in the report period
		HQ-15190		2015	15, 2015					
Bank of China	No	AMZYPW HQ-15447	220	July 20, 2015	October 22, 2015	Float income	220	2.47	2.47	2.47
Bank of China	No	AMZYZH1 5263	80	July 20, 2015	October 19, 2015	Float income	80	0.98	0.98	0.98
China Minsheng Banking	No	20150430	900	July 24, 2015	August 6, 2015	Float income	900	1.52	1.52	1.52
China Minsheng Banking	No	20150430	900	August 7, 2015	August 20, 2015	Float income	900	1.5	1.5	1.5
China Minsheng Banking	No	20150430	900	August 21, 2015	September 3, 2015	Float income	900	1.76	1.76	1.76
China Minsheng Banking	No	20150430	900	September 4, 2015	September 17, 2015	Float income	900	1.11	1.11	1.11
Bank of China	No	GSRJYL01	500	September 25, 2015	September 29, 2015	Float income	500	0.19	0.19	0.19
Bank of China	No	AMZYJZT-A15647	1,000	October 16, 2015	December 4, 2015	Float income	1,000	5.57	5.57	5.57
Bank of China	No	GSRJYL01	1,400	December 4, 2015	December 11, 2015	Float income	1,400	0.7	0.7	0.7
Bank of Communications	No	RZLS	600	May 26, 2014	January 12, 2015	Float income	600	13.68	13.68	13.68
China Citic Bank	No	CITIC-CP cash management No.3	3,000	December 22, 2014	December 31, 2016	Float income	3,000	11	11	11.00
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	6,400	December 23, 2014	January 22, 2015	Float income	6,400	29.46	29.46	29.46
Bank of China	No	AMZYPW HQ14687	500	December 30, 2014	February 5, 2015	Float income	500	2.84	2.84	2.84
Shanghai Pudong	No	Liduoduo 230114703	3,000	December	January	Float income	3,000	3.74	3.74	3.74

Name of trustee	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	Actual return of gains and losses in the report period
Development Bank		1		30, 2014	12, 2015					
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	5,800	December 30, 2014	January 29, 2015	Float income	5,800	26.7	26.7	26.70
China Citic Bank	No	CITIC-CP short-term financing A14	20,000	January 14, 2015	April 20, 2015	Float income	20,000	315.62	315.62	315.62
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	6,000	January 16, 2015	February 15, 2015	Float income	6,000	27.62	27.62	27.62
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	6,460	January 28, 2015	February 27, 2015	Float income	6,460	29.73	29.73	29.73
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	300	February 10, 2015	March 12, 2015	Float income	300	1.38	1.38	1.38
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	920	February 15, 2015	March 17, 2015	Float income	920	4.23	4.23	4.23
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	1,000	February 16, 2015	March 18, 2015	Float income	1,000	4.6	4.6	4.60
Bank of China	No	AMZYPW HQ15085	1,900	February 16, 2015	March 23, 2015	Float income	1,900	9.02	9.02	9.02
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	6,030	February 17, 2015	March 19, 2015	Float income	6,030	27.75	27.75	27.75
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	3,890	March 3, 2015	April 2, 2015	Float income	3,890	17.9	17.9	17.90

Name of trustee	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	Actual return of gains and losses in the report period
Bank										
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	560	March 17, 2015	April 16, 2015	Float income	560	2.58	2.58	2.58
Bank of China	No	AMZYJZT-LPA15175	2,000	March 24, 2015	April 28, 2015	Float income	2,000	9.49	9.49	9.49
Industrial Bank	No	37514031	2,800	March 27, 2015	April 27, 2015	Float income	2,800	13.32	13.32	13.32
China Citic Bank	No	CITIC-CP cash management No.3	2,900	April 1, 2015	May 12, 2015	Float income	2,900	17.88	17.88	17.88
China Citic Bank	No	CITIC-CP cash management No.3	20,300	April 27, 2015	May 12, 2015	Float income	20,300	45.78	45.78	45.78
China Citic Bank	No	CITIC-CP cash management No.3	6,000	June 4, 2015	August 13, 2015	Float income	2,000	6.16	6.16	6.16
The Agricultural Bank of China	No	HLF155634	5,000	June 10, 2015	July 6, 2015	Float income	5,000	13.01	13.01	13.01
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	2,800	July 29, 2015	August 31, 2015	Float income	2,800	12.89	12.89	12.89
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	12,400	August 11, 2015	September 10, 2015	Float income	12,400	51.98	51.98	51.98
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	2,500	August 27, 2015	September 28, 2015	Float income	2,500	10.96	10.96	10.96
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	2,800	September 2, 2015	October 8, 2015	Float income	2,800	13.81	13.81	13.81

Name of trustee	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	Actual return of gains and losses in the report period
Bank		5								
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	1,000	September 10, 2015	October 12, 2015	Float income	1,000	3.99	3.99	3.99
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	10,800	September 16, 2015	October 16, 2015	Float income	10,800	43.05	43.05	43.05
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	2,000	September 23, 2015	October 23, 2015	Float income	2,000	7.97	7.97	7.97
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	1,200	September 30, 2015	October 30, 2015	Float income	1,200	4.78	4.78	4.78
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	2,800	October 13, 2015	November 12, 2015	Float income	2,800	11.16	11.16	11.16
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	12,000	October 20, 2015	November 19, 2015	Float income	12,000	47.84	47.84	47.84
Shanghai Pudong Development Bank	No	Liduoduo 2301137335	10,000	November 26, 2015	December 28, 2015	Float income	10,000	38.14	38.14	38.14
The Agricultural Bank of China	No	AXLD 20 days	3,000	December 2, 2015	December 31, 2016	Float income				0
Bank of China	No	AMZYJZT-A14388	500	November 11, 2014	February 17, 2015	Float income	500	6.31	6.31	6.31
China Minsheng Banking	No	FFZCGLB NZL144	300	August 25, 2014	February 26, 2015	Float income	300	7.83	7.83	7.83
Bank of China	No	AMZYJZT-	300	December	March 24,	Float income	300	3.81	3.81	3.81

Name of trustee	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	Actual return of gains and losses in the report period
		A14468		23, 2014	2015					
Bank of China	No	AMZYJZT-B15061	250	March 9, 2015	April 13, 2015	Float income	250	1.19	1.19	1.19
Bank of China	No	AMZYJZT-A15003	400	January 9, 2015	May 5, 2015	Float income	400	6.61	6.61	6.61
Bank of China	No	AMZYJZT-A15272	300	May 8, 2015	June 12, 2015	Float income	300	1.35	1.35	1.35
Bank of China	No	AMZYJZT-A15079	500	February 13, 2015	July 3, 2015	Float income	500	9.78	9.78	9.78
Bank of China	No	AMZYJZT-A15079	100	February 13, 2015	July 3, 2015	Float income	100	1.96	1.96	1.96
Bank of China	No	AMZYJZT-A15104	300	March 3, 2015	July 7, 2015	Float income	300	5.33	5.33	5.33
Bank of China	No	AMZYJZT-A15193	200	March 27, 2015	August 4, 2015	Float income	200	3.74	3.74	3.74
Bank of China	No	AMZYJZT-A15231	250	April 14, 2015	August 18, 2015	Float income	250	4.36	4.36	4.36
Bank of China	No	AMZYJZT-A15380	350	June 16, 2015	September 18, 2015	Float income	350	4.24	4.24	4.24
Bank of China	No	AMZYJZT-A15438	650	July 10, 2015	September 11, 2015	Float income	650	5.1	5.1	5.1
Bank of China	No	AMZYPW HQ-15558	800	August 20, 2015	February 18, 2016	Float income		17.15		0
Bank of China	No	AMZYJZT-A15603	700	September 22, 2015	March 4, 2016	Float income		13.37		0
Bank of China	No	AMZYJZT-A15761	500	November 27, 2015	January 26, 2016	Float income		3.25		0
Ping An Bank	No	AGT100002	3,300	December 31, 2014	February 10, 2015	Float income	3,300	2.7	2.7	2.7
Ping An Bank	No	AGT100002	2,400	January 5, 2015	February 10, 2015	Float income	2,400	1.97	1.97	1.97
Ping An Bank	No	AGT100002	700	January 26, 2015	February 10, 2015	Float income	700	0.58	0.58	0.58
Ping An Bank	No	AGT100002	3,000	March 12, 2015	March 16, 2015	Float income	3,000	0.95	0.95	0.95
Ping An Bank	No	AGT10000	200	March 13,	March 16,	Float income	200	0.06	0.06	0.06

Name of trustee	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	Actual return of gains and losses in the report period
		2		2015	2015					
Ping An Bank	No	AGT100002	3,000	March 20, 2015	March 31, 2015	Float income	3,000	2.4	2.4	2.4
China Merchants Bank	No	e+ enterprise regular financing project	543	April 1, 2015	April 9, 2015	Float income	543	0.64	0.64	0.64
China Merchants Bank	No	e+ enterprise regular financing project	793	April 1, 2015	April 9, 2015	Float income	793	0.93	0.93	0.93
China Merchants Bank	No	e+ enterprise regular financing project	364	April 2, 2015	April 14, 2015	Float income	364	0.64	0.64	0.64
Ping An Bank	No	AGT100002	400	April 2, 2015	May 6, 2015	Float income	400	0.72	0.72	0.72
Ping An Bank	No	AGT100002	1,300	April 10, 2015	May 06, 2015	Float income	1,300	2.23	2.23	2.23
Ping An Bank	No	AGT100002	260	April 16, 2015	May 6, 2015	Float income	260	0.57	0.57	0.57
Ping An Bank	No	AGT100002	1,400	May 8, 2015	May 13, 2015	Float income	1,400	0.52	0.52	0.52
Ping An Bank	No	AGT100002	1,500	September 8, 2015	November 10, 2015	Float income	1,500	4.86	4.86	4.86
Ping An Bank	No	AGT100002	500	September 23, 2015	November 20, 2015	Float income	500	1.62	1.62	1.62
Ping An Bank	No	AGT100002	1,200	December 12, 2015	December 31, 2016	Float income	700			0
Ping An Bank	No	AGT100002	2,100	December 29, 2015	December 31, 2016	Float income				0
Ping An Bank	No	AGT100002	1,000	December 31, 2015	December 31, 2016	Float income				0
China Merchants	No	52218	500	October	January	Float income	500	6.07	6.07	6.07

Name of trustee	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	Actual return of gains and losses in the report period
Bank				16, 2014	19, 2015					
Industrial and Commercial Bank of China	No	14H044A	650	December 31, 2014	February 3, 2015	Float income	650	2.12	2.12	2.12
Industrial and Commercial Bank of China	No	WL63BBX	1,000	February 7, 2015	April 10, 2015	Float income	1,000	6.39	6.39	6.39
Industrial and Commercial Bank of China	No	WL35BBX	430	February 17, 2015	March 24, 2015	Float income	430	1.48	1.48	1.48
Industrial and Commercial Bank of China	No	15JH013A	430	March 28, 2015	May 01, 2015	Float income	430	1.8	1.8	1.80
Industrial and Commercial Bank of China	No	63BBX	650	April 14, 2015	June 15, 2015	Float income	650	4.15	4.15	4.15
The Agricultural Bank of China	No	99510101010200 phase 3	50	April 17, 2015	May 26, 2015	Float income	50	0.13	0.13	0.13
The Agricultural Bank of China	No	99510101010200 phase 3	300	April 17, 2015	May 30, 2015	Float income	300	0.85	0.85	0.85
Industrial and Commercial Bank of China	No	63BBX	430	May 05, 2015	July 07, 2015	Float income	430	2.89	2.89	2.89
The Agricultural Bank of China	No	99510101010200 phase 3	250	June 01, 2015	June 15, 2015	Float income	250	0.23	0.23	0.23
Industrial and Commercial Bank of China	No	63BBX	650	June 19, 2015	August 21, 2015	Float income	650	3.93	3.93	3.93
Industrial and Commercial Bank of China	No	63BBX	430	July 09, 2015	September 10, 2015	Float income	430	2.6	2.6	2.60
Industrial and Commercial Bank of China	No	63BBX	200	July 31, 2015	October 02, 2015	Float income	200	1.27	1.27	1.27
The	No	BLF90	700	August 27,	November	Float income	700	6.47	6.47	6.47

Name of trustee	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	Actual return of gains and losses in the report period
Agricultural Bank of China				2015	2015					
Industrial and Commercial Bank of China	No	63BBX	430	September 15, 2015	November 17, 2015	Float income	430	2.6	2.6	2.60
Industrial and Commercial Bank of China	No	63BBX	200	October 30, 2015	January 01, 2016	Float income				0
Industrial and Commercial Bank of China	No	63BBX	200	November 24, 2015	January 26, 2016	Float income				0
Industrial and Commercial Bank of China	No	63BBX	230	November 26, 2015	January 28, 2016	Float income				0
The Agricultural Bank of China	No	BLF90	550	November 27, 2015	February 25, 2016	Float income				0
The Agricultural Bank of China	No	99510101010200 phase 3	150	November 27, 2015	December 17, 2015	Float income	150	0.56	0.56	0.56
Industrial and Commercial Bank of China	No	1001RSYH	30	January 22, 2015	April 24, 2015	Float income	30	0.25	0.25	0.249534
Industrial and Commercial Bank of China	No	1001RSYH	30	January 22, 2015	April 24, 2015	Float income	30	0.25	0.25	0.249534
Industrial and Commercial Bank of China	No	1001RSYH	30	January 22, 2015	May 26, 2015	Float income	30	0.34	0.34	0.339041
Industrial and Commercial Bank of China	No	1001RSYH	30	January 22, 2015	May 26, 2015	Float income	30	0.34	0.34	0.339041
Industrial and Commercial Bank of China	No	1001RSYH	30	January 22, 2015	May 26, 2015	Float income	30	0.34	0.34	0.339041
Industrial and Commercial Bank of China	No	1001RSYH	30	January 22, 2015	November 05, 2015	Float income	30	0.78	0.78	0.778438

Name of trustee	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	Actual return of gains and losses in the report period
Industrial and Commercial Bank of China	No	1001RSYH	30	January 22, 2015	December 28, 2015	Float income	30	0.92	0.92	0.924904
Industrial and Commercial Bank of China	No	1001RSYH	30	May 08, 2015	December 28, 2015	Float income	30	0.64	0.64	0.637397
Industrial and Commercial Bank of China	No	1001RSYH	30	May 08, 2015	December 28, 2015	Float income	30	0.64	0.64	0.637397
Industrial and Commercial Bank of China	No	1001RSYH	30	May 08, 2015	December 28, 2015	Float income	30	0.64	0.64	0.637397
Industrial and Commercial Bank of China	No	1001RSYH	30	May 8, 2015	December 28, 2015	Float income	30	0.64	0.64	0.637397
China Construction Bank	No	ZHQYBB	250	February 15, 2015	March 19, 2015	Float income	250	1.01	1.01	1.008219
China Construction Bank	No	ZHQYBB	200	March 23, 2015	April 29, 2015	Float income	200	0.89	0.89	0.892055
China Construction Bank	No	ZHQYTF	100	June 12, 2015	August 12, 2015	Float income	100	0.7	0.7	0.702740
Industrial and Commercial Bank of China	No	1001RSYH	30	August 14, 2015	December 28, 2015	Float income	30	0.36	0.36	0.360740
Industrial and Commercial Bank of China	No	1001RSYH	30	August 14, 2015	December 28, 2015	Float income	30	0.36	0.36	0.360740
Industrial and Commercial Bank of China	No	1001RSYH	30	August 14, 2015	December 28, 2015	Float income	30	0.36	0.36	0.360740
Bank of China	No	AMZYPW	1,500	March 20, 2014	March 16, 2015	Float income	1,500	83.08	83.08	83.08
Bank of China	No	AMZYPW	1,100	July 01, 2014	June 29, 2015	Float income	1,100	57.43	57.43	57.43
Bank of China	No	AMZYZH1	1,000	July 14,	July 13,	Float income	1,000	52.85	52.85	52.85

Name of trustee	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	Actual return of gains and losses in the report period
		4156-G (364 days)		2014	2015					
Bank of China	No	AMZYZH3 5714206 (357 days)	2,000	September 29, 2014	September 21, 2015	Float income	2,000	107.59	107.59	107.59
Industrial and Commercial Bank of China	No	WL60ZL	500	December 15, 2014	February 12, 2015	Float income	500	3.68	3.68	3.68
Bank of China	No	AMZYJZT (364 days)	1,300	January 05, 2015	January 04, 2016	Float income	0	0	0	0
Bank of China	No	AMZYJZT	1,000	February 03, 2015	May 08, 2015	Float income	1,000	12.88	12.88	12.88
Bank of China	No	AMZYJZT (364 days)	1,500	March 19, 2015	March 17, 2016	Float income	0	0	0	0
China Citic Bank	No	CITIC-CP cash management No.3	1,000	July 17, 2015	December 31, 2016	Float income	0	0	0	0
Bank of China	No	AMZYJF15 047HQ	1,000	July 31, 2015	July 22, 2016	Float income	0	0	0	0
China Citic Bank	No	Citic Leying series RMB financing product	1,000	July 31, 2015	August 3, 2015	Float income	1,000	0.3	0.3	0.30
China Citic Bank	No	CITIC-CP cash management No.3	1,000	August 04, 2015	December 31, 2016	Float income	0	0	0	0
Bank of China	No	AMZYPW	2,100	September 24, 2015	September 27, 2016	Float income	0	0	0	0
Industrial and Commercial Bank of China	No	Li Cai Gong Ying Suixin Tianli	100	November 26, 2015	February 26, 2016	Float income	0	0	0	0
Total			257,369.9	--	--	--	231,386.77	1,588.08	1,510.09	--

(2) Entrusted loaning

Applicable Not applicable

No entrusted loaning is involved within the report period.

4. Other Important Contracts

Applicable Not applicable

Lender	Borrower	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%. As of the end of the report period, SEG E-commerce has not yet paid back the above-mentioned expenses.</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 by Shenzhen SEG Industry Investment Co., Ltd from Shenzhen SEG Co., Ltd</i>. The Company provides RMB 10,000,000 as cash flow for the wholly-owned subsidiary SEG Industry. Till now, the Company has loaned a total of RMB 42,000,000 for SEG Industry. No interest is accrued for the above funds.</p>
Shenzhen SEG Co., Ltd.	Suzhou SEG Digital Plaza Management Co., Ltd.	Fair price	1,000	No	Not applicable	<p>The 23rd special meeting of the 6th Board of Directors held on May 27, 2015 reviewed and approved the <i>Proposal on the Financial Aid of RMB 10,000,000 for Suzhou SEG Digital Square Management Co., Ltd</i>. The Company</p>

Lender	Borrower	Pricing Principle	Transaction Price (Unit: RMB then thousand Yuan)	Connected Transaction or Not	Associated Relationship	Execution by the End of the Report Period
						provides RMB 10,000,000 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). As of the end of the report period, the above-mentioned contract is being performed.

XVIII. 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.	Mar 20, 2015	The <i>Announcement for Nantong SEG Times Square Obtained the Pre-sale Permit</i> was disclosed on the Cninfo Website (http://www.cninfo.com.cn/).
2. Matters about Warranty Assets Management Co., Ltd. transferring the 21% equity of the controlling shareholder of the Company Shenzhen SEG Group Co., Ltd.	Mar 10, 2015	The <i>Announcement for Equity Transfer of Shenzhen SEG Group Co., Ltd</i> was disclosed on the Cninfo Website (http://www.cninfo.com.cn/).
3. 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	Feb 13, 2015	The <i>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 (http://www.cninfo.com.cn/).
4. The controlled subsidiary Shenzhen SEG E-Commerce Co., Ltd changing its registered capital	Feb 13, 2015	The <i>Announcement for Registered Capital Change of Shenzhen SEG E-Commerce Co., Ltd</i> was disclosed on the Cninfo Website (http://www.cninfo.com.cn/).
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 <i>Announcement for 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 (http://www.cninfo.com.cn/).
6. Strategic cooperation framework agreement signed with Dongguan EONTEC	May 29, 2015	The <i>Announcement for Strategic Cooperation framework Agreement Signed with Dongguan EONTEC</i> was disclosed on the Cninfo Website (http://www.cninfo.com.cn/).
7. The joint stock company Shenzhen SEG GPS Technology Co., Ltd. was accepted for the listing in China's SME share	July 8, 2015	The <i>Announcement for Joint Stock Company Shenzhen SEG GPS Technology Co., Ltd. Was</i>

Overview of Important Events	Disclosure Date	Inquiry Index for the Websites Disclosing the Temporary Reports
transfer system		<i>Approved for the Listing in China's SME Share Transfer System</i> was disclosed on the Cninfo Website.
	July 21, 2015	<i>The Announcement for Joint Stock Company Shenzhen SEG GPS Technology Co., Ltd. Was Listed in China's SME Share Transfer System</i> was disclosed on the Cninfo Website.
<p>8. Temporary share suspension</p> <p>As the Company's shareholder *ST Huakong SEG's non-public share issue significantly influenced the financial standing of the Company, to prevent fluctuation of the share price and protect the interests of investors, the Company decided to temporarily suspend trading of shares (SHEN SEG 000058 and SHEN SEG B 200058) from July 8, 2015 according to rules of Shenzhen Stock Exchange.</p>	July 8, 2015	<i>The Announcement of Share Suspension for Important Matters</i> was disclosed on the Cninfo Website.
<p>9. Resumption share trading</p> <p>During share suspension, the Company consulted the accountants of its annual examination institution Dahua Certified Public Accountants Co., Ltd. as well as the authorities, and finally confirmed the influences of the above-mentioned matter on the Company's financial standing. Its share price was higher than the issuance premium of the book value. The long-term equity investment and capital reserve should be adjusted. The influences were represented in the 2015 semi-annual report. The Company's shares (Shen SEG, Shen SEG B, stock code: 000058,200058) have been resumed since the opening of morning session on July 14, 2015.</p>	July 14, 2015	<i>The Announcement of Share Resumption for Important Matters</i> was disclosed on the Cninfo Website (http://www.cninfo.com.cn/)
10. Controlling shareholders' commitment to not unload shares and Directors, Supervisors and Senior Executives' commitment to purchase shares of the Company	July 09, 2015	<i>The Announcement of Supervisors to Purchase Company Shares</i> was disclosed on the Cninfo Website (http://www.cninfo.com.cn/).
	July 11, 2015	<i>The Announcement of Controlling Shareholders' Commitment to Not Unload Shares, Directors, Supervisors and Senior Executives' Commitment to Purchase Shares of the Company, and Initiative for Employees to Purchase Shares of the Company</i> was disclosed on the Cninfo Website (http://www.cninfo.com.cn/).
	July 17, 2015	<i>The Announcement of Shares, Directors, Supervisors And Senior Executives' Commitment to Increase Holding of the Company Shares</i> was disclosed on the Cninfo Website (http://www.cninfo.com.cn/).
	July 25, 2015	<i>The Announcement for Strategic Cooperation</i>

Overview of Important Events	Disclosure Date	Inquiry Index for the Websites Disclosing the Temporary Reports
		<i>Framework Agreement Signed with Dongguan EONTEC</i> was disclosed on the Cninfo Website (http://www.cninfo.com.cn/).
	September 10, 2015	<i>The Announcement for Strategic Cooperation Framework Agreement Signed with Dongguan EONTEC</i> was disclosed on the Cninfo Website (http://www.cninfo.com.cn/).
11. Transfer of 51% shares of Shenzhen SEG E-Commerce Co., Ltd. held by the Company As of the end of the report period, the above-mentioned matter has not been finished. As there are outstanding debts between SEG E-commerce and the Company, equity transfer can be continued only after the debts are settled. The Company will timely disclose the related information according to the specific progress.	July 22, 2015	<i>The Announcement for Transferring 51% shares of Shenzhen SEG E-Commerce Co., Ltd. Held by the Company</i> was disclosed on the Cninfo Website (http://www.cninfo.com.cn/).
	August 10, 2015	<i>The Announcement for Establishing the SEG International Maker Product Exhibition and Promotion Center</i> was disclosed on the Cninfo Website (http://www.cninfo.com.cn/).
12. Establishment of the SEG International Maker Product Exhibition and Promotion Center	August 19, 2015	<i>The Announcement for Chuangpinhui Branch of SEG's Acquisition of Business License</i> was disclosed on the Cninfo Website (http://www.cninfo.com.cn/).
13. Major assets restructuring Due to major assets restructuring, the Company's shares (Shen SEG, Shen SEG B, stock code: 000058,200058) have been suspended since the opening of morning session on November 4, 2015. During suspension, the Company and relevant parties have been promoting major asset restructuring and regularly disclose the progress announcement according to relevant provisions. As of the date of disclosure of the report, the Company has disclosed the major asset restructuring plan. Its shares will be resumed at the opening of morning session on February 25, 2016.	November 4, 2015	<i>The Announcement about Share Suspension for Important Matters</i> was disclosed on the Cninfo Website (http://www.cninfo.com.cn/).
14. Investment in Shenzhen SEG Investment Management Co., Ltd.	December 30, 2015	<i>The Announcement about Establishment of Shenzhen SEG Investment Management Co. Ltd.</i> was disclosed on the Cninfo Website (http://www.cninfo.com.cn/).

XIX. Important Matters of Subsidiaries

Applicable Not applicable

XX. Social Accountability

Applicable Not applicable

XXI. Company Bonds

Is there any bond publicly issued, listed on stock exchange, and unmatured as of the annual report disclosure date or matured but not fully cashed?

No

Chapter 6 Changes in Share Capital and Information on Shareholders

I. Information on Changes in Share Capital

1. Changes of shares

Unit: Share

	Before the change		Increase/decrease by (+)					After the change	
	Quantity	Percentage	New share offering	Bonus share	Capitalization of public reserve	Others	Subtotal	Quantity	Percentage
I. Restricted shares	26,689	0.00%	0	0	0	45,000	45,000	71,689	0.01%
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	45,000	45,000	71,689	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	45,000	45,000	71,689	0.00%
4. Shares held by foreign units	0	0.00%	0	0	0	0	0	0	0.00%
Including: Shares held by overseas legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Unrestricted shares	784,772,321	100.00%	0	0	0	-45,000	-45,000	784,727,321	99.99%
1. RMB ordinary shares	538,311,003	68.59%	0	0	0	-45,000	-45,000	538,266,003	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%

Reasons 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

2. Information on changes in restricted shares

Applicable Not applicable

Unit: Share

Name of shareholder	Restricted shares at period beginning	Restricted shares released in the current period	Restricted shares increased in the current period	Restricted shares at period end	Reason for restricted trade	Date for releasing restricted trade
Xu Ning	0	0	15,000	15,000	Senior executive-targeted share	3
Liu Zhijun	0	0	7,500	7,500	Senior executive-targeted share	3
Zheng Dan	26,689	0	5,250	31,939	Senior executive-targeted share	3
Zhu Longqing	0	0	9,000	9,000	Senior executive-targeted share	3
Ying Huadong	0	0	7,500	7,500	Senior executive-targeted share	3
Tian Jiliang	0	0	750	750	Senior executive-targeted share	3
Total	26,689	0	45,000	71,689	--	--

II. Issuance and listing of shares

1. Securities Issue (preferential shares excluded) in the report period

Applicable Not applicable

2. 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

3. Information of existing staff shares

□ Applicable √ Not applicable

III. Information on Shareholders and Actual Controllers**1. Information on the number of shareholders and their shareholding status**

Unit: Share

Total number of ordinary shareholders at the end of the report period	82,269	Total number of ordinary shareholders at the end of the month immediately before the disclosure of the annual report	87,327	Total number of preferred shareholders restored with the voting rights (if any) (see note 8)	0	Total number of preferred shareholders restored with the voting rights at the end of the month immediately before the disclosure of the annual report (if any)	0	
Information on the shareholders holding more than 5% shares or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Shares held by the end of report period	Share increase/decrease in the report period	Quantity of restricted shares held	Quantity of unrestricted shares held	Information on pledged or frozen shares	
							Share status	Quantity
Shenzhen SEG Group Co., Ltd.	State-owned legal person	30.24%	237,359,666	Unchanged	0	237,359,666		
Liu Guocheng	Domestic natural person	0.85%	6,691,302	1,195,707	0	6,691,302		
Liu Guohong	Domestic natural person	0.43%	3,354,558	+899,617	0	3,354,558		
Zeng Ying	Domestic natural person	0.42%	3,300,000	-4,740,826	0	3,300,000		
Gong Qianhua	Overseas natural person	0.37%	2,940,000	-2,371,520	0	2,940,000		
China Securities Finance Corporation Limited	Domestic non-state-owned legal person	0.29%	2,271,900	+2,271,900	0	2,271,900		
NORGES BANK	Overseas legal person	0.24%	1,890,226	Unchanged	0	1,890,226		
ARROWSTREET MULTI STRATEGY UMBRELLA PLC-ARROWSTREET EMERGING	Overseas legal person	0.23%	1,811,274	+1,811,274	0	1,811,274		

MARKET FUND III								
GUOTAI JUNAN SECURITIES (HONGKONG) LIMITED	Overseas legal person	0.23%	1,780,969	+118,172 shares	0	1,780,969		
Zheng Anzheng	Domestic natural person	0.22%	1,750,000	+1,750,000	0	1,750,000		
Strategic investors or general legal entities who became one of the top ten shareholders by participating in rights issue (If any)	N/A							
Explanations on the association relationship or concerted action among 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.							
Unrestricted Tradable Shares Held by Top Ten Shareholders								
Name of shareholder	Unrestricted shares held at the period end	Type of share						
		Type of share	Quantity					
Shenzhen SEG Group Co., Ltd.	237,359,666	RMB ordinary shares	237,359,666					
Liu Guocheng	6,691,302	Domestically listed foreign shares	6,691,302					
Liu Guohong	3,354,558	Domestically listed foreign shares	3,354,558					
Zeng Ying	3,300,000	Domestically listed foreign shares	3,300,000					
Gong Qianhua	2,940,000	Domestically listed foreign shares	2,940,000					
China Securities Finance Corporation Limited	2,271,900	RMB ordinary shares	2,271,900					
NORGES BANK	1,890,226	Domestically listed foreign shares	1,890,226					
ARROWSTREET MULTI STRATEGY UMBRELLA PLC-ARROWSTREET EMERGING MARKET FUND III	1,811,274	Domestically listed foreign shares	1,811,274					

GUOTAI JUNAN SECURITIES (HONGKONG) LIMITED	1,780,969	Domestically listed foreign shares	1,780,969
Zheng Anzheng	1,750,000	RMB ordinary shares	1,750,000
Explanations on the association relationship or concerted action among the top ten shareholders of unrestricted shares, and between the top ten shareholders of unrestricted shares and the top ten shareholders	Shenzhen SEG Group Co., Ltd has no 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)	Among the above-mentioned top 10 shareholders, Zheng Anzheng holds 0 shares of the Company by the ordinary account and 1,750,000 shares by the credit account of the financing bill investor, totaling 1,750,000 shares of the Company.		

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.

2. Information about controlling shareholders of the Company

Nature of controlling shareholder: local state-owned control

Type of controlling shareholder: legal person

Name of controlling shareholder	Legal representative/ Company manager	Date of incorporation	Organization code	Main business
Shenzhen SEG Group Co., Ltd.	Sun Shengdian	August 23, 1984	19218093-0	Business scope: Production and research of electronic products, household appliances, toys, electronic and telecom equipments, instruments and meters, motor equipments, computers and accessories, OA equipments and articles and electronic chemical projects (the license of the production site should be specially applied for); acceptance of various electronic system projects; operation of specialized electronic and communications markets; talent training; real estate development (it is made on the land plots for which the land use right has been legally obtained); real estate agency; shipping agency; logistics & warehousing; high-rise sightseeing at SEG Plaza and supporting catering, shopping and exhibition services; technical development and maintenance of

Name of controlling shareholder	Legal representative/ Company manager	Date of incorporation	Organization code	Main business
				network and information projects; import and export. Import and export business

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

No.	Company name	Abbreviations of held stock and securities code	Number of shares held (Unit: Share)	Proportion of shareholding (%)
1	Shenzhen SEG Group Co., Ltd.	Huakong SEG 000068	68,392,697	6.79
2	SEG (HONGKONG) Company Limited	Shen Huafa B200020	16,569,560	5.85
3	GOOD HOPE CORNER INVESTMENTS LTD	Shen Huafa 200020	13,900,000	4.91
4	SEG (HONGKONG) Company Limited	NewOcean Energy 0342	100,000	0.01

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.

3. Actual controller of the Company

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

Type of actual controller: legal person

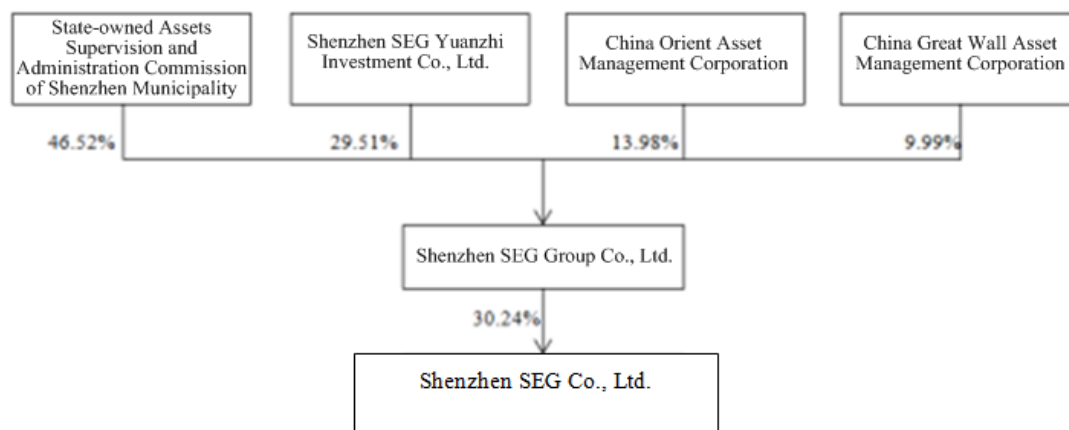
Name of actual controller	Legal representative/ Company manager	Date of incorporation	Organization code	Main business
Shenzhen State-owned Assets Supervision and Administration Commission	Gao Zimin		Not applicable	Not applicable

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.

Block diagram of the property rights and controlling relationship between the Company and its actual controller



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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

Chapter 7 Preferred Shares

Applicable Not applicable

No preferred share is involved in the report period.

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

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

Name	Title	Employment Status	Gender	Age	Beginning date of office term	Ending date of office term	Shares Held at Period Beginning (Share)	Increase of Shares Held in the Report Period (Share)	Decrease of Shares Held in the Report Period (Share)	Increase or decrease (Share)	Shares Held at Period End (Share)
Wang Li	Chairman	Incumbent	Male	54	June 17, 2013	June 16, 2016	0	0	0	0	0
Zhang Guangliu	Director	Incumbent	Male	53	June 17, 2013	June 16, 2016	0	0	0	0	0
Ye Jun	Director	Incumbent	Male	54	June 17, 2013	June 16, 2016	0	0	0	0	0
Liu Zhijun	Director/ General Manager	Incumbent	Male	47	June 17, 2013	June 16, 2016	0	10,000	0	0	10,000
Zheng Dan	Director/Vice General Manager/Secretary of the Board of Directors	Incumbent	Female	50	June 17, 2013	June 16, 2016	35,586	7,000	0	0	42,586
Zhu Longqing	Director/Vice General Manager	Incumbent	Male	54	June 17, 2013	June 16, 2016	0	12,000	0	0	12,000
Song Pingping	Independent Director	Incumbent	Female	48	June 17, 2013	June 16, 2016	0	0	0	0	0
Li Luoli	Independent Director	Incumbent	Male	68	June 17, 2013	June 16, 2016	0	0	0	0	0
Zhou Hanjun	Independent Director	Incumbent	Male	46	June 17, 2013	June 16, 2016	0	0	0	0	0
Xu Ning	Supervisor	Incumbent	Male	51	August 27, 2014	June 16, 2016	0	20,000	0	0	20,000
Tang Chongyin	Supervisor	Incumbent	Male	55	June 17, 2013	June 16, 2016	0	0	0	0	0
Peng Aiyun	Supervisor	Incumbent	Male	42	June 17, 2013	June 16, 2016	0	0	0	0	0
Tian Jiliang	Supervisor	Incumbent	Male	49	June 17, 2013	June 16, 2016	0	1,000	0	0	1,000

Name	Title	Employment Status	Gender	Age	Beginning date of office term	Ending date of office term	Shares Held at Period Beginning (Share)	Increase of Shares Held in the Report Period (Share)	Decrease of Shares Held in the Report Period (Share)	Increase or decrease (Share)	Shares Held at Period End (Share)
Ying Huadong	Supervisor	Incumbent	Male	46	June 17, 2013	June 16, 2016	0	10,000	0	0	10,000
Bo Hongxi	Vice General Manager	Incumbent	Male	58	July 24, 2013	June 16, 2016	0	0	0	0	0
Total	--	--	--	--	--	--	35,586	60,000	0	0	95,586

II. Changes of Directors, Supervisors, and Senior Executives

No changes of directors, supervisors, and senior executives are involved in the report period. For details:

III. Information on Position

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

(I) Members of the Board of Directors

1. Wang Li, male, born in 1961, is a Master. He now serves as the Chairman of the Company, Vice Secretary and General Manager of SEG Group, Chairman of SEG CREDIT, and Director of Shenzhen Saiyi Fawei Electronics Co., Ltd. He used to serve as the Vice General Manager and standing Vice General Manager (in charge of business) of SEG Group, President of Shenzhen SEG Hi-tech Industrial Co., Ltd., and Chairman of SEG Property.
2. Zhang Guangliu, male and born in 1962, is a Master He now serves as the Director of the Company, Vice General Manager of SEG Group, Chairman of SEG Kang Le, and Chairman of the Board of Supervisors of Shenzhen Shenai Semi-conductive Co., Ltd. He used to serve as the Chairman of the Board of Supervisors of Huakong SEG, and Chairman of SEG (HONGKONG) Company Limited
3. Liu Zhijun, male and born in 1968, is a Master of Engineering. He now serves as the Secretary of Party Committee, Director and General Manager of the Company. Concurrently, he serves as the Chairman of Nantong SEG, the Chairman of Longgang SEG, the Chairman of Xi'an SEG, the Chairman of Xi'an Hairong SEG, the Chairman and General Manager of SEC Investment, Director of SEG E-commerce, director of SEG Credit, and supervisor of Kashgar Shenzhen City Co., Ltd. He used to serve as the Vice Secretary of Party Committee of the Company, the Chairman of SEG E-commerce, the Chairman of Shanghai SEG, the Manager of the Business Department of SEG Group, and the Deputy General Manager of SEG Baohua.
4. Zheng Dan, female and born in 1965, a Senior Economist and a Master of Science. She now serves as the Vice Secretary of Party Committee of the Company, the Secretary of the Discipline Inspection Commission, the Director, Vice General Manager and Secretary of the Board of Directors; she is also a Standing Committee Member of the Second Committee of Directors and Secretaries of China Association for Public Companies, the Chairman of Suzhou SEG, the Chairman of Wujiang SEG, the Chairman of SEG Baohua, the Chairman of

Suzhou SEG Digital, the Functional Chairman of Suzhou SEG, the Director of SEG Credit, the Director of Nantong SEG, the Director of Nantong SEG Commercial Operation Management Co., Ltd., the Director of SEG Investment, the Chairman of the Board of Supervisors of Changsha SEG, the Chairman of the Board of Supervisors of SEG e-Commerce, and the Chairman of the Board of Supervisors of Huakong SEG. She used to serve as the Director of SEG e-Commerce, the Director of Huakong SEG, the Chairman of the Board of Supervisors of SEG Baohua, the Chairman of the Board of Supervisors of SEG Logistics, and the Chairman of the Board of Supervisors of SEG GPS.

5. Zhu Longqing, male and born in 1961 is a MBA. He now serves as Director and Vice General Manager of the Company and concurrently as President of SEG Storage and Transportation and Changsha SEG, Director of SEG Baohua, Supervisor of Shanghai SEG, Director and General Manager of SEG E-commerce. Concurrently, he serves as the Chairman of SEG Industry, the Chairman of Changsha SEG, the Chairman of Nanjing SEG, the Chairman of Wuxi SEG, the Chairman of Shanghai SEG, the Director of Nantong SEG, the Director of SEG e-commerce, the Director of Nantong SEG Commercial Operation Management Co., Ltd., the Director of SEG GPS, and the Chairman of the Board of Supervisors of SEG Baohua. He used to serve as the Chairman of SEG Logistics and the Chairman of the Board of Supervisors of SEG Logistics, the Director of SEG Baohua, the Director and General Manager of SEG Industry.

6. Ye Jun, male and born in 1960, is a Bachelor and a Senior Accountant. He now serves as the Director of the Company, the Director and President of SEG Credit. He used to serve as the Chief Financial Officer of SEG Group, the Chairman of Shenzhen SEG Real Estate Investment Co., Ltd., the Director of Shenzhen SEG Square Investment & Development Co., Ltd., the Director of Huakong SEG, the Director of Shenzhen Shenai Semi-conductive Co., Ltd., and the Director of Shijiazhuang SEG Square Investment Co., Ltd.

7. Zhou Hanjun, male and born in 1969, is a CPA and a CTA. He now serves as an Independent Director of the Company, partner of Shenzhen Asia-Pacific (Group) Certified Public Accountants Co., Ltd., and Independent Director of Shenzhen Yushun Electronics Co., Ltd.

8. Li Luoli, male and born in 1947, is a Master of Economics. He now serves as a Professor and a PhD Tutor of Nankai University. He now serves as the Vice President of China Development Institute (Shenzhen, China), Vice Chairman of China Society of Economic Reform, and President of Shenzhen Mahong Economics Research and Development Foundation. He used to serve as the Vice Director of Nankai Institute of Economics, the Vice Director of Price Research Institute of the National Price Bureau, the Vice Director of the General Office of the People's Government of Shenzhen City, the Director of Shenzhen Information Center, the Vice Secretary General and Director of Recipient Office of the Municipal Commission of Shenzhen City, the Vice President and Secretary General of China Development Institute, and Director of China Opening Journal.

9. Song Pingping, female and born in 1967, is a Master of Law. She now serves as a partner of Shenzhen Dongfang Fuhai Investment Management Co., Ltd., the Secretary General of the Risk Control Commission of Shenzhen Yuanzhi Fuhai Investment Management Co., Ltd., the Arbitrator of Huanan International Economy and Trade Arbitration Commission, and the Independent Director of Shenzhen Yantianang Co., Ltd. She was a partner of Beijing Jinshe Law Firm.

(II) Members of the Board of Supervisors

1. Xu Ning, male, born in 1965, is a Bachelor. He now serves as the Chairman of the Board of Supervisors of the Company, Vice Secretary of the Party Committee, and the Secretary of the Discipline Inspection Commission, and Chairman of SEG Group Labor Union. She served as the President of SEG Talent Training Center, and

Complaint Processing Specialist at Division Level for Shenzhen State-owned Assets Supervisory and Administrative Bureau.

2. Tang Chongyin, male and born in 1960, is a Doctor. He now serves as the Supervisor of the Company, the Director of Shenzhen Shenai Semi-conductive Co., Ltd., the Director of Tianjin SEG Haijing Co., Ltd., the Director of Shenzhen SEG Yuren Technology Co., Ltd., and the Chairman of the Board of Supervisors of SEC Credit. He was the Director of SEC e-commerce, and the Vice Chairman of Shenzhen Zhongheng Huafa Co., Ltd.

3. Peng Aiyun, male, born in 1973, is a Bachelor. He now serves as the Director of the Company, the Vice Director of Business Development Division of SEG Group, and concurrently serves as the Director of Shenzhen SEG Real Estate Investment Co., Ltd., the Chairman of Shenzhen SEG Huaqiang North Makership Co., Ltd. and the Supervisor of Shijiazhuang SEG Square Investment Co., Ltd. He was the Vice Manager of the Electronics Market and Property Management Department of SEG Group.

4. Tian Jiliang, male and born in 1966, is a Bachelor. He now serves as Supervisor (Worker Supervisor), Operation Director, and Director of the Strategic Department of the Company; concurrently, he serves as the Director of SEG Baohua, the Chairman of the Board of Supervisors of Xi'an SEG, the Chairman of the Board of Director of Longgang SEG, the Supervisor of Xi'an Hairong SEG, and the Supervisor of SEG Investment. He served as the Director of the Department of Human Resources of the Company, the Director of Suzhou SEG, and the Supervisor of Wuxi SEG.

5. Ying Huadong, male and born in 1969, is a Bachelor and a Senior Accountant. He now serves as Supervisor (Worker Supervisor) of the Company and Manager of the Finance and Assets Management Department. Concurrently, he serves as Director of Changsha SEG, Supervisor of Nanjing SEG, Supervisor of Nantong SEG, and Supervisor of Nantong SEG Commercial Operation Management Co., Ltd. He was the Chief Financial Officer of the Company, and the Supervisor of Changsha SEG.

(III) Senior executives

1. Liu Zhijun is General Manager and relevant information may be referred to in the above introduction on Directors.

2. Zheng Dan is Vice General Manager and relevant information may be referred to in the above introduction to directors.

3. Zhong Longqing is Vice General Manager and relevant information may be referred to in the above introduction to directors.

4. Bo hongxi, male and born in 1958, is a Bachelor and a Senior Accountant. He now serves as the Vice General Manager of the Company, the Director and General Manager of SEG Baohua, and concurrently as the Chairman of Supervisor of Nantong SEG Commercial Operation Management Co., Ltd.

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

√ Applicable □ Not applicable

Name	Name of shareholders' units	Position in shareholders' units	Beginning date of office term	Ending date of office term	Receiving remuneration from shareholders' units or not
Wang Li	SEG Group	Vice Secretary of the Party Committee and	January 04, 2011	Up to now	Yes

Name	Name of shareholders' units	Position in shareholders' units	Beginning date of office term	Ending date of office term	Receiving remuneration from shareholders' units or not
		General Manager			
Zhang Guangliu	SEG Group	Vice General Manager	March 10, 2003	Up to now	Yes
Liu Zhijun	SEG Group	--	--	--	No
Zheng Dan	SEG Group	--	--	--	No
Zhu Longqing	SEG Group	--	--	--	No
Ye Jun	SEG Group	--	--	--	No
Xu Ning	SEG Group	Vice Secretary of Party Committee, Secretary of Discipline Committee, and Chairman of the Labor Union	--	Up to now	Yes
Tang Chongyin	SEG Group	Manager of the Asset Department	April 17, 2003	Up to now	Yes
Peng Aiyun	SEG Group	Vice Director of Business Development Division	August 29, 2011	Up to now	Yes
Tian Jiliang	SEG Group	--	--	--	No
Ying Huadong	SEG Group	--	--	--	No
Bo Hongxi	SEG Group	--	--	--	No

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

√ Applicable □ Not applicable

Name	Name of other units	Position in other units	Beginning date of office term	Ending date of office term	Receiving remuneration from other units or not
Wang Li	SEG Credit	Chairman	November 01, 2011	Up to now	No
	Shenzhen Saiyi Fawei Electronics Co., Ltd.	Director	September 01, 2003	Up to now	No
Zhang Guangliu	SEG Kang Le Enterprise Development Co., Ltd.	Chairman	August 1, 2011	Up to now	No
	Shenzhen Shenai Semi-conductive Co., Ltd.	Chairman of Supervisory Board	July 1, 2010	Up to now	No
Liu Zhijun	Nantong SEG	Chairman	January 1, 2013	Up to now	No
	Longgang SEG	Chairman	June 1, 2010	Up to now	No
	Xi'an SEG	Chairman	May 1, 2013	Up to now	No

Name	Name of other units	Position in other units	Beginning date of office term	Ending date of office term	Receiving remuneration from other units or not
	Xi'an Hairong SEG	Chairman	May 1, 2013	Up to now	No
	SEG Investment	Chairman and General Manager	November 1, 2015	Up to now	No
	SEG E-Commerce	Director	January 1, 2014	Up to now	No
	SEG Credit	Director	September 1, 2011	Up to now	No
	Kashgar Shenzhen City Co., Ltd.	Supervisor	October 1, 2012	Up to now	No
Zheng Dan	Second Committee of Directors and Secretaries of China Association for Public Companies	Standing committee member	November 1, 2015	Up to now	No
	Suzhou SEG	Chairman	September 1, 2011	Up to now	No
	Wujiang SEG	Chairman	June 1, 2012	Up to now	No
	SEG Baohua	Chairman	April 1, 2013	Up to now	No
	Suzhou SEG Digital	Chairman	August 1, 2014	Up to now	No
	Suzhou SEG	Chairman	January 1, 2016	Up to now	No
	SEG Credit	Director	September 1, 2011	Up to now	No
	Nantong SEG	Director	January 1, 2013	Up to now	No
	Nantong SEG Operation	Director	May 1, 2014	Up to now	No
	SEG Investment	Director	November 1, 2015	Up to now	No
	Changsha SEG	Chairman of Supervisory Board	March 1, 2009	Up to now	No
	SEG E-Commerce	Chairman of Supervisory Board	May 1, 2013	Up to now	No
Zhu Longqing	Huakong SEG	Chairman of Supervisory Board	March 1, 2014	Up to now	No
	SEG Industry	Chairman	May 01, 2013	Up to now	No
	Changsha SEG	Chairman	June 01, 2010	Up to now	No
	Nanjing SEG	Chairman	April 01, 2011	Up to now	No
	Wuxi SEG	Chairman	Aug 1, 2012	Up to now	No
	Shanghai SEG	Chairman	June 01, 2014	Up to now	No
	Nantong SEG	Director	January 01, 2013	Up to now	No
	SEG E-Commerce	Director	January 01, 2011	Up to now	No
Nantong SEG Operation	Director	May 01, 2014	Up to now	No	

Name	Name of other units	Position in other units	Beginning date of office term	Ending date of office term	Receiving remuneration from other units or not
	SEG Navigations	Director	February 01, 2012	Up to now	No
	SEG Baohua	Chairman of Supervisory Board	April 01, 2013	Up to now	No
Ye Jun	SEG Credit	Director	June 01, 2013	Up to now	No
	SEG Credit	President	June 01, 2013	Up to now	No
Tang Chongyin	Shenzhen SEG Hi-tech Industrial Co., Ltd.	Director	July 01, 2006	Up to now	No
	Shenzhen Shenai Semi-conductive Co., Ltd.	Director	December 01, 2010	Up to now	No
	Tianjin SEG Haijing Co., Ltd.	Director	December 01, 2006	Up to now	No
	Shenzhen Daming Electronics Co., Ltd.	Chairman	July 01, 2006	Up to now	No
	SEG Credit	Chairman of Supervisory Board	May 01, 2014	Up to now	No
	Shenzhen SEG Yuren Technology Co., Ltd.	Director	May 01, 2015	Up to now	No
Peng Aiyun	Shenzhen SEG Huaqiang North Makership Co., Ltd.	Director	May 01, 2015	Up to now	No
	Shenzhen SEG Real Estate Investment Co., Ltd.	Director	May 01, 2013	Up to now	No
	Shijiazhuang SEG Square Investment Co., Ltd.	Supervisor	August 01, 2011	Up to now	No
Tian Jiliang	SEG Baohua	Director	March 01, 2009	Up to now	No
	Xi'an SEG	Chairman of Supervisory Board	November 01, 2008	Up to now	No
	Longgang SEG	Chairman of Supervisory Board	May 01, 2011	Up to now	No
	Xi'an Hairong SEG	Supervisor	July 01, 2011	Up to now	No
	SEG Investment	Supervisor	November 01, 2015	Up to now	No
Ying Huadong	Changsha SEG	Director	June 01, 2010	Up to now	No
	Nanjing SEG	Supervisor	April 01, 2011	Up to now	No
	Nantong SEG	Supervisor	January 01, 2013	Up to now	No
	Nantong SEG Operation	Supervisor	May 01, 2014	Up to now	No
Bo Hongxi	SEG Baohua	General	March 01, 2005	Up to now	Yes

Name	Name of other units	Position in other units	Beginning date of office term	Ending date of office term	Receiving remuneration from other units or not
		Manager			
	SEG Baohua	Director	March 01, 1999	Up to now	Yes
	Nantong SEG Operation	Chairman	May 01, 2014	Up to now	No

Information on punishment of incumbent and resigned directors, supervisors and senior executives in the report period by the securities regulatory authority in the recent three years

Applicable Not applicable

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

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

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

According to The Articles of Association, the remuneration of directors and supervisors is determined by the General Meeting of Shareholders, but, at present, the Company has not implemented the remuneration system for non-independent directors and supervisors except for independent directors. The directors and supervisors of the Company only receive the wages corresponding to their administrative positions. Eight directors (including independent directors) and supervisors of the Company received a total amount of remuneration of RMB 3,670,600 (pre-tax) in the report period. The Company shall issue RMB 100,000 (pre-tax) per year as the subsidies for independent directors according to the resolution passed at the seventeenth General Meeting of Shareholders (2011) on April 20, 2012. The travel and accommodation expenses of Independent Directors due to attendance of the meetings of the Board and the General Meeting of Shareholders as well as the expenses incurred by Independent Directors due to exercising of their powers according to the *Articles of Association* are reimbursed by the Company according to the actual expenses.

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

Unit: RMB ten thousand Yuan

Name	Title	Gender	Age	Employment Status	Total pre-tax remuneration from the Company	Remuneration acquired from associates
Wang Li	Chairman	Male	54	Incumbent	--	Yes
Zhang Guangliu	Director	Male	53	Incumbent	--	Yes
Liu Zhijun	Director/ General Manager	Male	47	Incumbent	83.81	No

Name	Title	Gender	Age	Employment Status	Total pre-tax remuneration from the Company	Remuneration acquired from associates
Zheng Dan	Director/Vice General Manager/Secretary of the Board of Directors	Female	50	Incumbent	70.65	No
Zhu Longqing	Director, Vice General Manager	Male	54	Incumbent	70.65	No
Ye Jun	Director	Male	55	Incumbent	--	Yes
Zhou Hanjun	Independent Director	Male	46	Incumbent	10	No
Li Luoli	Independent Director	Male	68	Incumbent	10	No
Song Pingping	Independent Director	Female	48	Incumbent	10	No
Xu Ning	Chairman of Supervisory Board	Male	50	Incumbent	--	Yes
Tang Chongyin	Supervisor	Male	55	Incumbent	--	Yes
Peng Aiyun	Supervisor	Male	42	Incumbent	--	Yes
Tian Jiliang	Supervisor	Male	49	Incumbent	58.17	No
Ying Huadong	Supervisor	Male	46	Incumbent	53.78	No
Bo Hongxi	Vice General Manager	Male	57	Incumbent	--	No
Total	--	--	--	--	367.06	--

Information on equity incentives bestowed to directors, supervisors and senior executives during the report period

Applicable Not applicable

V. Information on Employees of the Company

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

Number of on-the-job employees in the parent company	161
Number of on-the-job employees in the major subsidiaries	721
Total number of on-the-job employees	882
Total number of paid employees in the current period	882
Number of retired workers to whom the Company pays pension benefits assumed by parent company and major subsidiaries	0
Profession composition	

Profession composition	Number of employees
Production staff	140
Sales staff	100
Technical staff	140
Financial staff	80
Administrative staff	422
Total	882
Education background	
Education background	Number of employees
Master	33
Bachelor	269
Junior college graduate	259
Technical secondary school (Polytechnic school) graduate	64
Senior high school and below	257
Total	882

2. Remuneration policy

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

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

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

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

3. Training plan

Based on strategies, culture, operation performance and human orientation, the Company cultivates its core competence through normalized, systematic and professional total management.

Within the report period, the Company cultivated and trained the targeted talents needed in transformation and upgrading of the Company's industry through series of activities like "elite training camp".

4. Labor outsourcing

Applicable Not applicable

Chapter 9 Corporate Governance

I. Basic information on corporate governance

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

1. Information on the Company and controlling shareholders

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

2. Shareholders and the General Meeting of Shareholders

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

3. Directors and the Board of Directors

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

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

4. Supervisors and the Board of Supervisors

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

5. Information disclosure and transparency

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

(II) Non-compliance within the report period

1. The controlling shareholders exert the "Property Right Representatives Report System" for managing the Company. The Company's controlling shareholder SEG Group is a state-controlled corporation in Shenzhen and Shenzhen State-owned Assets Supervision and Administration Bureau is 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 the respect of personnel rating, our controlling shareholder SEG Group evaluates the annual operation performance of the general manager based on the accomplishment of indexes of its annual operation plan and other indexes.

3. The company reports the non-public information to the major shareholders and the actual controllers.

The company reports the non-public information to the major shareholders and the actual controls based on the property right representative reporting system and requirements of the national statistical departments. In accordance with the requirements of state-owned assets supervision department, the Company has been submitting monthly flash reports to the majority shareholder and the actual controller and reporting important issues to the majority shareholder and the actual controller before they are disclosed. The Company submitted the *Undisclosed Information Provided by Listed Companies for the Majority Shareholder or Actual Controller* and *Letter of Commitment* to Shenzhen Securities Regulatory Bureau on October 18, 2007. SEG Group offered

the *Letter of Commitment on Strengthening Management of Undisclosed Information* to Shenzhen Securities Regulatory Bureau. Meanwhile, the Company has established and implemented the *Non-public Information Insider Reporting System* and the *Confidentiality System of Shenzhen SEG Co., Ltd for Insiders of Non-public Information* and has monthly reported to Shenzhen Securities Regulatory Bureau about its reports of unpublicized information. Senior executives and all employees at the headquarters signed a Confidentiality Agreement with the Company on July 15, 2009. The Confidentiality Agreement clearly stipulates that all employees are obligated to hold confidential the business secrets and undisclosed information of the Company.

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

No.	Organization to which information is reported	Relationship between the organization and the Company	Type of information	Procedure of report	Time or period of report	Basis for report	Procedure of approval
1	SEG Group	Controlling shareholder (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 <i>State-owned Asset Management Information System</i> .	Monthly	The document <i>Notice about Formulation of the Monthly Flash Report of Enterprises Supervised by Stated-owned Assets Supervision and Administration Commission of the State Council</i> (SASAC [2003]23)	Approved by the Board of Directors
2	SEG Group	Controlling shareholder (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 reported through the <i>State-owned Asset Management Information System</i> .	Monthly	The document <i>Notice about Formulation of the Monthly Flash Report of Enterprises Supervised by Stated-owned Assets Supervision and Administration Commission of the State Council</i> (SASAC [2003]23)	Approved by the Board of Directors
3	SEG Group	Controlling shareholder (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 <i>State-owned Asset Management Information System</i> .	Monthly	The document <i>Notice about Formulation of the Monthly Flash Report of Enterprises Supervised by Stated-owned Assets Supervision and Administration Commission of the State Council</i> (SASAC [2003]23)	Approved by the Board of Directors

No.	Organization to which information is reported	Relationship between the organization and the Company	Type of information	Procedure of report	Time or period of report	Basis for report	Procedure of approval
4	SEG Group Group	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 <i>State-owned Asset Management Information System</i> .	Quarterly	The document <i>Notice about Formulation of the Monthly Flash Report of Enterprises Supervised by Stated-owned Assets Supervision and Administration Commission of the State Council</i> (SASAC [2003]23)	Approved by the Board of Directors
5	SEG Group Group	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 <i>State-owned Asset Management Information System</i> .	Quarterly	The document <i>Notice about Formulation of the Monthly Flash Report of Enterprises Supervised by Stated-owned Assets Supervision and Administration Commission of the State Council</i> (SASAC [2003]23)	Approved by the Board of Directors
6	SEG Group Group	Controlling shareholder (30.24%)	Summary sheet of quarterly information on investment properties of the Company registered in Shenzhen	It has been reported since June 2009. The invested corporation of the Company and the financial staff at the Headquarters prepare the sheet and consolidate the statements, which are reported through the <i>State-owned Asset Management Information System</i> .	Quarterly	The document <i>Notice about Formulation of the Monthly Flash Report of Enterprises Supervised by Stated-owned Assets Supervision and Administration Commission of the State Council</i> (SASAC [2003]23)	Approved by the Board of Directors
7	SEG Group Group	Controlling shareholder (30.24%)	Monthly consolidated statements (including the Balance Sheet, the Profit Statement, the Cash Flow Statement, the Notes to	They should be reported every month after being printed, signed and sealed and reported every quarter through the <i>State-owned Asset Management Information System</i> . They have been reported on line from July 2008.	Monthly	The <i>Notice of Shenzhen SEG Co., Ltd on Submitting of Monthly Statements</i> issued by Shenzhen SEG Group Co., Ltd.	Approved by the Board of Directors

No.	Organization to which information is reported	Relationship between the organization and the Company	Type of information	Procedure of report	Time or period of report	Basis for report	Procedure of approval
			Preparation of the Statements and the Financial Statements)				
8	SEG Group Group 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, refuse to report, delay the report, or fabricate or falsify data. Self-governing mass organizations at the grass roots level and citizens have the obligation to provide truthfully the information required by the statistical survey of the state.	Approved by the Board of Directors
9	SEG Group Group	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</i>	Approved by the Board of Directors

No.	Organization to which information is reported	Relationship between the organization and the Company	Type of information	Procedure of report	Time or period of report	Basis for report	Procedure of approval
						<i>Council</i> (SASAC [2003]23)	
10	Shenzhen SASAC	Actual controller	Register of top 100 A and B shareholders in 2015	The hard copy of the official website of Shenzhen Branch of China Securities Depository and Clearing Corporation Limited	Quarterly	The requirements from 2015 Shenzhen state-owned enterprise capital operation conference	The Board of Directors agrees to report.

Whether the Company generally meets the specifications set forth in the regulation documents on listed companies as published by China Securities Regulatory Commission

Yes No

Whether the Company generally meets the specifications set forth in the regulation documents on listed companies as published by China Securities Regulatory Commission

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

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

(1) SEG Group has the ownership and the income right of SEG Communication Market and assumes all creditor's rights and liabilities occurring during the operation of SEG Communications Market. (2) The management representative from the Company shall operate and management SEG Communications Market during the period of entrustment operation and management, who has a sufficient authority in operation and management of SEG Communications Market. (3) In accordance with the provisions of the Company on entrustment management of the electronics market and with full consideration to the maturity of the entrusted market and whether the market is located in a primary business area, the Company shall collect from SEG Group

the management fee and profit fee as follows based on the market sound value: the total income of SEG Communications Market in 2010, RMB 20,000,000 Yuan, shall be regarded as the base number; the Company shall collect a management fee of RMB 200,000 Yuan should the total income of the market in the current year is equal to or less than RMB 20,000,000 Yuan; the Company shall take 20% from the part beyond the base number apart from the management fee that is RMB 200,000 Yuan should the total income in the current year exceed RMB 20,000,000 Yuan. The detailed information about the above-mentioned matter may be referred to in the Public Notice on Shenzhen SEG Co., Ltd on the Related Transaction for the Purpose of Solving the Issue of Horizontal Competition between the Company and the Controlling Shareholder that was disclosed on the *China Securities Journal*, the *Securities Times*, the *Hong Kong Commercial Daily* and the Cninfo Website on January 28, 2011. Till the date of disclosure of this report, the Company had received the timely payment of the management fee of 2011-2015, RMB 200,000 Yuan, from SEG Group. Therefore, there is no longer the issue of horizontal competition between the Company and SEG Group.

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

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

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

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

III. Horizontal Competition

Applicable Not applicable

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

1. Annual general meeting of shareholders in the report period

Meeting No.	Meeting Type	Percentage of Investor Participation	Date	Disclosure Date	Disclosure Index
The 20th General Meeting of Shareholders (2014)	Annual general meeting of shareholders	0.07%	April 17, 2015	April 18, 2015	Cninfo Website: http://www.cninfo.com.cn <i>Announcement about Resolutions of the 20th Meeting of Shareholders (2014) of Shenzhen SEG Co., Ltd.</i>
First Interim Meeting of Shareholders in 2015	Interim general meeting of shareholders	0.08%	December 31, 2015	January 04, 2016	Cninfo Website: http://www.cninfo.com.cn <i>Announcement about Resolutions of the First Interim General Meeting of Shareholders (2015) of Shenzhen SEG Co., Ltd.</i>

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

Applicable Not applicable

V. Performance of independent directors in the report period

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

Attendance of independent directors in meetings of the Board of Directors of the Company						
Name of independent director	Number of meetings to be attended in the report period	Times of entrusted personal presence	Attendances through communication	Times of entrusted presence	Times of absence	Failure to attend the meeting in person in two consecutive times
Zhou Hanjun	12	3	9	0	0	No
Li Luoli	12	2	9	1	0	No
Song Pingping	12	2	9	1	0	No
Times for independent directors to attend the general meeting of shareholders						2

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

Whether independent directors raised objections against relevant matters of the Company

Yes No

The independent directors did not raise any objection against relevant matters of the Company in the report period.

3. Other descriptions about the performance of independent directors

Whether the independent directors accepted proposals of the Company

Yes No

In the report period, three independent directors of the Company fully exercised power and functions specified by national regulations and the *Articles of Association*, gave play to professional skills, fulfilled their obligations with caution, rationalized decision making and procedures, and protected the overall interests of the Company, particularly legitimate rights and interests of the medium and small shareholders.

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

(II) Actively cooperated with the professional committees of the Board of Directors. Independent directors were members of Development Strategy Committee, Audit Committee and Wage and Assessment Committee of the Board of Directors. In compliance with the working rules of the professional committees, they actively participated in daily work of the committees, gave professional opinions and suggestions on the Company development planning and short-term financing bonds issuance, and supported scientific and cautious decision making of the Board of Directors.

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

(IV) Deeply understood the Company. In 2015, independent directors took advantage of the Company meetings and specially took time to conduct field investigation of the Company and its investors to deeply understand the Company's daily operation and project construction. Meanwhile, independent directors kept in close touch with other directors, senior executives and personnel by means of phone and e-mails, always paid attention to influences of changes of external environment and market on the Company, and timely understood the progress of important matters of the Company. In addition, independent directors always paid attention to information disclosure, supervised and check such disclosure, and ensure fair and timely disclosure of the Company information so that public shareholders could be timely updated about the development of the Company.

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

Proposal raised by	Proposal content	Form	Adoption status
Zhou Hanjun, Song Pingping and Li Luoli	Advice to the Company on paying more attention to "Chuangke" and other emerging industries	Oral	Adopted
Zhou Hanjun, Song Pingping and Li Luoli	Advice on Company business transformation and upgrading	Oral	Adopted
Zhou Hanjun, Song Pingping and Li Luoli	Relevant advice on Company major assets restructuring	Oral	Adopted
Song Pingping and Zhou Hanjun	Advice on asset operation model adopted by the Company	Oral	Adopted
Zhou Hanjun and Li Luoli	Advice on rolling business plan of the Company for the next 3 years (from 2016 to 2018)	Oral	Adopted
Li Luoli and Song Pingping	Advice on adjustment to Company organization structure and the implementation of project system	Oral	Adopted

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

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

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

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

1. The review opinion of the Audit Committee on the 2015 Financial Statements of the Company

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

(1) Before the entrance of the certified public accountant for annual auditing, the Audit Committee reviewed the financial statements to be audited and issued the first opinion in writing. The Audit Committee believed that the Company formulated reasonable accounting policies and appropriate accounting estimates in accordance with relevant requirements of the accounting standard and based on the actual conditions of the Company; the financial statements prepared by the Company truthfully reflected the financial status of the Company as of December, 2015 and the operating results and cash flow of the Company in 2015. The Committee approved the use of these financial statements as the basis for implementation of the audit work for 2015.

(2) After the completing of the first draft by the CPA, the Audit Committee read the draft in time and communicated with the CPA. There was no dispute on the important issues mentioned by the 2015 Financial Statements between the Committee and the CPA. The financial statements comply with the provisions of the Accounting Standard for Business Enterprises and relevant laws and regulations. The Audit Committee approved

the use of these financial statements as the basis for the preparation of the 2015 Annual Report and Report Summary.

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

After consultation with Dahua Certified Public Accountants Co., Ltd., the auditing institution of 2015, the arrangement for the 2015 auditing was decided by the Company in December 2015, which was reported to the Audit Committee in time. After communication with the auditing institution, the Audit Committee believed that the Company had made preparations in advance based on the actual situation and its time arrangement for the annual auditing was appropriate. The Audit Committee approved the annual audit plan formulated by the auditing institution. After the entrance of the auditing institution, the Audit Committee communicated with the main responsible person of the project, the CPA whose signature was provided and relevant personnel, got known about the progress of the audit and the issues concerned about by the CPA, and reported the progress and the issues to relevant department of the Company in time.

3. The work summary of the Audit Committee for the 2015 auditing conducted by Dahua Certified Public Accountants Co., Ltd.

In order to conduct timely and accurate audit on the financial status and business results of 2015 of the Company, Dahua Certified Public Accountants Co., Ltd. carried out preliminary investigation and pre-auditing in December 12, and completed the audit work in March 2015.

The audit committee exchanged ideas with the CPAs on December 23, 2015, and continued the communication during audit. Also, the audit committee reviewed the draft of the annual audit report issued by the CPAs. The Audit Committee believed that the CPA could perform his duty in strict accordance with auditing laws, regulations and principles, focused on the Company's operating environment, understood the establishment, improvement and implementation of the internal control system of the Company, had a strong awareness of risks, and could finish the audit work in time in accordance with the arranged audit schedule. The CPA was capable of being independent and discreet, well finished the auditing on the Financial Statements and internal control of the Company for the Year 2015, and issued an objective and fair audit report.

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

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

(1) The audit committee of the Company held the first meeting of 2015 on March 9, 2015 by means of telecommunication, reviewed and approved the *Opinion of the Audit Committee on the 2014 Financial Statements, Audit Report of 2014 from Dahua Certified Public Accountants Co., Ltd., Proposal on Auditor Engagement for the 2015 Annual Report and Payment of Audit Fee, and Proposal on Engagement of Internal Control Auditor for the 2015 Semi-Annual Report and Payment of Internal Control Audit Fee.*

(2) The audit committee of the Company held the second meeting of 2015 on December 23, 2015 by means of telecommunication. The meeting reviewed and approved the *Audit Work Plan and Communication Report of the Audit Committee of 2015 of Shenzhen SEG Co., Ltd.*

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

The opinion of the Wage and Assessment Committee on the disclosed remuneration of the Directors, Supervisors and Senior Executives of the Company: Director of the Board and General Manager Liu Zhijun, Director, Vice

General Manager and Secretary of the Board Zheng Dan, Director and Vice General Manager Zhu Longqing, Supervisor Tian Jiliang and Supervisor Ying Huadong only received the wages corresponding to their respective administrative posts; Independent Directors Zhou Hanjun, Li Luoli and Song Pingping received allowances for independent directors; other directors and supervisors did not receive wages from the Company. The Company had not implemented the non-independent director and supervisor remuneration system yet.

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

1. The Wage and Assessment Committee of the Company held the first meeting of 2015 on March 10, 2015 by means of telecommunication. The meeting reviewed and approved the *Proposal of Shenzhen SEG Co., Ltd. on the Adjustment of Wages Corporate Organizational Structure*.
2. The Wage and Assessment Committee of the Company held the second meeting of 2015 on April 17, 2015 in the Company conference room. The meeting reviewed and approved the *Proposal of Shenzhen SEG Co., Ltd. on the Adjustment of Wages*.

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

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

1. The Development Strategy Committee of the Company held the first meeting of 2015 on December 23, 2015 by means of telecommunication. The meeting reviewed and approved the *Rolling Business Plan from 2016 to 2018 of Shenzhen SEG Co., Ltd.*
2. The Development Strategy Committee of the Company held the second meeting of 2015 on December 31, 2015 by means of telecommunication. The meeting reviewed and approved the *Work Summary of 2015 and the Work Plan for 2016 of Shenzhen SEG Co., Ltd.*

VII. Performance of the Board of Supervisors

Whether the Board of Supervisors found any risk in the Company during supervision in the report period

Yes No

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

VIII. Assessment and incentive system for senior executives

Principles on performance management of senior executives of the Company

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

IX. Internal control

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

Yes No

2. Internal Control Self-assessment Report

Disclosure date of the internal control self-assessment report	March 30, 2016	
Disclosure index of the internal control self-assessment report	Cninfo Website: http://www.cninfo.com.cn Announcement about Internal Control Self-assessment Report (2014) of Shenzhen SEG Co., Ltd.	
Defect Identification Standard		
Category	Financial Statements	Non-financial statements
Identification standards	<p>Major defect: malpractice by directors, supervisors and senior executives; correction to major errors in published financial report; current financial report included major faults, and internal control failed to detect such faults in the process; the internal control and supervision by the Audit Committee and Internal Audit Division on the internal control of the financial report is invalid.</p> <p>Important defects: failure in selecting and applying accounting policies according to publicly recognized accounting standards; failure in establishing anti-malpractice procedures and control measures; failure in establishing corresponding control mechanism or implementing corresponding compensatory control on non-conventional or special transaction accounting treatments; one or more defects in the process of controlling closing financial report, and failure in ensuring the truthfulness and accuracy of the financial statements prepared.</p>	<p>Major defects: extremely negative impact due to the lack of scientific decision-making procedures, the intended result being in contrary to the result achieved, or extremely low decision-making efficiency, rendering the Company impossible to grasp market opportunities; major miscalculation due to the Company's decision-making procedures; the Company is given warnings from the securities agency or the securities exchange; serious loss of medium and high level management and senior technical staff; frequent negative news on media, with widespread negative influence and long-term impact; lack of systematic control over major business or failure of the system; failure in correcting major or significant internal control defects of the Company.</p> <p>Important defects: serious negative impact due to a lack of scientific decision-making procedure, the result achieved is far from the intended target, or the decision-making efficiently is very low, with frequent cases where market opportunities are lost; general miscalculation in the Company's decision-making procedures; failure in correcting important or general defects in the Company's internal control; serious loss of personnel in important positions; regional impact of negative news on</p>

		media; defects in institution or system for important business.
Quantification	<p>Major defects: satisfying one or more conditions as follows: erroneous reporting $\geq 10\%$ of total profit; erroneous reporting $\geq 1\%$ of total asset; erroneous reporting $\geq 2\%$ of business income; erroneous reporting $\geq 1\%$ of owner's equity.</p> <p>Important defects: satisfying one or more conditions as follows: 5% of total profit \leq erroneous reporting $< 10\%$ of total profit; 0.5% of total assets \leq erroneous reporting $< 1\%$ of total asset; 1% of business income \leq erroneous reporting $< 2\%$ of total business income; 0.5% of owner's equity \leq erroneous reporting $< 1\%$ of owner's equity.</p>	<p>Major defects: absolute value of direct property loss $\geq 10\%$ of total profit.</p> <p>Important defects: absolute value of direct property loss $\geq 5\%$ of total profit but $< 10\%$ of total profit.</p>
Number of major defects in financial report		0
Number of major defects in non-financial report		0
Number of important defects in financial report		0
Number of important defects in non-financial report		6

X. Internal Control Audit Report

Applicable Not applicable

Opinion paragraph in the internal control audit report	
Da Hua Certified Public Accountants thinks that the Company has maintained effective internal financial control in every major aspect in accordance with the Basic Standard for Enterprise Internal Control and relevant rules and regulations on December 31, 2015.	
Disclosure on internal audit report	Disclosure
Disclosure date of the internal control audit report	March 30, 2016
Disclosure index of the internal control audit report	Cninfo Website: http://www.cninfo.com.cn Announcement about Internal Control Report (2014) of Shenzhen SEG Co., Ltd.
Type of advice on disclosure on internal audit report	No conservation in standard
Whether or not major defects exist in non-financial report	No

Does the accounting firm provide the internal control audit report with a modified opinion?

Yes No

Is the internal control audit report issued by the accounting firm consistent with the self-assessment report provided by the Board of Directors?

Yes No

Chapter 10 Financial Report

I. Auditor's Report

Type of auditor's opinion	Non-standard audit opinions
Signing date of Audit Report	March 28, 2016
Name of audit firm	Da Hua Certified Public Accountants (Special General Partnership)
Auditor's Report Document No.	Da Hua Shen Zi [2016] No. 001907
Names of Certified Public Accountant	Zhang Xing and Zhang Zhaocheng

Shenzhen SEG Co., Ltd.
Audit Report and Financial Statements
From January 1, 2015 to December 31, 2015

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I. Audit Report

D. H. S. Zi. [2016] No. 001907

Shenzhen SEG Co., Ltd.,

We have audited the attached Financial Statements of Shenzhen SEG Co., Ltd (hereinafter referred to as "SEG Corporation"), including the Consolidated Balance Sheet and the Balance Sheet of the Parent Company as of December 31, 2015 as well as the Consolidated Profit Statement, the Profit Statement of the Parent Company, the Consolidated Cash Flow Statement, the Cash Flow Statement of the Parent Company, the Consolidated Statement of Changes in Owners' Equity, the Statement of Changes in Owners' Equity of the Parent Company and the Notes to Financial Statements for the year 2015.

1. Responsibilities of the management to financial statements

It is the responsibility of the management of SEG Corporation to prepare and fairly present financial statements, which includes: (1) Preparing financial statements in accordance with the provisions of the Accounting Standard for Business Enterprises and making the statements fairly reflect the financial status of the Company; (2) Designing, implementing and maintaining necessary internal control in order to avoid major misstatements resulting from fraud, malpractice, mistakes or errors.

2. CPA's responsibility

Our responsibility is to express opinions on these financial statements on the basis of the implementation of auditing work. We have conducted our audit in accordance with the provisions in the Auditing Standards for Chinese Certified Public Accountants. The Auditing Standards for Chinese Certified Public Accountants require that we observe the professional ethics and regulations, plan and perform the audit to obtain reasonable assurance about whether these financial statements are free of misstatements.

The audit involves the implementation of an audit procedure to obtain the auditing evidences supporting the amounts in the financial statements and relevant disclosure. The selection of the auditing procedure depends on the judgment of the CPA, including the estimation to the risks on material misstatements in the financial statements resulting from malpractice or mistakes and errors. During the process of risk assessment, we took into account the internal control related to the preparation and fair presentation of the financial statements so as to design an appropriate auditing procedure. The audit also comprises assessing the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that we have obtained sufficient and appropriate auditing evidences to provide a reasonable basis for expressing auditor's opinions.

3. Auditor's opinion

We believe that the Financial Statements of SEG Corporation have been prepared in accordance with the provisions of the Accounting Standard for Business Enterprises in all major aspects, which fairly reflect the consolidated and the parent company's financial status as of December 31, 2015 as well as the consolidated and the parent company's operating results and cash flows for the year 2015.

Da Hua Certified Public Accountants (Special General Partnership)

Certified Public Accountant: Zhang Xing

Certified Public Accountant: Zhang Chaocheng Zhang Chaocheng

March 28, 2016

II. Financial Statements

The Unit in the notes to financial statements is RMB Yuan.

1. Consolidated Balance Sheet

Prepared by: Shenzhen SEG Co., Ltd.

December 31, 2015

Unit: Yuan

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	276,863,429.10	383,056,680.70
Deposit reservation for balance		
Loans to other banks	40,000,000.00	30,000,000.00
Financial assets measured by fair value with changes included in current profit and loss		
Derivative financial assets		
Notes receivable		84,618.08
Accounts receivable	98,212,422.87	185,866,040.16
Prepayment	129,044,887.26	94,633,317.07
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance deposit receivable		
Interest receivable		
Dividends receivable		
Other accounts receivable	27,352,784.33	95,366,156.27
Redemptory monetary capital for resale		
Inventory	450,809,934.72	278,281,586.72
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	339,430,419.74	443,543,013.49
Total current assets	1,361,713,878.02	1,510,831,412.49
Non-current assets:		
Loans and prepayment issued	475,520,822.08	452,517,072.06
Available-for-sale financial assets	34,539,973.24	34,350,035.45
Held-to-maturity investment		
Long-term receivables		
Long-term equity investment	185,122,573.88	82,100,197.01
Investment properties	443,851,726.40	462,562,882.78

Item	Closing balance	Opening balance
Fixed assets	37,524,425.25	41,408,298.43
Construction in progress	140,810.00	
Engineering materials		
Disposal of fixed assets		
Productive biological assets		
Oil & gas assets		
Intangible assets	1,143,762.11	655,587.54
Development expenses		
Goodwill	10,328,927.82	10,328,927.82
Long-term expenses to be amortized	49,235,999.86	49,768,678.00
Deferred income tax assets	10,433,814.57	10,539,563.16
Other non-current assets	5,103,811.14	4,655,063.54
Total non-current assets	1,252,946,646.35	1,148,886,305.79
Total assets	2,614,660,524.37	2,659,717,718.28
Current liabilities:		
Short-term borrowing	367,759,630.48	189,246,687.38
Loans from central bank		
Deposits from customers and interbank		
Loans from other banks		
Financial liabilities measured by fair value with changes included in current profit and loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	89,908,781.98	200,129,651.92
Prepayment from customers	190,430,121.05	183,059,311.31
Financial assets sold for repurchase		
Service charges and commissions payable		
Payroll payable	21,849,134.16	18,858,843.33
Taxes payable	34,645,030.07	39,445,696.47
Interest payable	516,758.34	10,295,250.65
Dividends payable	2,218,224.58	1,717,882.74
Other payables	194,329,885.69	244,804,403.06
Reinsurance accounts payable		
Insurance deposit		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Held-for-sale liabilities		

Item	Closing balance	Opening balance
Non-current liabilities due within one year		
Other current liabilities		250,000,000.00
Total current liabilities	901,657,566.35	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	7,000,000.00	
Deferred income	9,634,114.77	9,705,371.01
Deferred income tax liabilities	16,024,102.35	17,085,543.80
Other non-current liabilities		
Total non-current liabilities	32,658,217.12	26,790,914.81
Total liabilities	934,315,783.47	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	506,545,831.11	404,727,257.72
Less: Treasury shares		
Other comprehensive income	326,662.48	231,817.05
Special reserve		
Surplus reserve	109,922,336.87	102,912,835.67
General risk provision		
Undistributed profits	73,532,388.70	6,299,799.41
Total owners' equity attributable to the parent company	1,475,126,229.16	1,298,970,719.85
Minority shareholders' equity	205,218,511.74	196,398,356.76
Total owners' equity	1,680,344,740.90	1,495,369,076.61
Total liabilities and owners' equity	2,614,660,524.37	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

Unit: Yuan

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	186,369,470.58	204,395,253.65
Financial assets measured by fair value with changes included in current profit and loss		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Prepayment	418,544.10	
Interest receivable		897,225.78
Dividends receivable		
Other accounts receivable	570,671,617.38	410,453,048.03
Inventory	112,715.50	786,589.00
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	393,166,401.54	463,590,246.68
Total current assets	1,150,738,749.10	1,080,122,363.14
Non-current assets:		
Available-for-sale financial assets	33,515,392.83	33,515,392.83
Held-to-maturity investment		
Long-term receivables		
Long-term equity investment	455,106,100.12	382,083,723.25
Investment properties	284,399,860.14	294,918,970.98
Fixed assets	19,458,584.25	19,583,422.45
Construction in progress	140,810.00	
Engineering materials		
Disposal of fixed assets		
Productive biological assets		
Oil & gas assets		
Intangible assets	622,054.24	271,067.06
Development expenses		
Goodwill		
Long-term expenses to be amortized	7,000,181.66	4,589,158.00
Deferred income tax assets	8,242,045.89	8,354,062.87
Other non-current assets		1,313,063.54
Total non-current assets	808,485,029.13	744,628,860.98
Total assets	1,959,223,778.23	1,824,751,224.12

Item	Closing balance	Opening balance
Current liabilities:		
Short-term borrowing	315,000,000.00	100,000,000.00
Financial liabilities measured by fair value with changes included in current profit and loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	36,075.52	1,500.00
Prepayment from customers	42,704,620.99	65,628,441.87
Payroll payable	13,652,201.42	9,907,467.00
Taxes payable	10,033,418.41	20,697,003.64
Interest payable	477,402.78	10,237,500.66
Dividends payable	119,803.29	119,803.29
Other payables	95,119,560.37	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	477,143,082.78	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	7,000,000.00	
Deferred income	9,500,000.00	9,500,000.00
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	16,500,000.00	9,500,000.00
Total liabilities	493,643,082.78	553,294,103.63
Owners' equity:		
Share capital	784,799,010.00	784,799,010.00
Other equity instruments		
Preferred stock		
Perpetual capital securities		
Capital reserve	507,773,837.83	405,955,264.44

Item	Closing balance	Opening balance
Less: Treasury shares		
Other comprehensive income		
Special reserve		
Surplus reserve	109,922,336.87	102,912,835.67
Undistributed profits	63,085,510.75	-22,209,989.62
Total owners' equity	1,465,580,695.45	1,271,457,120.49
Total liabilities and owners' equity	1,959,223,778.23	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

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Total operating revenue	846,675,884.33	752,414,741.06
Including: Operating revenue	741,533,676.93	681,343,920.99
Interest income	101,205,806.40	61,496,910.07
Earned premiums		
Service charges and commissions income	3,936,401.00	9,573,910.00
II. Total operating cost	708,934,598.86	649,917,541.74
Including: Operating cost	618,062,716.19	560,944,457.78
Interest expenses	5,599,355.64	3,344,972.23
Commissions		
Surrender value		
Net compensation pay-outs		
Net insurance deposit accrued		
Insurance dividends		
Reinsurance expenses		
Operating tax and surcharges	27,804,172.86	26,612,635.13
Sale expenses	4,585,434.23	2,149,313.48
Management expenses	44,222,779.09	45,406,128.22
Financial cost	3,564,776.76	9,168,643.60
Loss from asset impairment	5,095,364.09	2,291,391.30
Income from change of fair value (enter "-" for loss)		
Income from investment (enter "-" for loss)	17,647,493.77	7,204,943.01
Including: Income from investment in joint ventures and associated enterprises	1,703,803.48	-24,010,440.06

Item	Amount incurred in the current period	Amount incurred in the previous period
Income from exchange (enter "-" for loss)		
III. Operating profit (enter "-" for loss)	155,388,779.24	109,702,142.33
Add: Non-operating revenue	2,367,546.40	3,135,256.00
Including: Gains on disposal of non-current assets	19,382.00	21,274.83
Less: Non-operating expenses	14,687,757.38	1,075,753.92
Including: Loss from disposal of non-current assets	276,651.63	14,799.49
IV. Total profit (enter "-" for total loss)	143,068,568.26	111,761,644.41
Less: Income tax	35,099,837.65	33,087,414.03
V. Net profit (enter "-" for net loss)	107,968,730.61	78,674,230.38
Net profit attributable to owners of the parent company	74,242,090.49	48,380,294.05
Profit and loss of minority shareholders	33,726,640.12	30,293,936.33
VI. Net of tax of other comprehensive incomes	142,453.34	-5,916.59
Total owners' net of tax of other comprehensive incomes attributable to the parent company	94,845.43	-3,939.27
1. Other comprehensive incomes not to be reclassified into profit and loss		
(1) Changes of net liabilities or net assets of the re-measured defined benefit plans		
(2) Shares of the investee of other comprehensive incomes not to be reclassified into profit and loss under the equity method		
2. Other comprehensive incomes to be reclassified into profit and loss	94,845.43	-3,939.27
(1) Shares of the investee of other comprehensive incomes to be reclassified into profit and loss under the equity method		
(2) Profit and loss from changes of fair value of the available-for-sale financial assets	94,845.43	-3,939.27
(3) Held-to-maturity investments categorized as profit and loss from the available-for-sale financial assets		
(4) Effective gains or loss from cash flows		
(5) Foreign currency translation differences		
(6) Others		
Net of tax of other comprehensive incomes attributable to minority shareholders	47,607.91	-1,977.32

Item	Amount incurred in the current period	Amount incurred in the previous period
VII. Total comprehensive income	108,111,183.95	78,668,313.79
Total comprehensive income attributable to shareholders of the parent company	74,336,935.92	48,376,354.78
Total comprehensive income attributable to minority shareholders	33,774,248.03	30,291,959.01
VIII. Earnings per share		
1. Basic earnings per share	0.0946	0.0616
2. Diluted earnings per share	0.0946	0.0616

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 current period	Amount incurred in the previous period
I. Operating revenue	123,925,453.43	125,724,062.61
Less: Operating cost	76,436,384.08	76,758,875.18
Operating tax and surcharges	7,016,959.19	7,389,606.24
Sale expenses		
Management expenses	22,226,491.04	22,468,321.28
Financial cost	-18,483,129.66	7,413,635.27
Loss from asset impairment	-448,067.93	-51,814.00
Income from change of fair value (enter "-" for loss)		
Income from investment (enter "-" for loss)	70,405,467.34	31,358,353.59
Including: Income from investment in joint ventures and associated enterprises	1,703,803.48	-24,010,440.06
II. Operating profit (enter "-" for loss)	107,582,284.05	43,103,792.23
Add: Non-operating revenue	297,504.50	721,464.41
Including: Gains on disposal of non-current assets		1,975.00
Less: Non-operating expenses	8,207,673.50	132,950.00
Including: Loss from disposal of non-current assets		1,270.00
III. Total profit (enter "-" for total loss)	99,672,115.05	43,692,306.64
Less: Income tax	7,367,113.48	10,804,333.63
V. Net profit (enter "-" for net loss)	92,305,001.57	32,887,973.01
V. Net of tax of other comprehensive incomes		

1. Other comprehensive incomes not to be reclassified into profit and loss		
(1) Changes of net liabilities or net assets of the re-measured defined benefit plans		
(2) Shares of the investee of other comprehensive incomes not to be reclassified into profit and loss under the equity method		
2. Other comprehensive incomes to be reclassified into profit and loss		
(1) Shares of the investee of other comprehensive incomes to be reclassified into profit and loss under the equity method		
(2) Profit and loss from changes of fair value of the available-for-sale financial assets		
(3) Held-to-maturity investments categorized as profit and loss from the available-for-sale financial assets		
(4) Effective gains or loss from cash flows		
(5) Foreign currency translation differences		
(6) Others		
VI. Total comprehensive income	92,305,001.57	32,887,973.01
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

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	1,511,673,510.40	1,939,331,584.78
Net increase in deposits from customers and interbank		
Net increase in loans from central bank		
Net increase in borrowing from other financial institutions		
Cash received from premiums of primary insurance contracts		
Net cash received from reinsurance business		

Item	Amount incurred in the current period	Amount incurred in the previous period
Net increase in deposits from policyholders and investment		
Net increase in financial assets measured by fair value with changes included in current profit and loss		
Cash received from interest and commissions	102,063,076.56	72,018,080.07
Net increase in loans from other banks		
Net increase in redemption capital		
Tax refunds	152,736,297.03	89,775,871.83
Other cash received related to operating activities	421,560,930.37	338,008,186.19
Subtotal of cash inflow from operating activities	2,188,033,814.36	2,439,133,722.87
Cash paid for goods and service	1,521,336,369.82	1,992,374,811.35
Net increase in loans to customers and prepayment	23,205,533.47	210,971,045.00
Net increase in deposits with central bank and interbank		
Cash paid for compensation pay-outs of primary insurance contracts		
Cash paid for interest, service charges, and commissions	120,333.34	3,287,222.24
Cash paid as insurance dividends		
Cash paid to and on behalf of employees	101,723,764.24	95,611,490.67
Taxes paid	127,410,425.79	141,705,938.09
Other cash paid related to operating activities	426,690,911.52	423,116,836.46
Subtotal of cash outflow in operating activities	2,200,487,338.18	2,867,067,343.81
Net cash flow from operating activities	-12,453,523.82	-427,933,620.94
II. Cash flows from investing activities:		
Cash received from withdrawal of investment	2,247,982,304.11	3,950,900,000.00
Cash received from investment income	16,383,656.54	37,207,556.03
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	183,182.50	25,300.00
Net cash received from disposal of subsidiaries and other business units		
Other cash received related to investing activities		9,500,000.00
Subtotal of cash inflow from investing activities	2,264,549,143.15	3,997,632,856.03
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	17,573,875.73	26,270,729.51
Cash paid for investment	2,154,600,000.00	3,888,579,000.00
Net increase in mortgage loans		
Net cash paid for acquisition of subsidiaries and		

Item	Amount incurred in the current period	Amount incurred in the previous period
other business units		
Other cash paid related to investing activities		
Subtotal of cash outflow in investing activities	2,172,173,875.73	3,914,849,729.51
Net cash flow from investing activities	92,375,267.42	82,783,126.52
III. Cash flow from financing activities:		
Cash received by absorbing investment		
Including: Cash received by subsidiaries from investment of minority shareholders		
Borrowings received	442,000,000.00	355,400,000.00
Cash received from bond issue		250,000,000.00
Other cash received related to financing activities		72,952,371.12
Subtotal of cash inflow from financing activities	442,000,000.00	678,352,371.12
Cash repayment	513,484,629.66	236,153,312.62
Cash paid for dividend and profit distribution or interest payment	56,139,431.32	29,547,818.85
Including: Dividends and profit paid by subsidiaries to minority shareholders	23,853,751.20	19,156,907.18
Other cash paid related to financing activities	58,830,972.92	21,037,568.50
Subtotal of cash outflow in financing activities	628,455,033.90	286,738,699.97
Net cash flow arising from financing activities	-186,455,033.90	391,613,671.15
IV. Influence of exchange rate fluctuation on cash and cash equivalents	38.70	10.16
V. Net increase of cash and cash equivalents	-106,533,251.60	46,463,186.89
Add: Opening balance of cash and cash equivalents	382,056,680.70	335,593,493.81
VI. Closing balance of cash and cash equivalents	275,523,429.10	382,056,680.70

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

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	124,700,292.45	114,802,727.21
Tax refunds		
Other cash received related to operating activities	180,735,884.82	395,074,870.68
Subtotal of cash inflow from operating activities	305,311,177.27	509,877,597.89

Item	Amount incurred in the current period	Amount incurred in the previous period
Cash paid for goods and service	55,054,712.57	34,329,122.58
Cash paid to and on behalf of employees	37,351,053.58	37,875,519.23
Taxes paid	73,873,732.82	98,652,745.40
Other cash paid related to operating activities	262,681,816.46	515,490,539.56
Subtotal of cash outflow in operating activities	428,961,315.43	686,347,926.77
Net cash flow from operating activities	-123,525,138.16	-176,470,328.88
II. Cash flows from investing activities:		
Cash received from withdrawal of investment	2,065,693,441.09	3,581,000,000.00
Cash received from investment income	70,106,085.85	60,463,740.83
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		5,420.00
Net cash received from disposal of subsidiaries and other business units		
Other cash received related to investing activities		9,500,000.00
Subtotal of cash inflow from investing activities	2,135,799,526.94	3,650,969,160.83
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	2,002,530.00	3,672,148.03
Cash paid for investment	1,965,600,000.00	3,782,000,000.00
Net cash paid for acquisition of subsidiaries and other business units		
Other cash paid related to investing activities		
Subtotal of cash outflow in investing activities	1,967,602,530.00	3,785,672,148.03
Net cash flow from investing activities	168,196,996.94	-134,702,987.20
III. Cash flow from financing activities:		
Cash received by absorbing investment		
Borrowings received	315,000,000.00	180,000,000.00
Cash received from bond issue		250,000,000.00
Other cash received related to financing activities		302,371.12
Subtotal of cash inflow from financing activities	315,000,000.00	430,302,371.12
Cash repayments of amounts borrowed	350,000,000.00	80,000,000.00
	27,697,680.55	7,132,693.34
Other cash paid related to financing activities		742,500.00
Subtotal of cash outflow in financing activities	377,697,680.55	87,875,193.34
Net cash flow arising from financing activities	-62,697,680.55	342,427,177.78
IV. Influence of exchange rate fluctuation on cash and cash equivalents		
	38.70	13.31
V. Net increase of cash and cash equivalents		
	-18,150,783.07	31,253,875.01

Item	Amount incurred in the current period	Amount incurred in the previous period
Add: Opening balance of cash and cash equivalents	204,395,253.65	173,141,378.64
VI. Closing balance of cash and cash equivalents	186,244,470.58	204,395,253.65

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

Amount incurred in the current period

Unit: Yuan

Item	Current period												
	Owners' equity attributable to the parent company											Minority shareholders' equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits		
Preferred Shares		Perpetual capital securities	Others										
I. Closing balance of the previous year	784,799,010.00				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 of accounting policies													
Correction to errors of the previous period													
Merger of the enterprises under the control of a same entity													
Others													
II. Opening 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 (enter "-" for decrease)					101,818,573.39		94,845.43		7,009,501.20		67,232,589.29	8,820,154.98	184,975,664.29
1. Total comprehensive income							94,845.43				74,242,090.49	33,774,248.03	108,111,183.95

Item	Current period													
	Owners' equity attributable to the parent company											Minority shareholders' equity	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits			
Preferred Shares	Perpetual capital securities	Others												
2. Capital invested or decreased by owners					101,818,573.39									101,818,573.39
(1) Ordinary shares invested by the shareholders														
(2) Capitals invested by other equity instrument holders														
(3) Amount of share-based payment included in owners' equity														
(4) Others					101,818,573.39									101,818,573.39
3. Profit distribution									7,009,501.20		-7,009,501.20	-24,954,093.05		-24,954,093.05
(1) Accrual of surplus reserve														
(2) Accrual of general risk provision												-24,954,093.05		-24,954,093.05
(3) Amount distributed to owners (or shareholders)														
(4) Others														
4. Internal carrying														

Item	Current period												
	Owners' equity attributable to the parent company											Minority shareholders' equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits		
	Preferred Shares	Perpetual capital securities	Others										
forward of owners' equity													
(1) Capital reserve transferred to increase capital (or share capital)													
(2) Surplus reserve transferred to increase capital (or share capital)													
(3) Surplus reserve compensating losses													
(4) Others													
5. Special reserve													
(1) Accrual of the current year													
(2) Amount utilized in the current period													
6. Others													
IV. Closing balance of the current period	784,799,010.00				506,545,831.11		326,662.48		109,922,336.87		73,532,388.70	205,218,511.74	1,680,344,740.90

Legal representative: Wang Li Person in charge of accounting: Liu Zhijun Responsible person of the accounting institution: Ying Huadong

Amount of the previous period

Unit: Yuan

Item	Previous period												
	Owners' equity attributable to the parent company											Minority shareholders' equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits		
	Preferred Shares	Perpetual capital securities	Others										
I. Closing balance of the previous year	784,799,010.00				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 of accounting policies													
Correction to errors of the previous period													
Merger of enterprises under common control													
Others													
II. Opening 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 (enter "-" for decrease)					369,989.99		-3,939.27				48,380,294.05	10,813,844.18	59,560,188.95
1. Total comprehensive income							-3,939.27				48,380,294.05	30,291,959.01	78,668,313.79

Item	Previous period													
	Owners' equity attributable to the parent company											Minority shareholders' equity	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits			
	Preferred Shares	Perpetual capital securities	Others											
2. Capital invested or decreased by owners					67,618.87								79,378.67	146,997.54
(1) Ordinary shares invested by the shareholders														
(2) Capitals invested by other equity instrument holders														
(3) Amount of share-based payment included in owners' equity														
(4) Others					67,618.87								79,378.67	146,997.54
3. Profit distribution													-19,557,493.50	-19,557,493.50
(1) Accrual of surplus reserve														
(2) Accrual of general risk provision													-19,557,493.50	-19,557,493.50
(3) Amount distributed to owners (or shareholders)														
(4) Others														

Item	Previous period												
	Owners' equity attributable to the parent company											Minority shareholders' equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits		
	Preferred Shares	Perpetual capital securities	Others										
4. Internal carrying forward of owners' equity													
(1) Capital reserve transferred to increase capital (or share capital)													
(2) Surplus reserve transferred to increase capital (or share capital)													
(3) Surplus reserve compensating losses													
(4) Others													
5. Special reserve													
(1) Accrual of the current year													
(2) Amount utilized in the current period													
6. Others					302,371.12								302,371.12
IV. Closing balance of the current period	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

Legal representative: Wang Li Person in charge of accounting: Liu Zhijun Responsible person of the accounting institution: Ying Huadong

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

Amount incurred in the current period

Unit: Yuan

Item	Amount incurred in the current period										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preferred Shares	Perpetual capital securities	Others							
I. Closing balance of the previous year	784,799,010.00				405,955,264.44				102,912,835.67	-22,209,989.62	1,271,457,120.49
Plus: Change of accounting policies											
Correction to errors of the previous period											
Others											
II. Opening 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 and decrease of the current year (enter "-" for decrease)					101,818,573.39				7,009,501.20	85,295,500.37	194,123,574.96
1. Total comprehensive income										92,305,001.57	92,305,001.57
2. Capital invested or decreased by owners					101,818,573.39						101,818,573.39
(1) Ordinary shares invested by the shareholders											

Item	Amount incurred in the current period										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preferred Shares	Perpetual capital securities	Others							
(2) Capitals invested by other equity instrument holders											
(3) Amount of share-based payment included in owners' equity											
(4) Others					101,818,573.39						101,818,573.39
3. Profit distribution									7,009,501.20	-7,009,501.20	
(1) Accrual of surplus reserve									7,009,501.20	-7,009,501.20	
(2) Amount distributed to owners (or shareholders)											
(3) Others											
4. Internal carrying forward of owners' equity											
(1) Capital reserve transferred to increase capital (or share capital)											
(2) Surplus reserve transferred to increase capital (or share capital)											

Item	Amount incurred in the current period										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preferred Shares	Perpetual capital securities	Others							
(3) Surplus reserve compensating losses											
(4) Others											
5. Special reserve											
(1) Accrual of the current year											
(2) Amount utilized in the current period											
6. Others											
IV. Closing balance of the current period	784,799,010.00				507,773,837.83				109,922,336.87	63,085,510.75	1,465,580,695.45

Legal representative: Wang Li Person in charge of accounting: Liu Zhijun Responsible person of the accounting institution: Ying Huadong

Amount of previous period

Unit: Yuan

Item	Previous period										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preferred Shares	Perpetual capital securities	Others							
I. Closing 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

Item	Previous period										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preferred Shares	Perpetual capital securities	Others							
Plus: Change of accounting policies											
Correction to errors of the previous period											
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 and decrease of the current year (enter "-" for decrease)					302,371.12					32,887,973.01	33,190,344.13
1. Total comprehensive income										32,887,973.01	32,887,973.01
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 payment included in owners' equity											

Item	Previous period										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preferred Shares	Perpetual capital securities	Others							
(4) Others											
3. Profit distribution											
(1) Accrual of surplus reserve											
(2) Amount distributed to owners (or shareholders)											
(3) Others											
4. Internal carrying forward of owners' equity											
(1) Capital reserve transferred to increase capital (or share capital)											
(2) Surplus reserve transferred to increase capital (or share capital)											
(3) Surplus reserve compensating losses											
(4) Others											
5. Special reserve											
(1) Accrual of the current year											

Item	Previous period										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preferred Shares	Perpetual capital securities	Others							
(2) Amount utilized in the current period											
6. Others					302,371.12						302,371.12
IV. Closing balance of the current period	784,799,010.00				405,955,264.44				102,912,835.67	-22,209,989.62	1,271,457,120.49

Legal representative: Wang Li Person in charge of accounting: Liu Zhijun Responsible person of the accounting institution: Ying Huadong

Shenzhen SEG Co., Ltd.

Notes to the Financial Statements 2015

I. Company Profile

(I) Registered Place, Organizational Form and Headquarters Address

Shenzhen SEG Co., Ltd. (hereinafter referred to as "the Company" or "this Company") was incorporated on July 16, 1996 through public offering with Shenzhen SEG Group Co., Ltd. as the sole initiator upon the approval of relevant departments of Shenzhen and the state in accordance with the *Company Law of the People's Republic of China*. The Enterprise Corporation Business License S. S. Zi. No. N16886 (Registration No. 440301103573251) was issued on July 16, 1996. And upon the approval of the securities administration departments of Shenzhen and the state, the Company's B shares and A shares were listed and traded on Shenzhen Stock Exchange respectively in July and December, 1996.

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

As of December 31, 2015, the total capital share of the Company amounts to 784,799,010 shares, including 26,689 restricted shares and 784,772,321 unrestricted shares. The registered capital is 784,799,010 Yuan. The registered address is 31F, Tower A, Stars Plaza, Huaqiang Road (N), Futian District, Shenzhen. The final controlling party of the enterprise is Shenzhen State-owned Assets Supervision and Administration Commission. District, Shenzhen. The parent company is Shenzhen SEG Group Co., Ltd., and its final controlling party is Shenzhen State-owned Assets Supervision and Administration Commission.

(II) Business Scope

General items: Domestic commerce, goods supply and sales (excluding commodities under special operation, control and sales), business development (specific projects shall be further declared), economic information consulting, property lease, real estate agency, and operation of SEG special electronics markets (the license for the special market shall be further applied for).

(III) Business Property and Business Operations

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

(IV) Approval for Disclosure of the Financial Statements

The Financial Statements are approved for disclosure by all directors of the Company on March 28, 2016.

II. Scope of Consolidated Financial Statements

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

Company name	Type of subsidiary	Level	Proportion of shareholding (%)	Proportion of voting right(%)
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	Holding subsidiary	I	66.58	66.58
Shenzhen Mellow Orange Business Hotel Management Co., Ltd	Holding grandson company	II	66.58	66.58
Shenzhen SEG Industrial Investment Co., Ltd.	Wholly-owned subsidiary	I	100.00	100.00
Changsha SEG Development Co., Ltd.	Holding subsidiary	I	46.00	51.00
Shenzhen SEG Electronics Market Management Co., Ltd.	Share-controlled subsidiary	I	70.00	70.00
Suzhou SEG Electronics Market Co., Ltd.	Holding subsidiary	I	45.00	45.00
Xi'an SEG Electronics Market Co., Ltd.	Holding subsidiary	I	65.00	65.00
Shenzhen SEG Credit Co., Ltd.	Holding subsidiary	I	53.02	53.02
Shenzhen SEG E-Commerce Co., Ltd.	Holding subsidiary	I	51.00	51.00
Shenzhen SEG Electronics Market Management Co., Ltd.	Wholly-owned subsidiary	I	100.00	100.00
Xi'an Hairong SEG Electronics Market Co., Ltd.	Holding subsidiary	I	51.00	51.00
Wujiang SEG Electronics Market Co., Ltd.	Holding subsidiary	I	51.00	51.00
Wuxi SEG Electronics Market Co., Ltd	Holding subsidiary	I	51.00	51.00
Shunde SEG Electronics Market Management Co., Ltd.	Wholly-owned subsidiary	I	100.00	100.00
Nanning SEG Electronics Market Management Co., Ltd.	Wholly-owned subsidiary	I	100.00	100.00
Nantong SEG Times Square Development Co., Ltd.	Wholly-owned subsidiary	I	100.00	100.00
Yantai SEG Times Square Development Co., Ltd.	Holding subsidiary	I	90.00	90.00
Nantong SEG Commercial Operation Management Co., Ltd.	Wholly-owned subsidiary	I	100.00	100.00
Suzhou SEG Digital Plaza Management Co., Ltd.	Wholly-owned subsidiary	I	100.00	100.00
Xi'an Fengdong New Town SEG Times Square Properties Co., Ltd.	Wholly-owned subsidiary	I	100.00	100.00

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

Entities included in the consolidated financial statements of current period remain the same as that of previous period.

III. Basis of preparation of the financial statements

(I) Basis of preparation of the financial statements

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

(II) Sustainable Operation ability

There is no concern on sustainable operation ability of the Company within 12 months since the end of the current reporting period.

IV. Main accounting policies and accounting estimates

(I) Statement on compliance with ASBE

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

(II) Accounting period

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

(III) Recording currency

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

(IV) Accounting method for the business merger under or not under common control

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

- (1) Those deals are made at the same time or in consideration of mutual influences;
- (2) A complete business result can be achieved only with the deals as integrity;
- (3) The occurrence of one deal depends on the occurrence of at least one deal.
- (4) A single deal is uneconomical but the integration with other deals is economical.

2. Business merger under common control

Assets and liabilities acquired by the Company in the merger are calculated based on the book value of the merged party's assets and liabilities (including goodwill resulting from the acquisition of the merged party) in the consolidated financial statements of the ultimate controlling party on the date of merger. The capital stock premium of capital reserve is adjusted based on the difference between the book value of net assets acquired in

the merger and that of the consideration of the merger (or the total book value of issued shares). The retained earnings are adjusted if the capital stock premium is not sufficient for writing off.

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

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

3. Business merger not under common control

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

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

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

4. Expenses incurred due to merger

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

(V) Preparation method of the consolidated financial statements

1. Consolidation scope

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

2. Consolidation procedure

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

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

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

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

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

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

(1) Expansion of subsidiaries or business

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

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

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

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

(2) Disposal of subsidiaries or business

1) General disposal method

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

If the Company loses control of its subsidiary due to disposal of part of equity investment or other reasons, the remaining equity shall be remeasured at fair value on the day when the Company loses control of the subsidiary. The difference between the sum of consideration acquired due to equity disposal & fair value of the remaining equity and the sum of net assets to be enjoyed based on the original shareholding proportion since the date of acquisition or merger & goodwill is included in the investment income in the period of loss of control. Other comprehensive income and other changes in owner's equity except net profit and loss, other comprehensive income and profit distribution relevant to the equity investment in any previous subsidiary are transferred to current investment income at the time of loss of control, excluding other comprehensive income due to re-measurement of changes in net liabilities and net assets in defined benefit plans.

2) Disposal of subsidiaries by steps

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

- A. Those deals are made at the same time or in consideration of mutual influences;
- B. A complete business result can be achieved only with the deals as integrity;
- C. The occurrence of one deal depends on the occurrence of at least one deal.
- D. A single deal is uneconomical but the integration with other deals is economical.

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

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

(3) Acquisition of minority shares of subsidiary

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

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

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

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

1. Classification of joint venture arrangement

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

Joint venture arrangement agreed not by individual entities is defined as joint operation. Joint venture arrangement agreed by individual entities is generally defined as joint venture. If any joint venture arrangement satisfies any of the following conditions and conforms to relevant laws and regulations with conclusive evidence, such joint venture arrangement is defined as joint operation:

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

2. Accounting treatment method of joint operation

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

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

If the Company invests or sells assets (excluding assets that constitute business) to the joint operation, before such assets are sold by the joint operation to the third party, only the part of profit and loss attributed to other

parties in the joint operation incurred by such transaction is recognized. If any impairment losses occur to the assets invested or sold in accordance with Accounting Standards for Business Enterprises No. 8 - Asset Impairment, the Company recognizes the losses in full.

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

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

(VII) Standards for determination of cash and cash equivalents

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

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

1. Foreign currency business

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

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

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

2. Translation of foreign currency financial statements

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

At the disposal of overseas business, the translation difference of foreign currency financial statements that is listed in other comprehensive income of the balance sheet statement and relevant to such overseas business is transferred from other comprehensive income to current profit and loss in the period of disposal. The equity proportion in overseas business is reduced due to disposal of part of equity investment or other reasons but the

control right on the overseas business remains, the translation difference of foreign currency financial statements relevant to such overseas business is not transferred to current profit and loss. At the disposal of part of equity investment in overseas business in the form of associate or joint venture, the translation difference of foreign currency financial statements relevant to such overseas business is transferred to current profit and loss in the period of disposal based on the proportion of disposal.

(IX) Financial instruments

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

1. Classification of financial instruments

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

2. Confirmation basis for and measurement method of financial instruments

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

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

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

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

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

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

4) A mixed instrument with embedded derivative instrument (s) that needs to be separated but cannot be separately measured at the time of acquisition or the subsequent balance sheet date.

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

(2) Accounts receivable

For credit receivable due to the commodities sold or labor services provided by the Company and credit of other enterprises held by the Company other than the credit of debt tools with quotes in an active market, including accounts receivable and other receivables, the amount receivable in contracts or agreements from the purchaser is treated as the initial recognition amount. For those of a financing nature, the current value is treated as the initial recognition amount.

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

(3) Held-to-maturity investment

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

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

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

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

(4) Available-for-sale financial assets

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

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

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

(5) Other financial liabilities

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

3. Recognition basis and measurement method of financial assets transfer

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

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

(1) Book value of the transferred financial assets;

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

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

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

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

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

4. Conditions for termination of recognition of financial liabilities

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

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

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

If the Company repurchases part of a financial liability, the total book value of such liability is allocated on the date of purchase based on the relative fair value of the part with its recognition continued and that with its recognition terminated. The difference between the book value allocated to the part with its recognition terminated and the consideration (including non-cash assets or the new liability) is included in current profit and loss.

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

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

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

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

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

- (1) A serious financial difficulty occurs to the issuer or debtor;
- (2) The debtor breaches any contract terms, for example, fails to pay or delays the payment of interests or the principal;
- (3) The creditor makes any concession to the debtor which is in financial difficulties due to economic or legal factors;
- (4) The debtor will probably become bankrupt or carry out other financial reorganizations;

(5) The financial asset can no longer continue to be traded in the active market due to serious financial difficulties of the issuer;

(6) It is impossible to identify whether the cash flow of a certain asset within a certain combination of financial assets has decreased or not. But after an overall appraisal according to the public data available, it is found that the predicted future cash flow of the said combination of financial assets has indeed decreased since it was initially recognized and such decrease can be measured, for example, the ability of the debtor of the said combination of financial assets worsens gradually, the unemployment rate of the country or region where the debtor is situated increases, the prices of the region where the guaranty is situated are obviously dropping, or the industrial sector concerned is in slump;

(7) Any seriously disadvantageous change has occurred to technical, market, economic or legal environment wherein the issuer operates its business, which makes the investor of an equity instrument unable to withdraw its investment cost;

(8) Where the fair value of the equity instrument investment drops significantly or not temporarily.

Specific impairment methods of financial assets are as follows:

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

The Company shall appraise the impairment loss of each financial asset with the specific identification method at the balance sheet date. Where the fair value of the equity instrument investment drops significantly or not temporarily, it is an objective evidence for impairment of available-for-sale equity instruments. In terms of the specific quantitative criterion, if the fair value of such equity instrument investment is lower than over 50% (including 50%) of its cost or is lower than its cost for over 12 months (including 2 months) consecutively, it indicates that such asset is impaired.

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

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

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

If any objective evidence shows impairment of held-to-maturity investments, the impairment loss shall be calculated based on the difference between the book value of those investments and the current value of the expected future cash flow. If any evidence indicates that the investment value has recovered after provision, the originally recognized impairment loss can be reversed and included in current profit and loss. However, the

reversed book value shall not exceed the amortized cost of such financial assets at the date of reversal in case that the impairment provision has not been made.

7. Counteraction of financial assets and liabilities

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

- (1) The Company has the legal right to counteract the recognized amount which is currently enforceable.
- (2) The Company plans to settle in net amount or realize such financial assets and liquidate such financial liabilities at the same time.

(X) Accounts receivable

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

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

Top 5 accounts receivable

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

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

(1) Determination basis for credit risk feature combinations

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

Determination basis for combination:

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

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

① Bad debt provision accrued with the aging analysis method

Aging	Provision proportion of accounts receivable (%)	Provision proportion of other accounts receivable (%)
Within 1 year (including 1 year)	—	—
1-2 years	5.00	5.00

Aging	Provision proportion of accounts receivable (%)	Provision proportion of other accounts receivable (%)
2-3 years	10.00	10.00
Over 3 years	20.00	20.00

② Accounts receivable with no significant single amount but with single provision for bad debts

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

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

(XI) Inventory

1. Classification of inventory

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

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

2. Pricing method of inventory

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

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

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

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

or purpose and difficult to be measured separately from other items, inventory depreciation provision is consolidated for accrual.

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

4. Inventory system

The perpetual inventory system is adopted.

5. Amortization method of low-value consumables and packages

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

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

6. Accounting method of land for development

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

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

7. Accounting method of public facility expenses

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

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

8. Accounting method of maintenance fund

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

9. Accounting method of quality deposit

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

(XII) Loans and prepayment issued

1. Loan

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

2. Reserve for loss of loan

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

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

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

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

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

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

(XIII) Held-for-sale assets

1. Standards to recognize as held-for-sale

The Company will recognize the components of the enterprise (or non-circulating assets) satisfying the following conditions at the same time as the held-for-sale part:

- (1) Such components can be sold immediately under current situations according to the conventional terms for selling such components;
- (2) The enterprise has made resolution on how to dispose such components. If approval shall be obtained from shareholders according to the stipulations, approval has been obtained from the General Meeting of Shareholders or relevant power authority;
- (3) The enterprise has signed irrevocable transfer agreement with the transferee;
- (4) This transfer will be completed within one year.

2. Accounting method for dividing to held-for-sale

The Company will adjust the estimated net residual value of the fixed asset held-for-sale to make its estimated residual value reflect the amount of its fair value minus the disposition cost, but shall not exceed the original book value of such fixed asset in compliance with the held-for-sale conditions. The balance between the original book value and the estimated net residual value (the former higher than the latter) shall be incorporated into current profits and losses as assets impairment loss. No depreciation or amortization will be accrued for held-for-sale fixed asset, but will measurement will be carried out according to the lower between the book value and the net amount of fair value minus the disposition cost.

Other non-circulating assets including equity investment and intangible assets in compliance with the held-for-sale conditions shall be treated according to the aforesaid principles, but will not include deferred income tax assets, financial assets normalized by the contractual rights arising from *Enterprise Accounting Rules No. 22-Reconition and Measurement of Financial Instruments*, investment real estate and biological assets measured by fair value and contractual rights arising from insurance contract.

(XIV) Long-term equity investment

1. Determination of investment cost

(1) Long-term equity investment formed by consolidation of enterprises. For specific accounting policies, please refer to Notes IV/iv Accounting Treatment Methods of Consolidation of Enterprises under Same Control and Not under Same Control.

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

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

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

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

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

2. Subsequent measurement and recognition of profits and losses

(1) Cost method

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

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

(2) Equity method

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

For the balance between the initial investment cost of long-term equity investment higher than the identifiable net assets fair value of the invested unit at the time of investment, initial investment cost of long-term equity investment shall not be adjusted. The balance between the initial investment cost lower than the fair value shares of identifiable net assets of the invested unit at the time of investment shall be incorporated into current profits and losses.

After the Company acquires long-term equity investment, according to the net profits and losses realized by the invested unit to be enjoyed or shared and other comprehensive earnings, investment earnings and other comprehensive earnings shall be recognized respectively, meanwhile book value of long-term equity investment shall be adjusted. Moreover, according to the profits or cash dividends announced by the invested unit to be distributed, the part to be received will be calculated and book value of long-term equity investment shall be reduced accordingly. Concerning other changes in owner's equity of the invested unit apart from net profits and losses, other comprehensive earnings and profits distribution, book value of long-term equity investment shall be adjusted and incorporated into owner's rights and interests.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) Cost method changed to equity method

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

(5) Cost method changed to measurement by fair value

If the Company has lost the control over the invested unit due to such reasons as treating part of equity investment, when preparing individual financial statement, if the remaining equity after treatment cannot

perform joint control or impose significant influences on the invested unit, accounting treatment shall be changed to according to relevant stipulations set out in *Enterprise Accounting Rules No. 22 - Reconition and Measurement of Financial Instruments*. The balance between the fair value and the book value on the date of losing control shall be incorporated into current profits and losses.

4. Treatment on long-term equity investment

When treating long-term equity investment, the balance between its book value and the actually acquired price shall be incorporated into current profits and losses. Concerning long-term equity investment accounted by equity method, when treating such investment, the same basis used by the invested unit in directly treatment relevant assets or liabilities shall be adopted to carry out accounting treatment on the part that was incorporated into other comprehensive earnings according to relevant percentages.

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

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

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

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

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

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

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

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

4. Standards to judge control joint and significant influences

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

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

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

(XV) Investment real estate

Investment real estate refers to the real estate held for earning rent or capital value adding or both, including the using right of the land leased, the land using right held for transfer after appreciation and the leased buildings.

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

The Company carries out follow-up measurement on investment real estate by adopting cost mode, and accrues depreciation or amortization on buildings and land using right according to estimated service life and net residual

value rate. Estimated service life, net residual value rate and yearly depreciation (amortization) rate are shown below:

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

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

When investment real estate is disposed or permanently exits from use, and is estimated that no economic interest will be gained from its disposal, the recognition on such investment real estate shall be terminated. The income of disposal of real estate, including selling, transferring, discarding or destroying the investment real estate minus its book value and relevant taxes shall be incorporated into current profits and losses.

(XVI) Fixed asset

1. Conditions to recognize fixed assets

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

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

2. Initial measurement of fixed assets

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

3. Follow-up measurement and disposal of fixed assets

(1) Depreciation of fixed assets

Depreciation of fixed asset shall be accrued during the estimated service life according to the entry value minus the estimated net residual value. For fixed asset that impairment reserve has been provided, depreciation shall be determined according to the book value after the deduction of impairment reserve in the coming period as well as the years to be used.

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

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

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

(2) Subsequent expenditures of fixed assets

Subsequent expenditures related with fixed asset, if complies with the recognition conditions for fixed asset, shall be incorporated into the cost of fixed asset; if does not comply with the recognition conditions for fixed asset, shall be incorporated into current profits and losses at the time of occurrence.

(3) Disposal of fixed asset

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

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

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

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

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

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

(XVII) Construction in progress

1. Type of construction in progress

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

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

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

(XVIII) Borrowing costs

1. Recognition principles of capitalization of borrowing costs

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

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

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

(1) Assets costs have occurred, which include the expenses arising from paying cash, transferring non-cash assets or bearing liabilities with interest in order to purchase, build or produce assets in compliance with the capitalization conditions.

(2) Borrowing costs have occurred.

(3) Necessary activities including purchasing, building or production to make the asset reach estimated usable or sellable status have been started.

2. Period of capitalization of borrowing costs

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

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

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

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

3. Period of suspension of capitalization

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

4. Calculation method for amount of capitalization of borrowing costs

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

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

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

(XIX) Intangible assets and development expenses

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

1. Initial measurement of intangible assets

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

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

(1) Intangible assets with limited service life

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

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

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

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

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

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

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

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

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

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

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

The expenditure in the development phase not meeting the preceding conditions is 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.

(XX) 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 recognized, 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.

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

(XXI) Long-term expenses to be amortized

1. Method of amortization

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

(XXII) Payroll

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

1. Short-term payroll

Short-term remuneration refers to the payroll that needs to be paid completely within 12 months in the annual 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. Post-employment welfare

The welfare after leave refers to the remuneration and welfare provided by the Company for obtaining services provided by employees or for terminating the employment relationship after employees have retired, excluding short-term remuneration and dismissal welfare. The welfare plan after dismissal 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. Dismissal welfare

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

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

4. Other long-term employees' welfare

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

For other long-term employees' welfare that meets conditions of the defined contribution plan, the amount that shall be paid and deposited shall be identified as liabilities in the accounting period and is 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 accumulative welfare unit and includes it in the current profits and losses or relevant asset costs.

(XXIII) Estimated liabilities

1. Recognition standards for estimated liabilities

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

The obligation is a current obligation undertaken by the Company;

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

The amount of the obligation can be measured reliably.

2. Measurement method of estimated liabilities

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

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

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

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

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

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

(XXIV) Share-based payment

1. Types of share-based payment

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

2. Recognition of the fair value of equity instruments

For equity instruments such as the granted option, which exist in the active market, the fair value is recognized according to their prices in the active market. For those not existing in the active market, their fair value is recognized by using the option pricing model, which should be selected in consideration of the following factors: a. option exercise price; b. option period; c. the current price of the underlying shares; d. the predicted fluctuation rate of the share price, e. the estimated dividend of the share; f. risk free rate in the option period; g. payment of shares of installment options

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

3. Basis of recognition of the best estimate of the number of vested equity instruments

On each balance sheet date in the vesting period, the Company shall make the best available estimate of the number of equity instruments expected to vest, and shall revise that estimate if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the Company shall revise the estimate to equal the number of equity instruments that ultimately vested.

4. Accounting 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 confirmed cost or expense and total equity amount after the vesting date.

The case-settled share-based payment shall be measured by reference to the fair value of the Company's eligible liabilities which is calculated based on shares or other equity instruments. If the equity instruments granted vest immediately, the Company shall include the fair value of eligible liabilities in related cost or expense on the vesting date, with a corresponding increase in liabilities. For the cash-settled share-based payment where the granted options are not exercised until the counterparty completes a specified period of service or achieves a performance condition in the vesting period, the Company shall include the service obtained in the current period into related cost or expense and liabilities by reference to the grant-date fair value of liabilities, based on the best estimate of the number of vested equity instruments on each balance sheet date during the vesting period. The Company shall re-measure the fair value of its liabilities on each balance sheet date and settlement date before settlement of related liabilities, and include liability changes in current profit and loss.

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 confirmed for services received over the remainder of the vesting period in the current profit and loss, and recognize capital reserve. If employees or other parties can but fail to satisfy non-vesting conditions in the vesting period, the Company shall account for the failure as a cancellation of the grant of the equity instrument.

(XXV) Other financial instruments such as preferred stock and sustainable debt

Based on the rules of financial instruments, the Company classifies financial instruments or their components into financial liabilities or equity instruments during initial recognition according to the contract terms of financial instruments such as preferred stock and sustainable debt and economic essence they reflect rather than legal form, in combination with definitions of financial liabilities and equity instruments.

1. When one of the following conditions is met, the issued financial instrument is classified into financial liabilities:

- (1) Contractual obligation to deliver cash or other financial assets to other parties;
- (2) Contractual obligation to exchange financial assets or financial liabilities under potential adverse conditions;
- (3) Non-derivative instrument contract that must or may use equity instruments of an enterprise for settlement in the future (the enterprise delivers a variable number of equity instruments according to the contract);
- (4) Derivative instrument contract that must or may use equity instruments of an enterprise for settlement in the future (except derivative instrument contracts that use a fixed number of equity instruments to exchange a fixed amount of cash or other financial assets).

2. When the following conditions are met at the same time, the issued financial instruments are classified into equity instruments:

(1) The financial instruments do not include the contractual obligation to deliver cash or other financial assets to other parties or exchange financial assets or financial liabilities under potential adverse conditions;

(2) For the financial instruments that must or may use equity instruments of an enterprise for settlement in the future, if the financial instruments are non-derivative instruments, the contractual obligation to deliver a variable number of equity instruments for settlement is not included; if the financial instruments are derivative instruments, the enterprise can only settle the financial instruments by exchanging a fixed number of equity instruments with the fixed amount of cash or other financial assets.

3. Accounting treatment method

For financial instruments that belong to equity instruments, the interest expenditure or dividend distribution shall be used as profits of the enterprise for distribution, the buy-back and write-off are treated as changes 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.

(XXVI) Income

1. Standards for recognition time of sales income

The realization of the income from the sale of commodities is recognized when the Company has already transferred the main risks and consideration in the ownership right of the commodities to the purchaser, the Company has not retained any further management right connected to the ownership right nor implement effective control over the sold commodities, the amount of the revenue can be reliably measured, relevant economic interests are likely to flow into the enterprise, and relevant costs incurred or to be incurred can be measured reliably.

The Company mainly runs the leasing business in the electronics market. It identifies received rental as rental income in the term of lease by using the method of line and the income of other business is recognized when the risk premium is transferred according to contract provisions.

The price of a contract or agreement is collected through deferral. In the case of actual financial nature, the amount of income from sales commodities shall be determined according to the fair value of the price of the contract or agreement.

2. Basis for recognition of income from transfer of asset use right

When economic interests relevant to transaction probably flow into the enterprise and the amount of income can be reliably measured, the amount of income from transfer of asset use right is determined in the following circumstances:

(1) The amount of interest income is determined according to the time and actual interest rate of other people using the monetary fund of the enterprise.

(2) The amount of the income from use fee is determined in accordance with the time and method of charges as agreed in relevant contract or agreement.

3. Recognition basis and method for income from rendering of services

Where the results of the labor services provided on the balance sheet date can be estimated reliably, the income from the provision of labor services is recognized with the completion percentage method. The completion progress of a labor service transaction is determined by survey of the work completed.

When the following conditions are met at the same time, the result of rendering of services can be reliably estimated:

- (1) The amount of income can be measured reliably;
- (2) Relevant economic interests are very likely to flow into the enterprise;
- (3) The completion progress of transactions can be reliably determined;
- (4) The costs that have been incurred or will be incurred in transactions can be reliably measured.

The total amount of the income from the provision of labor services is determined according to the price money received or receivable of a relevant contract or agreement, unless the price money received or receivable of a relevant contract or agreement is unfair. The labor services income of the current period is recognized on the balance sheet date according to the resulted amount of the total amount of income from provision of labor services times the completion percentage and deducted by the accumulative amount of the recognized income from provision of labor services in previous accounting periods. At the same time, the labor cost of the current period is carried forward according to the estimated total cost of the provision of labor services times the completion percentage and deducted by the accumulative amount of the recognized labor cost in previous accounting periods.

Where the results of the provision of labor services on the balance sheet date cannot be estimated reliably, such results are processed respectively according to the following conditions:

- (1) Where it is estimated that the labor services cost incurred can be compensated, the income from provision of labor services is recognized according to the amount of the labor services cost incurred and the same amount is transferred to the labor cost.
- (2) Where it is estimated that the labor services cost incurred cannot be compensated, the labor services cost incurred is included in current profit and loss and no income is recognized.

When the contracts or agreements between the Company and other companies involve commodity sales and labor service and these two parts can be differentiated from each other and can be separately measured, commodity sales and labor service are handled separately. If they cannot be differentiated from each other or they can be differentiated from each other but cannot be separately measured, both parts will be handled as commodity sales.

4. Recognition basis and method for income from construction contracts

(1) When the results of construction contracts can be reliably estimated, relevant income from contracts and costs of contracts are confirmed based on the method of completion percentage. The method of completion percentage refers to the method for confirming income from contracts and costs of contracts according to the completion progress of contracts. The completion progress of a contract is determined according to the ratio of actual accumulative cost of the contract to estimated total costs of the contract.

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

- 1) The total income from the contract can be reliably measured;
- 2) Economic interests relevant to the contract are very likely to flow into the enterprise;

- 3) The actual costs of the contract can be clearly distinguished and reliably measured;
- 4) The completion progress of the contract and the costs needed for completing the contract can be reliably determined.

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

- 1) Economic interests relevant to the contract are very likely to flow into the enterprise;
- 2) The actual costs of the contract can be clearly distinguished and reliably measured;

On the balance sheet date, the amount of total contractual income multiplied by the completion progress, deducting the accumulated confirmed income in the previous accounting period, is recognized as the current contractual income; the amount of estimated total contract cost multiplied by the completion progress, deducting the accumulative confirmed cost in the previous accounting period, is recognized as the current costs of contract. The change of contract engineering, claim and bonus is included in the total income of contract based on the amount that may be brought and can be reliably calculated.

(2) If the result of a construction contract cannot be reliably estimated, the contract is treated as follows:

- 1) If the contract cost can be recovered, the income from the contract is recognized according to the actual recovered contract cost and the contract cost is recognized as the current costs of contract.
- 2) If the contract cost cannot be recovered, the cost is immediately recognized as the costs of contract in the current period when the cost is incurred and the income from the contract is not recognized.
- (3) If the total cost of contract probably exceeds the total income from the contract, the expected loss is immediately recognized as costs.

5. Transfer of the assets with repurchase conditions

If the Company signs a repurchase agreement when selling products or transferring other assets, whether the products sold meet the conditions for income recognition is judged according to the articles of the agreement. If the repurchase is a financing transaction, the Company does not recognize sales income when delivering products or assets. If the repurchase price is higher than the selling price, interests are accrued for the difference during repurchase period and included in financial expenses.

(XXVII) Government subsidies

1. Type

A government subsidy means the monetary or non-monetary assets obtained free by an enterprise from the government, but excluding the capital invested by the government as the owner of the enterprise. Based on the subsidy objects specified in relevant government documents, the subsidies are divided into subsidies relevant to assets and subsidies relevant to profits.

Subsidies relevant to assets refer to government subsidies acquired by the Company for the purposes of acquisition and construction or turned to long-term assets in other ways. Subsidies relevant to profits refer to government subsidies other than subsidies relevant to assets.

2. Recognition of government subsidies

If any evidence indicates that the Company can meet relevant conditions for financial support policies and is expected to obtain financial support fund at the end of the period, the government subsidy shall be recognized based on the amount receivable. In other cases, government subsidies shall be recognized at receipt.

Government subsidies that are monetary funds shall be measured based on the amount received or receivable. Government subsidies that are non-monetary funds shall be measured based on fair value. Where the fair value cannot be reliably calculated, the nominal amount (1 Yuan) is measured. Government subsidies that are measured by nominal amount shall be directly included in current profit and loss.

3. Accounting treatment method

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

The government subsidies related to profits, used to compensate relevant expenses or losses in later periods, are recognized as deferred profits when they are obtained; the subsidies, used to compensate relevant expenses or losses having occurred, are recognized as the current non-operating income when they are obtained.

If recognized government subsidies have 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 profit and loss; when relevant deferred income does not exist, the government subsidies are directly included in the current profit and loss.

(XXVIII) Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are calculated and recognized according to the difference (temporary difference) between the taxable basis of the assets and liabilities and their book value. On the balance sheet date, deferred income tax assets and liabilities are measured based on the tax rate applicable to the period when the assets are expected to be recovered or the liabilities are expected to be paid off.

1. Basis for recognition of deferred incomes tax assets

The Company confirms the deferred income tax assets generated due to deductible temporary difference based on the amount of taxable income that is probably obtained to deduct deductible temporary difference and can carry over deductible loss and tax deduction. However, the deferred income tax assets generated due to initial recognition of assets or liabilities in a transaction with the following features at the same time: (1) the transaction is not business merger; (2) the transaction does not affect the accounting profit, taxable income or deductible loss.

For the deductible temporary difference relevant to investment of joint ventures, when the following conditions are met at the same time, corresponding deferred income tax assets are confirmed; the temporary difference is probably 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 recognition of deferred income tax liabilities

The temporary difference between the tax payable but unpaid in the current period and that in previous periods is recognized by the Company as deferred income tax liabilities, excluding:

- (1) Temporary difference formed due to initial confirmation of goodwill;
- (2) Transaction or matter formed due to factors rather than business merger (the transaction or matter does not affect the accounting profit or the temporary difference formed due to taxable income or deductible loss);
- (3) For the taxable temporary difference relevant to investment of subsidiaries and joint ventures, the reversal time of the temporary difference can be controlled and may not be reversed in the foreseeable future.

3. The balance between deferred income tax assets and deferred tax income liabilities is listed if the following conditions are met at the same time.

- (1) The entity has the legal right to settle the current tax income assets against current income tax liabilities; and
- (2) The deferred income tax assets and deferred tax income liabilities are relevant to income taxes levied by common 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.

(XXIX) Lease

If the lease terms essentially transfer all risks and gains related to the ownership of the leased asset to the lessee, such lease is finance lease while other leases are operating lease.

1. Accounting treatment of operating lease

(1) The rental fee paid by the Company for rented assets is apportioned by the straight-line method in the whole lease term including the rent-free period and included in current expenses. The initial direct expenses related to lease transactions, paid by the Company, are included in current expenses.

In case that the lessor undertakes the lease-related expenses that shall be undertaken by the Company, the Company shall deduct such expenses from the total rental fee and the rental fee after deduction is apportioned in the lease term and included in current expenses.

(2) The rental fee received by the Company from leasing of assets is apportioned by the straight-line method in the whole lease term including the rent-free period and included in the lease income. The initial direct expenses related to lease transactions, paid by the Company, are included in current expenses. Those with significant amounts are capitalized and included in current profit in the whole lease term on the same basis for recognition of the lease income.

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

Accounting treatment of financing lease

(1) Assets leased under financing lease: The lower one between the fair value of rented assets and the minimum lease payment is treated as the recording value of the rented assets, the minimum lease payment as the recording value of long-term accounts payable, and the difference between the two as financing expenses yet to be recognized.

The financing expenses yet to be recognized are apportioned by the Company by the actual interest rate method in the lease term of the assets and included in accounting expenses.

(2) Assets rented under financing lease: The difference between the total residual value, without guarantee, of the financing lease payment receivable and the current value is recognized by the Company on the lease-beginning date as financing profits yet to be realized and as the lease income in future lease periods. The initial direct expenses related to lease transactions are included in the initial measurement of financing lease payment receivable and the amount of profits recognized in the lease term is reduced.

(XXX) Changes of main accounting policies and accounting estimates

1. Changes of accounting policies

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

2. Changes of accounting estimates

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

V. Taxes

(I) Main tax types and tax rates imposed on the Company

Tax category	Basis	Tax rate (%)
Value-added tax	Sales of goods	17
Business tax	Revenue from rental and interest on loans	5
Urban maintenance and construction tax	Paid-in turnover tax payable	7
Educational surtax	Paid-in turnover tax payable	3
Local educational surtax	Paid-in turnover tax payable	2
Enterprise income tax	Taxable income	25, 15

Notes to income tax rate for different tax payers:

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

(II) Tax preference policy and basis

According to the confirmation letter (S. F. G. C. Y. Q. R. H. [2014] No. 134 issued by Shaanxi Provincial Development and Reform Commission, Xi'an SEG Electronics Market Co., Ltd., a subsidiary of the Company, is engaged in projects encouraged by the nation and complies with the corporate income tax preference policy for development of the west regions. Therefore, the corporate income tax shall be paid at the rate of 15%.

According to the confirmation letter (S. F. G. C. Y. Q. R. H. [2014] No. 060 issued by Shaanxi Provincial Development and Reform Commission, Xi'an Hairong SEG Electronics Market Co., Ltd., a subsidiary of the Company, is engaged in projects encouraged by the nation and complies with the corporate income tax preference policy for development of the west regions. Therefore, the corporate income tax shall be paid at the rate of 15%.

Excluding the foregoing two subsidiaries, the income tax rates of other subsidiaries are 25%.

VI. Notes to Main Items of the Consolidated Financial Statements

(Unless specifically noted, the following unit of the amount is RMB Yuan)

Note 1. Monetary funds

Item	Closing balance	Opening balance
Cash on hand	526,467.72	602,592.57
Bank deposit	274,816,839.04	381,404,611.82
Other monetary capital	1,520,122.34	1,049,476.31
Total	276,863,429.10	383,056,680.70

Details of other restricted monetary fund:

Item	Closing balance	Opening balance
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Item	Closing balance	Opening balance
Performance bond	340,000.00	-
Cash deposit for credit card repayment	1,000,000.00	1,000,000.00
Total	1,340,000.00	1,000,000.00

Note 2. Loans to other banks

Item	Closing balance	Opening balance
Loans to interbank	40,000,000.00	30,000,000.00
Less: impairment provision	-	-
Total	40,000,000.00	30,000,000.00

Note 3. Notes receivable

1. Types of notes receivable

Item	Closing balance	Opening balance
Bank's acceptance bill	-	84,618.08
Commercial acceptance bill	-	-
Total	-	84,618.08

2. The Company has no pledged notes receivable at the end of the period.

3. The Company has no notes receivable endorsed or discounted and not due on the balance sheet date at the end of the period.

4. The Company has no notes that were transferred to accounts receivable due to default by the biller at the end of the period.

Note 4. Accounts receivable

1. Accounts receivable disclosed by type

Type	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable with single significant amount and single bad debt provision	-	-	-	-	-
Accounts receivable with bad debt provision accrued based on credit risk feature combinations	98,238,596.47	89.91	26,173.60	0.03	98,212,422.87
Accounts receivable with no significant single amount but with single provision for bad debts	11,029,908.51	10.09	11,029,908.51	100.00	-
Total	109,268,504.98	100.00	11,056,082.11	10.12	98,212,422.87

Continued:

Type	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable with single significant amount and single bad debt provision	-	-	-	-	-
Accounts receivable with bad debt provision accrued based on credit risk feature combinations	185,866,040.16	94.08	-	-	185,866,040.16
Accounts receivable with no significant single amount but with single provision for bad debts	11,699,138.18	5.92	11,699,138.18	100.00	-
Total	197,565,178.34	100.00	11,699,138.18	5.92	185,866,040.16

Notes to types of accounts receivable:

(1) Accounts receivable with no significant single amount but with single provision for bad debts at the end of the period

Name of company	Closing balance			
	Accounts receivable	Bad debt provision	Proportion of provision (%)	Reason for provision
Jiangsu Unicom	3,092,011.09	3,092,011.09	100.00	Unable to be recovered for aging of over 5 years
Shenzhen Shuangxianghui Industrial Co., Ltd	2,160,725.63	2,160,725.63	100.00	Unable to be recovered for aging of over 5 years
Shenzhen LiYuanshun Industrial Co., Ltd.	1,906,865.35	1,906,865.35	100.00	Unable to be recovered for aging of over 5 years
Zhejiang Financial Information Co., Ltd	786,000.00	786,000.00	100.00	Unable to be recovered for aging of over 5 years
Shanghai Tianci Industrial Co., Ltd.	899,000.00	899,000.00	100.00	Unable to be recovered for aging of over 5 years
Other companies	2,185,306.44	2,185,306.44	100.00	Unable to be recovered for long aging
Total	11,029,908.51	11,029,908.51	100.00	-

(2) Accounts receivable in combinations with bad debt provision accrued by the aging analysis method

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Proportion of provision (%)
Less than one year	97,715,124.47	-	-
1-2 years	523,472.00	26,173.60	5.00
2-3 years	-	-	-

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Proportion of provision (%)
Over 3 years	-	-	-
Total	98,238,596.47	26,173.60	0.03

2. Accrual, recovery and writing back of current bad debt provision

The accrual amount of current bad debt provision is RMB 26,173.60. The written-off amount of current bad debt provision is RMB 400,000.00. The written-back amount of current bad debt provision is RMB 269,229.67.

Including: Current bad debt provision written back or recovered to accounts receivable with significant amount:

Name of company	Amount of writing back or recovery	Method of writing back or recovery	Remarks
House fund for Jiangshang Village	400,000.00	House fund collected	-
Total	400,000.00		-

3. Accounts receivable with top 5 closing balance collected based on debtors

Name of company	Closing balance	Percentage in the total amount of accounts receivable	Accrued bad debt provision
Shenzhen Wonder Industry Co., Ltd.	12,482,060.76	11.42	-
Shenzhen Qway Group Co., Ltd.	11,405,168.45	10.44	-
Shenzhen Runneng Digital Co., Ltd.	9,916,497.72	9.08	-
POCO TRADE CO.,LTD	9,460,596.43	8.66	-
BORICLE INTL	9,310,555.50	8.52	-
Total	52,574,878.86	48.12	-

4. There are no accounts receivable with its recognition terminated due to transfer of financial assets in the current period.

5. There are no assets and liabilities due to transfer or increase of accounts receivable in the current period.

Note 5. Prepayment

1. Prepayment listed by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Less than one year	129,044,887.26	100.00	94,633,317.07	100.00
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	129,044,887.26	100.00	94,633,317.07	100.00

2. Prepayment with top 5 closing balance collected based on prepayment payers

Name of company	Period-end amount	Percentage in the total amount of accounts receivable (%)	Prepayment date	Reason for non-settlement
Xi'an Gaoke (Group) New West China Industrial Development Co., Ltd	20,000,000.00	15.50	Less than one year	Prepaid rental for 2016
Shenzhen Must Energy Technology Co., Ltd.	18,688,026.22	14.48	Less than one year	Prepayment for goods
Tonmac International Electronics (Suzhou) Co., Ltd	17,500,000.00	13.56	Less than one year	Prepaid rental for 2016
Shenzhen Must Power Co., Ltd.	13,215,125.18	10.24	Less than one year	Prepayment for goods
Shenzhen Shuojian Industry Co., Ltd	9,936,340.86	7.70	Less than one year	Prepayment for goods
Total	79,339,492.26	61.48	-	-

Note 6. Other accounts receivable

1. Other receivables disclosed by type

Type	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other accounts receivable with single significant amount and single bad debt provision	14,434,547.87	24.12	14,434,547.87	100.00	-
Other accounts receivable with bad debt provision accrued based on credit risk feature combinations	27,674,049.48	46.25	321,265.15	1.16	27,352,784.33
Combination 1	13,873,923.11	23.19	321,265.15	2.32	13,552,657.96
Combination 2	13,800,126.37	23.06	-	-	13,800,126.37
Other accounts receivable with no significant single amount but with single provision for bad debts	17,731,257.04	29.63	17,731,257.04	100.00	-
Total	59,839,854.39	100.00	32,487,070.06	54.29	27,352,784.33

Continued:

Type	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other accounts receivable with single significant amount and single bad debt provision	14,434,547.87	11.31	14,434,547.87	100.00	-

Type	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other accounts receivable with bad debt provision accrued based on credit risk feature combinations	95,371,972.98	74.74	5,816.71	0.01	95,366,156.27
Combination 1	4,516,398.14	3.54	5,816.71	0.13	4,510,581.43
Combination 2	90,855,574.84	71.20	-	-	90,855,574.84
Other accounts receivable with no significant single amount but with single provision for bad debts	17,800,002.44	13.95	17,800,002.44	100.00	-
Total	127,606,523.29	100.00	32,240,367.02	25.27	95,366,156.27

Notes to types of other accounts receivable:

(1) Other accounts receivable with single significant amount and single bad debt provision at the end of the period

Name of company	Closing balance			Reason for provision
	Other accounts receivable	Bad debt provision	Proportion of provision (%)	
Yangjiang Yuntong Grease Co., Ltd.	8,530,276.35	8,530,276.35	100.00	Unable to be recovered with aging of over 5 years
Creditor's right transferred in by SEG Communications	5,904,271.52	5,904,271.52	100.00	Unable to be recovered with aging of over 5 years
Total	14,434,547.87	14,434,547.87	100.00	-

(2) Accounts receivable in combinations with bad debt provision accrued by the aging analysis method

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Proportion of provision (%)
Less than one year	7,513,116.52	-	-
1-2 years	6,323,147.84	316,157.40	5.00
2-3 years	24,240.00	2,424.00	10.00
Over 3 years	13,418.75	2,683.75	20.00
Total	13,873,923.11	321,265.15	2.32

(3) Other accounts receivable in Combination 2 are mainly deposit, security deposit, account with related parties.

2. Accrual, recovery and writing back of current bad debt provision

The amount of the current accrued bad debt provision is RMB 316,574.97 and the amount of the current recovered or reversed bad debt provision is RMB 69,871.93. There are no other receivables written off in the current period.

3. Classification of other receivables by nature

Item	Closing balance	Opening balance
Creditor's right transfer cost	32,165,804.91	28,568,316.79
Imprest	831,185.54	1,733,960.46
Deposit and security deposit	23,342,863.94	90,906,485.24
Others	3,500,000.00	6,397,760.80
Total	59,839,854.39	127,606,523.29

4. Other accounts receivable with top 5 closing balance collected based on debtors

Name of company	Nature of receivables	Closing balance	Aging	Percentage in the total amount of other accounts receivable (%)	Bad debt provision Closing balance
Yangjiang Yuntong Grease Co., Ltd.	Debt restructuring of SEG Orient	8,530,276.35	Over 5 years	14.26	8,530,276.35
Nantong Construction Engineering Administration	Salary deposit for peasant workers	6,200,000.00	1-2 years	10.36	-
Creditor's right transferred in by SEG Communications	Debt restructuring of SEG Communications	5,904,271.52	Over 5 years	9.87	5,904,271.52
Shenzhen Lianjing Trade Co., Ltd.	Creditor's incomings and outgoing	5,697,287.51	Over 5 years	9.52	5,697,287.51
Shenzhen Top Industry Co., Ltd.	Creditor's incomings and outgoing	3,281,387.96	Over 5 years	5.48	3,281,387.96
Total		29,613,223.34		49.49	-

5. There are no items involving government subsidies in the current period.

6. There are no accounts receivable with its recognition terminated due to transfer of financial assets in the current period.

7. There are no assets and liabilities due to transfer or increase of other accounts receivable in the current period.

Note 7. Inventory

1. Classification of inventory

Item	Closing balance			Opening balance		
	Book balance	Depreciation provision	Book value	Book balance	Depreciation provision	Book value
Raw materials	149,186.66	-	149,186.66	80,293.26	-	80,293.26
Commodity stock	1,579,916.40	-	1,579,916.40	202,195.78	-	202,195.78
Low-value	222,080.75	-	222,080.75	1,039,703.99	-	1,039,703.99

Item	Closing balance			Opening balance		
	Book balance	Depreciation provision	Book value	Book balance	Depreciation provision	Book value
consumables						
Development cost	448,858,750.91	-	448,858,750.91	276,959,393.69	-	276,959,393.69
Total	450,809,934.72	-	450,809,934.72	278,281,586.72	-	278,281,586.72

2. Notes to capitalization amount of borrowing costs included in closing balance of inventory

Inventory item name	Opening balance	Increase in the current period	Decrease in the current period		Closing balance	Capitalization rate of capitalization amount recognized in the current period (%)
			Decrease in sales	Others		
Nantong SEG Times Square	2,885,600.89	11,029,496.28	-	-	13,915,097.17	5.37
Total	2,885,600.89	11,029,496.28	-	-	13,915,097.17	-

3. Development cost

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	448,858,750.91	276,959,393.69
Total	-	-	-	448,858,750.91	276,959,393.69

Note 8. Other current assets

Item	Closing balance	Opening balance
Bank financial products	259,831,270.00	322,679,000.00
Tax to be deducted and withheld	79,402,305.52	120,700,762.42
Others	196,844.22	163,251.07
Total	339,430,419.74	443,543,013.49

Note 9. Loans and prepayment issued

1. Loans and prepayment issued

Item	Closing balance	Opening balance
Loan principal	486,435,059.77	458,229,526.30
Advance	-	-
Less: Impairment provision for loans and prepayment	10,914,237.69	5,712,454.24
Total	475,520,822.08	452,517,072.06

Note 10. Available-for-sale financial assets**1. Available-for-sale financial assets**

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Available-for-sale debt instruments	-	-	-	-	-	-
Available-for-sale equity instruments	-	-	-	-	-	-
Measured by fair value	744,580.41	-	744,580.41	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
Others	-	-	-	-	-	-
Total	34,554,973.24	15,000.00	34,539,973.24	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

Classification	Available-for-sale equity instruments	Available-for-sale debt instruments	Others	Total
Cost of equity instruments/amortized cost of debt instruments	90,405.00	-	-	90,405.00
Accumulative changes in fair value included in other comprehensive income	654,175.41	-	-	654,175.41
Less: Accrued impairment amount	-	-	-	-
Fair value	744,580.41	-	-	744,580.41

3. Measured by cost

Invested organization	Shareholding proportion (%)	Book balance			Closing balance
		Opening balance	Increase in the current period	Decrease in the current period	
Kashgar Shenzhen City Co., Ltd.	3.03	20,000,000.00	-	-	20,000,000.00
Shenzhen SEG GPS Scientific Navigations Co., Ltd.	12.50	13,515,392.83	-	-	13,515,392.83
Nanjing Shangsha Co., Ltd	0.68	280,000.00	-	-	280,000.00
Anshan Yibai Co., Ltd	-	15,000.00	-	-	15,000.00
Total		33,810,392.83	-	-	33,810,392.83

Continued:

Invested organization	Impairment provision				Cash dividends of the current period
	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	
Kashgar Shenzhen City Co., Ltd.	-	-	-	-	-
Shenzhen SEG GPS Scientific Navigations Co., Ltd.	-	-	-	-	-
Nanjing Shangsha Co., Ltd	-	-	-	-	-
Anshan Yibai Co., Ltd	15,000.00	-	-	15,000.00	-
Total	15,000.00	-	-	15,000.00	-

4. Loss from impairment of available-for-sale financial assets in the current reporting period

Available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale debt instruments	Others	Total
Accrued impairment provision at the beginning of period	15,000.00	-	-	15,000.00
Provision of the year	-	-	-	-
Including: Transfer in Other comprehensive income	-	-	-	-
Decrease in the year	-	-	-	-
Including: Writing back due to recovery of fair value at the end of the period	-	-	-	-
Accrued impairment provision at the end of the period	15,000.00	-	-	15,000.00

Note 11. Long-term equity investment

Invested organization	Opening balance	Increase/Decrease of the year			
		Additional investment	Negative investment	Investment profit and loss recognized with the equity method	Adjustment of other comprehensive income
II. Associates	-	-	-	-	-
Shanghai SEG Electronics Market Co., Ltd.	3,576,788.18	-	-	302,624.63	-
Shenzhen Huakong SEG Co., Ltd.	78,523,408.83	-	-	1,401,178.85	-
Subtotal	82,100,197.01	-	-	1,703,803.48	-
Total	82,100,197.01	-	-	1,703,803.48	-

Continued:

Invested organization	Increase/Decrease of the year				Closing balance	Closing balance of impairment provision
	Other equity changes	Issued cash dividends or profits	Accrued impairment provision	Others		
II. Associates	-	-	-	-	-	-
Shanghai SEG Electronics Market Co., Ltd.	-	-500,000.00	-	-	3,379,412.81	-
Shenzhen Huakong SEG Co., Ltd.	101,818,573.39	-	-	-	181,743,161.07	-
Subtotal	101,818,573.39	-500,000.00	-	-	185,122,573.88	-
Total	101,818,573.39	-500,000.00	-	-	185,122,573.88	-

Note 12. Investment properties

1. Details of investment properties

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. Increase in the current period	12,608,327.29	-	-	12,608,327.29
Outsourcing	-	-	-	-
Transfer-in of inventory/fixed assets/construction in progress	-	-	-	-
Increase due to business merger	-	-	-	-
Capital invested by shareholders	-	-	-	-
Other transfer-in	12,608,327.29	-	-	12,608,327.29
3. Decrease in the current period	-	-	-	-
Disposal	-	-	-	-
Other transfer-out	-	-	-	-
4. Closing balance	718,281,629.05	5,237,512.49	-	723,519,141.54
II. Accumulated depreciation				
1. Opening balance	246,495,704.92	1,852,226.55	-	248,347,931.47
2. Increase in the current period	31,198,883.82	120,599.85	-	31,319,483.67

Item	Houses and buildings	Land use right	Construction in progress	Total
Provision or amortization	18,590,556.53	120,599.85		18,711,156.38
Increase due to business merger	-	-	-	-
Other transfer-in	12,608,327.29	-	-	12,608,327.29
3. Decrease in the current period	-	-	-	-
Disposal	-	-	-	-
Other transfer-out	-	-	-	-
4. Closing balance	277,694,588.74	1,972,826.40		279,667,415.14
III. Impairment provision				
1. Opening balance	-	-	-	-
2. Increase in the current period	-	-	-	-
Accrual	-	-	-	-
Increase due to business merger	-	-	-	-
Other transfer-in	-	-	-	-
3. Decrease in the current period	-	-	-	-
Disposal	-	-	-	-
Other transfer-out	-	-	-	-
4. Closing balance	-	-	-	-
IV. Book value				
1. Closing book value	440,587,040.31	3,264,686.09	-	443,851,726.40
2. Opening book value	459,177,596.84	3,385,285.94	-	462,562,882.78

2. Details of investment properties

Owner of investment property	Investment property project	Net value of investment property
Shenzhen SEG Co., Ltd.	F2, F4 and F5 of SEG Plaza	230,986,014.27
Shenzhen SEG Co., Ltd.	Some floors of Contemporary Window	51,579,212.11
Shenzhen SEG Co., Ltd.	Other houses	1,834,633.76
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	Blocks A and B of Baohua Building	33,609,325.51
Shenzhen SEG Industrial Investment Co., Ltd.	Some floors of Contemporary Window	2,698,987.72
Changsha SEG Development Co., Ltd.	Changsha SEG	123,143,553.03
Total		443,851,726.40

Note 13. Original value and accumulated depreciation of fixed assets

1. Details of fixed assets

Item	Houses and buildings	Machinery equipment	Transportation vehicles	Electronic equipment	Other equipment	Total
I. Original book value	-	-	-	-	-	-
1. Opening balance	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. Increase in the current period	-	759,698.00	5,500.00	637,808.12	119,395.17	1,522,401.29
Purchase	-	759,698.00	5,500.00	637,808.12	119,395.17	1,522,401.29
Transfer-in of construction in progress	-	-	-	-	-	-
Increase due to business merger	-	-	-	-	-	-
Capital invested by shareholders	-	-	-	-	-	-
Financial leasing	-	-	-	-	-	-
Other transfer-in	-	-	-	-	-	-
3. Decrease in the current period	12,608,327.29	335,126.32	486,435.00	355,162.75	-	13,785,051.36
Disposal or scrap	-	335,126.32	486,435.00	355,162.75	-	1,176,724.07
Financial leasing	-	-	-	-	-	-
Other transfer-out	12,608,327.29	-	-	-	-	12,608,327.29
4. Closing balance	35,694,847.73	30,744,844.49	5,470,881.82	32,437,022.84	3,717,659.88	108,065,256.76
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. Increase in the current period	825,314.98	1,589,023.04	651,896.93	1,407,337.12	500,935.22	4,974,507.29
Accrual	825,314.98	1,589,023.04	651,896.93	1,407,337.12	500,935.22	4,974,507.29
Increase due to business merger	-	-	-	-	-	-
Other transfer-in	-	-	-	-	-	-
3. Decrease in the current period	12,608,327.29	181,864.17	274,372.55	286,780.59	1,939.58	13,353,284.18
Disposal or scrap	-	181,864.17	274,372.55	286,780.59	1,939.58	744,956.89
Financial leasing	-	-	-	-	-	-
Other transfer-out	12,608,327.29	-	-	-	-	12,608,327.29
4. Closing balance	14,788,585.07	29,586,623.96	3,630,627.47	20,012,581.46	2,522,413.55	70,540,831.51
III. Impairment	-	-	-	-	-	-

Item	Houses and buildings	Machinery equipment	Transportation vehicles	Electronic equipment	Other equipment	Total
provision						
1. Opening balance	-	-	-	-	-	-
2. Increase in the current period	-	-	-	-	-	-
Accrual	-	-	-	-	-	-
Increase due to business merger	-	-	-	-	-	-
Other transfer-in	-	-	-	-	-	-
3. Decrease in the current period	-	-	-	-	-	-
Disposal or scrap	-	-	-	-	-	-
Financial leasing	-	-	-	-	-	-
Other transfer-out	-	-	-	-	-	-
4. Closing balance	-	-	-	-	-	-
5. Book value	-	-	-	-	-	-
6. Closing book value	20,906,262.66	1,158,220.53	1,840,254.35	12,424,441.38	1,195,246.33	37,524,425.25
7. 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. There are no fixed assets that are temporarily idle at the end of the period.

3. There are no fixed assets acquired through financing lease in at the end of the period.

4. There are no fixed assets acquired through financing lease out at the end of the period.

5. Fixed assets with no property right certificate acquired at the end of the period

Item	Book value	Reason for property right certificate not acquired
Houses and buildings	1,280,170.96	Qualification procedures not complete
Total	1,280,170.96	

Note 14. Construction in progress

1. Details of Construction in progress

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
LCD in the lobby of SEG Plaza	140,810.00	-	140,810.00	-	-	-
Total	140,810.00	-	140,810.00	-	-	-

Note 15. Intangible assets

1. Intangible assets

Item	Land use right	Outsourced software	Total
I. Original book value			
1. Opening balance	159,759.24	2,269,353.00	2,429,112.24
2. Increase in the current period	-	791,500.00	791,500.00
Purchase	-	791,500.00	791,500.00
Internal R&D	-	-	-
Increase due to business merger	-	-	-
Capital invested by shareholders	-	-	-
Other transfer-in	-	-	-
3. Decrease in the current period	-	18,000.00	18,000.00
Disposal	-	-	-
Other transfer-out	-	18,000.00	18,000.00
4. Closing balance	159,759.24	3,042,853.00	3,202,612.24
II. Accumulated amortization			
1. Opening balance	54,754.79	1,718,769.91	1,773,524.70
2. Increase in the current period	2,759.76	291,565.67	294,325.43
Accrual	2,759.76	291,565.67	294,325.43
Increase due to business merger	-	-	-
Other transfer-in	-	-	-
3. Decrease in the current period	-	9,000.00	9,000.00
Disposal	-	-	-
Other transfer-out	-	9,000.00	9,000.00
4. Closing balance	57,514.55	2,001,335.58	2,058,850.13
III. Impairment provision			
1. Opening balance	-	-	-
2. Increase in the current period	-	-	-
Accrual	-	-	-
Increase due to business merger	-	-	-
Other transfer-in	-	-	-
3. Decrease in the current period	-	-	-
Disposal	-	-	-
Other transfer-out	-	-	-
4. Closing balance	-	-	-
IV. Book value			
1. Closing book value	102,244.69	1,041,517.42	1,143,762.11
2. Opening book value	105,004.45	550,583.09	655,587.54

Note 16. Goodwill

1. Original book value of goodwill

Name of the invested organization or the item contributing to a goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Increase due to business merger	Others	Disposal	Others	
Changsha SEG Development Co., Ltd.	10,328,927.82	-	-	-	-	10,328,927.82
Total	10,328,927.82	-	-	-	-	10,328,927.82

Goodwill is measured as the difference on the acquisition date between the cost of the enterprises merger not under common control over the acquirer's interest in the fair value of the identifiable net assets.

Calculation process of goodwill:

Item	Amount
Investment cost	69,000,000.00
Book value of the net assets of the invested organization	57,508,384.14
Estimated increment of net assets	93,383,233.24
Deferred income tax liabilities incurred by the estimated increment of net assets	23,345,808.30
Fair value of the net assets of the invested organization	127,545,809.08
Shareholding proportion in the invested organization	46.00%
Difference between the investment cost and the fair value of net identifiable assets of the invested organization to be enjoyed at the time of acquisition	10,328,927.82

The Company purchased 46% of the equity of Changsha SEG Development Co., Ltd with the price of 69,000,000 Yuan in March 2009. The net assets in book value of Changsha SEG Development Co., Ltd were 57,508,384.14 Yuan in the current month while the net assets in fair value of Changsha SEG Development Co., Ltd after the evaluation for the added value was carried out. Thus, a goodwill amounting to 10,328,927.82 was formed.

The goodwill impairment testing was conducted at the end of the period and there was no sign of impairment, so no provision was accrued for impairment.

Note 17. Long-term expenses to be amortized

Item	Opening balance	Increase in the current period	Amortization amount of current period	Other decrease	Closing balance
Decoration expenses	48,923,477.62	11,403,776.91	13,117,828.08	2,984,091.34	44,225,335.11
Firefighting renovation	111,754.83	5,053,548.00	490,103.03	356,268.00	4,318,931.80
Market supporting fee of Tower B	733,445.55	-	41,712.60	-	691,732.95
Total	49,768,678.00	16,457,324.91	13,649,643.71	3,340,359.34	49,235,999.86

Note 18. Deferred income tax assets and liabilities

1. Deferred income tax assets not offset

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment provision	32,235,258.25	8,058,814.57	32,658,252.58	8,164,563.16
Unrealized profit from internal transaction	-	-	-	-
Deductible losses	-	-	-	-
Payroll payable	-	-	-	-
Technology development expense	-	-	-	-
Accrued expenses	-	-	-	-
Estimated liabilities	-	-	-	-
Government subsidies included in deferred income	9,500,000.00	2,375,000.00	9,500,000.00	2,375,000.00
Total	41,735,258.25	10,433,814.57	42,158,252.58	10,539,563.16

2. Deferred income tax liabilities not offset

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Asset evaluation increment for merger of not the same controlling enterprise	63,442,234.08	15,860,558.49	67,877,937.66	16,969,484.39
Changes in fair value of the available-for-sale financial assets	654,175.41	163,543.86	464,237.62	116,059.41
Changes in fair value of transactional financial assets	-	-	-	-
Designated financial assets measured by fair value with changes included in current profit and loss	-	-	-	-
Changes in fair value of the investment property	-	-	-	-
Changes in fair value of productive biological assets	-	-	-	-
Total	64,096,409.49	16,024,102.35	68,342,175.28	17,085,543.80

3. Details of deductible temporary difference of deferred income tax assets unrecognized in this period

Item	Closing balance	Opening balance
Asset impairment provision	11,322,893.92	11,296,252.62

Item	Closing balance	Opening balance
Estimated liabilities	-	-
Deductible losses	46,691,048.83	39,063,382.24
Total	58,013,942.75	50,359,634.86

The deductible temporary differences and deductible losses are not recognized because it is uncertain to make sufficient taxable income in the future.

4. Unrecognized deductible losses of deferred income tax assets will be due in the following years

Item	Closing balance	Opening balance	Remarks
2015	-	-	
2016	12,973,257.02	13,071,134.55	
2017	7,431,196.64	7,431,196.64	
2018	9,295,488.88	11,864,843.19	
2019	6,546,777.27	6,696,207.86	
2020	10,444,329.02	-	
Total	46,691,048.83	39,063,382.24	

Note 19. Other non-current assets

Category and contents	Closing balance	Opening balance
Prepayment for software	-	520,000.00
Prepayment for engineering in electronics market	5,103,811.14	4,135,063.54
Total	5,103,811.14	4,655,063.54

Note 20. Short-term borrowing

1. Classification of short-term borrowings

Item	Closing balance	Opening balance
Borrowing on credit	10,000,000.00	-
Pledge loans	42,759,630.48	59,246,687.38
Mortgage loans	315,000,000.00	100,000,000.00
Guaranteed loans	-	30,000,000.00
Total	367,759,630.48	189,246,687.38

2. There are no overdue outstanding short-term loans in this period.

3. The collateral of the pledge loan is the export tax rebate of Shenzhen SEG E-Commerce Co., Ltd., a subsidiary of the Company.

Note 21. Accounts payable

Item	Closing balance	Opening balance
Payment for goods	84,158,671.54	195,385,013.38
Others	5,750,110.44	4,744,638.54

Total	89,908,781.98	200,129,651.92
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Note 22. Prepayment

1. Details of prepayment

Item	Closing balance	Opening balance
Advance brand royalty	11,452,476.85	9,390,743.64
Advance rental payment	111,836,641.23	136,482,047.49
Advance payment for goods	53,693,141.53	27,013,851.48
Advance advertising payment	8,013,712.80	6,353,263.26
Others	5,434,148.64	3,819,405.44
Total	190,430,121.05	183,059,311.31

Note 23. Payroll payable

1. List of payroll payable

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Short-term payroll	18,719,733.31	97,824,417.06	94,764,047.34	21,780,103.03
Welfare after leave – defined contribution plan	139,110.02	6,265,382.11	6,335,461.00	69,031.13
Dismissal welfare	-	624,255.90	624,255.90	-
Other welfare due within one year	-	---	---	-
Total	18,858,843.33	104,714,055.07	101,723,764.24	21,849,134.16

2. List of short-term payroll

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Wages, bonuses, allowances and subsidies	16,654,352.38	85,937,544.18	83,324,989.40	19,266,907.16
Employee welfare	-	3,047,755.61	2,830,208.55	213,347.06
Social insurance premiums	16,498.16	2,775,135.97	2,702,481.62	89,152.51
Including: Medical insurance premiums	10,294.54	2,442,368.09	2,363,906.12	88,756.51
Supplementary medical insurance	5,639.70	6,798.22	12,041.92	396.00
Work injury insurance	265.38	144,270.60	144,535.98	-
Maternity insurance	298.54	181,699.06	181,997.60	-
Housing fund	1,159,284.62	3,776,357.26	3,575,835.42	1,265,986.46
Labor union expenditures	617,715.42	1,696,942.37	1,369,947.95	944,709.84
Accumulative compensated absences in short term	-	-	-	-
Short-term profit (bonus) sharing plan	-	-	-	-
Other short-term payroll	271,882.73	688,701.67	960,584.40	-

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Total	18,719,733.31	97,824,417.06	94,764,047.34	21,780,103.03

3. List of defined contribution plan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Pension insurance	9,288.08	4,365,731.60	4,306,976.17	68,043.51
Unemployment insurance premium	663.43	219,255.02	218,930.83	987.62
Supplementary pension payment	129,158.51	1,680,395.49	1,809,554.00	-
Total	139,110.02	6,265,382.11	6,335,461.00	69,031.13

Note 24. Taxes payable

Taxes and fees	Closing balance	Opening balance
Value-added tax	169,594.16	1,659,452.21
Business tax	1,424,420.92	1,028,150.77
Enterprise income tax	28,476,563.20	32,336,241.19
Individual income tax	805,153.42	1,098,931.96
Urban maintenance and construction tax	178,371.98	720,549.53
Education surtax	102,484.34	461,020.60
Housing property tax	2,939,568.67	1,721,703.23
Stamp tax and water fund	532,994.96	254,539.95
Others	15,878.42	165,107.03
Total	34,645,030.07	39,445,696.47

Note 25. Interest payable

Item	Closing balance	Opening balance
Interest payable of short-term financing bonds	-	10,062,500.66
Interest payable on short-term loans	516,758.34	232,749.99
Total	516,758.34	10,295,250.65

Note 26. Dividends payable

Item	Closing balance	Opening balance	Reason for not making payment for over one year
Common stock dividends	2,218,224.58	1,717,882.74	-
Total	2,218,224.58	1,717,882.74	-

Note 27. Other payables

1. Other payables listed based on nature

Nature of receivables	Closing balance	Opening balance
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Nature of receivables	Closing balance	Opening balance
Deposit and security deposit	117,687,835.08	119,826,258.74
Central air conditioner maintenance cost and special maintenance fund	12,975,174.61	11,754,618.52
Receipts under custody	16,469,845.49	13,624,148.51
Funds from related parties	2,753,679.48	57,653,186.81
Electronics market water and electricity charges and rental payable	44,443,351.03	41,946,190.48
Total	194,329,885.69	244,804,403.06

Note 28. Other current liabilities

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

1. Increase and decrease in short-term bonds payable

Bond name	Book value	Issuing date	Bond term	Issue amount	Opening balance
Short-term financing bonds	100.00	May 15, 2014	365 days	250,000,000.00	250,000,000.00

Continued:

Bond name	Issue in this period	At par Provision for interest	Premium and discount amortization	Current repayment	Closing balance
Short-term financing bonds	-	15,750,000.00	-	265,750,000.00	-
Total	-	15,750,000.00	-	265,750,000.00	-

Note 29. Estimated liabilities

Item	Closing balance	Opening balance	Cause
External guarantee	-	-	
Pending litigation	7,000,000.00	-	See item 2 of note 11
Product quality assurance	-	-	-
Restructuring obligation	-	-	-
Onerous contract to be executed	-	-	-
Others	-	-	-
Total	7,000,000.00	-	-

Note 30. Deferred income

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Cause
Asset-related government	9,593,659.89	---	5,549.52	9,588,110.37	-

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Cause
subsidy					
Income-related government subsidy	111,711.12	849,700.00	915,406.72	46,004.40	-
Bonus point	9,705,371.01	849,700.00	920,956.24	9,634,114.77	-
Total	9,593,659.89	---	5,549.52	9,588,110.37	-

1. Deferred income related to government subsidy

Liability item	Opening balance	Amount of new subsidies in this period	Amount of non-operating income in the current period	Other changes	Closing balance	Relevant to assets/relevant to income
Subsidies for online SEG projects	93,659.89	-	5,549.52	-	88,110.37	Relevant to asset
Subsidies for project funds	111,711.12	849,700.00	915,406.72	-	46,004.40	Relevant to income
Support project for construction of Nantong SEG Electronics Market	9,500,000.00	-	-	-	9,500,000.00	Relevant to assets
Total	9,705,371.01	849,700.00	920,956.24	-	9,634,114.77	

Note 31. Share capital

Item	Opening balance	Increase (+)/decrease (-) in the current period					Closing balance
		New share offering	Bonus share	Capitalization of public reserve	Others	Subtotal	
Sum of shares	784,799,010.00	-	-	-	-	-	784,799,010.00

Note 32. Capital reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (capital share premium)	322,339,973.81	-	-	322,339,973.81
Other capital reserves	82,387,283.91	102,284,520.03	465,946.64	184,205,857.30
Total	404,727,257.72	102,284,520.03	465,946.64	506,545,831.11

Notes to capital reserve:

1. The main cause for increase in capital reserve is that Shenzhen Huakong SEG Co., Ltd., an associated company of the Company (hereinafter referred to as "Huakong SEG") issued 110,000,000.00 shares by non-public offering to raise a total fund of RMB 529,100,000.00. After deduction of underwriting expenses of RMB 6,976,169.80, the actual fund raised is RMB 522,123,830.20. After the foregoing transaction, the newly-added capital of Huakong SEG is RMB 110,000,000.00. The difference between the actual fund raised

and the newly-added capital RMB 412,123,830.20 is included in "capital reserve-stock premium". The Company gave up private placement, so the shareholding proportion fell from 22.54% to 20.00%. Based on the shareholding proportion after alteration, the Company included RMB 102,284,520.03 in "capital reserve-other capital reserve".

2. Huakong SEG increased capital investment of RMB 55,307,710.00 individually to the subsidiary Tsinghua Holdings Huamn Settlements Environment Institute on June 4, 2015. Based on purchase cost and the equity proportion newly acquired, Huakong SEG calculated the difference of net identifiable assets since the date of transaction and included RMB 2,329,608.93 to decrease in "capital reserve-stock premium". Based on the shareholding proportion, the Company included RMB 465,946.64 to decrease in "capital reserve-other capital reserve".

Note 33. Other comprehensive income

Item	Opening balance	Amount incurred in the current period					Closing balance
		Pretax amount obtained in this period	Less: profit and loss transferred in from other comprehensive income in the current period	Less: Income tax	Amount after tax attributable to parent company	Amount after tax attributable to minority shareholders	
I. Other comprehensive incomes not to be reclassified into profit and loss							
(1) Changes in net liabilities or net assets due to re-measurement in defined benefit plans	-	-	-	-	-	-	-
(2) Shares of the investee of other comprehensive incomes not to be reclassified into profit and loss with the equity method	-	-	-	-	-	-	-
II. Other comprehensive income to be reclassified into profit and loss							
(1) Shares of the investee of other comprehensive incomes to be reclassified into profit and loss with the equity method if the required conditions are met	-	-	-	-	-	-	-
(2) Profit or loss from changes in the fair value of available-for-sale financial	231,817.05	189,937.79	-	47,484.45	94,845.43	47,607.91	326,662.48

Item	Opening balance	Amount incurred in the current period					Closing balance
		Pretax amount obtained in this period	Less: profit and loss transferred in from other comprehensive income in the current period	Less: Income tax	Amount after tax attributable to parent company	Amount after tax attributable to minority shareholders	
assets							
(3) Held-to-maturity investments reclassified into profit or loss from the available-for-sale financial assets	-	-	-	-	-	-	-
(4) Effective profit or loss from hedging of cash flows	-	-	-	-	-	-	-
(5) Foreign currency translation differences	-	-	-	-	-	-	-
Total other comprehensive income	231817.05	189,937.79		47,484.45	94,845.43	47,607.91	326,662.48

Note 34. Surplus reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	102,912,835.67	7,009,501.20	-	109,922,336.87
Total	102,912,835.67	7,009,501.20	-	109,922,336.87

Note 35. Undistributed profits

Item	Amount	Accrual/Distribution Rate
Before adjustment undistributed profits at the end of the previous period	6,299,799.41	-
After adjustment total undistributed profits (+ for increase, - for decrease) at the beginning of period	-	-
After adjustment undistributed profit at the beginning of period	6,299,799.41	-
Add: Net profits attributable to the parent company owner in the current period	74,242,090.49	-
Less: Accrual of statutory surplus reserve	-7,009,501.20	10.00
Accrual of free surplus reserve	-	-
Accrual of reserve fund	-	-
Accrual of enterprise development fund	-	-
Accrual of bonus and welfare fund	-	-
Ordinary share dividends payable	-	-

Item	Amount	Accrual/Distribution Rate
Ordinary share dividends converted to share capital	-	-
Preferred stock dividend	-	-
Other distributions to shareholders	-	-
Profits capitalized on return	-	-
Other profit distribution	-	-
Plus: Surplus reserve compensating losses	-	-
Changes in net liabilities or net assets due to re-measurement in defined benefit plans	-	-
Internal carrying forward of owners' equity	-	-
Others	-	-
Undistributed profits at the end of the period	73,532,388.70	-

Note 36. Operating income and operating cost

1. Operating income and operating cost

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Main business	715,233,992.20	607,958,493.22	662,288,806.93	555,763,805.28
Other businesses	26,299,684.73	10,104,222.97	19,055,114.06	5,180,652.50

2. Main operating businesses (by industry)

Name of company	Amount incurred in the current period		Amount incurred in the previous period	
	Operating income	Operating cost	Operating income	Operating cost
(1) Industry	-	-	-	-
(2) Trade	328,466,444.85	317,862,517.36	280,659,908.96	273,086,775.55
(3) Real estate	-	-	-	-
(4) Leasing and others	386,767,547.35	290,095,975.86	381,628,897.97	282,677,029.73
Total	715,233,992.20	607,958,493.22	662,288,806.93	555,763,805.28

Note 37. Operating tax and surcharges

Item	Amount incurred in the current period	Amount incurred in the previous period
Business tax	24,424,798.34	23,430,459.38
Urban maintenance and construction tax	1,877,631.66	1,700,075.86
Education surtax	1,349,358.86	1,265,708.52
Others	152,384.00	216,391.37
Total	27,804,172.86	26,612,635.13

Note 38. Financial cost

Category	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses	9,028,274.77	17,742,811.44

Category	Amount incurred in the current period	Amount incurred in the previous period
Less: Interest income	5,060,702.65	6,804,715.70
Loss on exchange	-1,048,526.70	-2,273,683.31
Others	645,731.34	504,231.17
Total	3,564,776.76	9,168,643.60

Note 39. Loss from asset impairment

Item	Amount incurred in the current period	Amount incurred in the previous period
Loss from bad debt	-106,419.36	-34,020.36
Impairment losses on loans and prepayment	5,201,783.45	2,325,411.66
Loss from inventory depreciation	-	-
Loss from impairment of available-for-sale financial assets	-	-
Total	5,095,364.09	2,291,391.30

Note 40. Investment income

1. Details of investment income

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income by the equity method	1,703,803.48	-24,010,440.06
Long-term equity investment income by the cost method	-	-
Income from disposal of long-term equity investments	-	-
Income from holding financial assets measured by fair value with changes included in current profit and loss	-	-
Income from disposal of financial assets measured by fair value with changes included in current profit and loss	-	-
Income from holding of held-to-maturity investments	-	-
Income from disposal of held-to-maturity investments	-	-
Investment income during the possession of available-for-sale financial assets	755,461.47	16,991.24
Income from disposal of available-for-sale financial assets	-	-
Profit from re-measurement of fair value of the remaining equity after loss of control	-	-
Others (financial products)	15,188,228.82	31,198,391.83
Total	17,647,493.77	7204,943.01

Note 41. Non-operating income

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in current non-recurring profit and loss
Total gains on disposal of non-current	19,382.00	21,274.83	19,382.00

assets			
Including: Gain on disposal of fixed assets	19,382.00	21,274.83	19,382.00
Profit from disposal of intangible assets	-	-	-
Profit from debt restructuring	-	-	-
Profit from transfer of non-monetary assets	-	-	-
Income from donations	-	-	-
Government subsidies	980,956.24	1,554,585.78	980,956.24
Liquidated damages	809,234.56	1,152,807.95	809,234.56
Others	557,973.60	406,587.44	557,973.60
Total	2,367,546.40	3,135,256.00	2,367,546.40

1. Government subsidies included in current profit and loss

Subsidy item	Amount incurred in the current period	Amount incurred in the previous period	Relevant to assets /Relevant to income
Special funds for development of industries	-	491,000.00	Relevant to income
Subsidies for online SEG projects	5,549.52	57,834.72	Relevant to assets
Subsidies for project funds	915,406.72	499,040.46	Relevant to income
Guiding funds for development of service industry	-	500,000.00	Relevant to income
Others	60,000.00	6,710.60	Relevant to income
Total	980,956.24	1,554,585.78	

Note 42. Non-operating expenses

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in current non-recurring profit and loss
Total loss from disposal of non-current assets	276,651.63	14,799.49	276,651.63
Including: loss from disposal of fixed assets	276,651.63	14,799.49	276,651.63
Loss from disposal of intangible assets	-	-	-
Loss from debt restructuring	-	-	-
Loss from transfer of non-monetary assets	-	-	-
Donation expenses	3,000.00	83,000.00	3,000.00
Compensation for loss	10,511,906.63	49,382.00	10,511,906.63
Others	3,896,199.12	928,572.43	3,896,199.12
Total	14,687,757.38	1,075,753.92	14,687,757.38

Note 43. Income tax

1. Income tax

Item	Amount incurred in the current period	Amount incurred in the previous period
Income tax of the current period	36,103,014.96	36,558,413.93
Deferred income tax	-1,003,177.31	-3,470,999.90
Total	35,099,837.65	33,087,414.03

2. Adjustment process of accounting profit and income tax

Item	Amount incurred in the current period
Total profit	143,173,946.06
Income tax calculated according to statutory or applicable tax rate	35,793,696.09
Impact of different tax rates applicable to subsidiaries	-1,485,485.15
Impact of income tax before adjustment	-112,586.22
Impact of non-taxable income	434,488.67
Impact of non-deductible costs, expenses and losses	761,602.54
Impact of deferred income tax assets unrecognized in the early phase of utilization on deductible losses	-77,246.80
Impact of deferred income tax assets unrecognized in the current period on deductible temporary difference or deductible losses	-214,631.48
Income tax	35,099,837.65

Note 44. Notes on the cash flow statement

1. Other cash received concerning operating activities

Item	Amount incurred in the current period	Amount incurred in the previous period
Acquisition of security deposit for land	60,000,000.00	-
Incomings and outgoings	18,596,802.04	49,899,809.43
Goods payment collected from tenants	337,685,284.36	278,226,239.78
Interest income	5,060,702.65	6,804,715.70
Non-operating income	218,141.32	3,077,421.28
Total	421,560,930.37	338,008,186.19

2. Other cash paid concerning operating activities

Item	Amount incurred in the current period	Amount incurred in the previous period
Payment of security deposit for land	-	60,000,000.00
Incomings and outgoings	56,090,169.65	36,450,341.99
Goods payment paid for tenants	284,098,911.45	274,400,400.19
Cash expenses	46,498,830.42	21,205,139.85
Non-operating expenses	3,000.00	1,060,954.43
Total	386,690,911.52	393,116,836.46

3. Other cash received concerning investing activities

Item	Amount incurred in the current period	Amount incurred in the previous period
Asset-related government subsidy	-	9,500,000.00
Total	-	9,500,000.00

4. Other cash received concerning financing activities

Item	Amount incurred in the current period	Amount incurred in the previous period
Cash received from disposal of fractional share	-	302,371.12
Interbank financing of related parties	-	72,650,000.00
Total	-	72,952,371.12

5. Other cash paid related to financing activities

Item	Amount incurred in the current period	Amount incurred in the previous period
Interbank financing of related parties	57,650,000.00	20,000,000.00
Payment for cash deposit	-	-
Payment for loan interest of related parties	110,222.92	295,068.50
Payment for issuance of short-term financing bonds	1,070,750.00	742,500.00
Total	58,830,972.92	21,037,568.50

Note 45. Supplementary information on the cash flow statement

1. Supplementary information on the cash flow statement

Item	Amount of the current period	Amount of the previous period
1. Reconciliation of net income to cash flow from operating activities		
Net profit	107,968,730.61	78,674,230.38
Plus: Asset impairment provision	5,095,364.09	2,291,391.30
Depreciation of fixed assets, oil & gas assets and consumable biological assets	18,711,156.38	24,050,023.59
Amortization of intangible assets	294,325.43	235,813.92
Amortization of long-term expenses to be apportioned	13,649,643.71	15,012,751.26
Loss on disposal of fixed assets, intangible assets, and other long-term assets (enter "-" for profit)	257,269.63	-6,475.34
Loss on discard of fixed asset (enter "-" for profit)	-	-
Loss on change in fair value (enter "-" for profit)	-	-
Financial expenses (enter "-" for profit)	9,028,274.77	17,742,811.44
Income from investment (enter "-" for profit)	-17,647,493.77	-7,204,943.01
Decrease in deferred tax assets (enter "-" for increase)	105,748.59	-2,362,074.00
Increase in deferred tax liabilities (enter "-" for decrease)	-1,061,441.45	-1,108,925.90

Item	Amount of the current period	Amount of the previous period
Inventory decrease (enter “-” for increase)	-172,528,348.00	-180,280,665.22
Decrease in accounts receivable related to operating activities (enter “-” for increase)	188,086,349.80	-77,682,986.62
Increase in accounts payable related to operating activities (enter “-” for decrease)	-164,413,103.61	-297,294,572.74
Others	-	-
Net cash flow from operating activities	-12,453,523.82	-427,933,620.94
2. Major investing and financing activities that involve no cash payments and receipts	-	-
Conversion of debt into capital	-	-
Convertible bonds due within one year	-	-
Fixed assets acquired by financing lease	-	-
3. Change in cash and cash equivalents:		-
Closing balance of cash	275,523,429.10	382,056,680.70
Less: Opening balance of cash	382,056,680.70	335,593,493.81
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	-106,533,251.60	46,463,186.89

2. Combination of cash and cash equivalents

Item	Closing balance	Opening balance
1. Cash	275,523,429.10	382,056,680.70
Cash on hand	526,467.72	602,592.57
Bank deposits available for payment at any time	274,816,839.04	381,404,611.82
Other monetary capital available for payment at any time	180,122.34	49,476.31
Accounts in the central bank available for payment	-	-
Deposits from interbank	-	-
Loans from interbank	-	-
2. Cash equivalents	-	-
Including: Bond investments due within 3 months	-	-
3. Closing balance of cash and cash equivalents	275,523,429.10	382,056,680.70
Including: Cash and cash equivalents with the use by the parent company and subsidiaries	-	-

Note 46. Assets with restrictions on ownership or the use right

Item	Balance	Reason for restriction
Monetary funds	1,340,000.00	Deposit and performance bond for credit card repayment
Investment properties	98,205,323.20	Pledge for bank loans
Fixed assets	15,903,181.38	Collaterals for bank loans

Item	Balance	Reason for restriction
Total	300,482,399.26	

Note 47. Foreign currency monetary items

1. Foreign currency monetary items

Item	Closing balance of foreign currency	Discount exchange rate	Closing balance of converted RMB
Monetary funds		-	-
Including: USD	100.00	6.4936	649.36
HK\$	240.00	0.8378	201.07
Accounts receivable			
Including: USD	18,028,404.32	6.4936	117,069,246.31

VII. Change in consolidation scope

No changes are made to the consolidation scope in the current reporting period.

VIII. Equity in other entities**(I) Equity in subsidiaries**

1. Composition of the group

Subsidiary name	Main business address	Place of registration	Business Nature of business	Share-holding proportion (%)		Method 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 Market Management Co., Ltd.	Shenzhen	Shenzhen	Electronics market lease management	70.00	-	Investment and establishment
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	100.00	-	Investment and establishment

Subsidiary name	Main business address	Place of registration	Business Nature of business	Share-holding proportion (%)		Method of acquisition
				Direct	Indirect	
			advertisement			
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
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 enterprises under common control
Shenzhen SEG Industrial Investment Co., Ltd.	Shenzhen	Shenzhen	Investment in industrial and commercial business	100.00	-	Merger of enterprises under common control
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
Xi'an Fengdong New Town SEG Times Square Properties Co., Ltd.	Xi'an	Xi'an	Real estate development	100.00	-	Investment and establishment

(1) Cause for difference between the proportion of shareholding and the proportion of voting rights

For Changsha SEG Development Co., Ltd. (originally named Changcha 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 is 51%. Half of the directors, the Chairman of the Board, the General Manager, the Chief Financial Officer and the management

team of Changsha SEG Development Co., Ltd are all dispatched by the Company, therefore, the Company has obtained the control of Changsha SEG Development Co., Ltd.

(2) Basis for control of the invested entity even with half of voting rights or less

Half of the directors, the Chairman of the Board, the General Manager, 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.

2. Important non-wholly-owned subsidiaries

Subsidiary name	Equity proportion of minority shareholders	Current gains of losses of minority shareholders	Current dividends paid to minority shareholders	Minority shareholders' equity at the end of the period	Remarks
Shenzhen SEG Credit Co., Ltd.	46.98	16,444,684.56	-	89,265,729.12	
Changsha SEG Development Co., Ltd.	54.00	2,889,109.78	-	34,429,061.12	
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	33.42	8,748,893.63	6,177,600.00	34,816,359.61	
Total	-	28,082,687.97	6,177,600.00	158,511,149.85	

3. Main financial information on important non-wholly-owned subsidiaries

Unit: Yuan

Subsidiary name	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen SEG Credit Co., Ltd.	43,081,968.84	476,007,451.60	519,089,420.44	329,081,482.77	-	329,081,482.77
Changsha SEG Development Co., Ltd.	15,438,729.45	68,199,562.67	83,638,292.12	19,880,771.53	-	19,880,771.53
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	97,334,289.19	52,503,037.02	149,837,326.21	45,495,566.87	163,543.86	45,659,110.73
Total	155,854,987.48	596,710,051.29	752,565,038.77	394,457,821.17	163,543.86	394,621,365.03

Continued:

Subsidiary name	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen SEG Credit Co., Ltd.	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.	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.	84,928,255.69	56,270,653.64	141,198,909.33	44,740,424.26	116,059.41	44,856,483.67
Total	132,176,765.35	648,410,975.48	780,587,740.83	376,099,648.84	17,085,543.80	393,185,192.64

Continued:

Subsidiary name	Amount incurred in the current period		Amount incurred in the previous period	
	Operating income	Net profit	Operating income	Net profit
Shenzhen SEG Credit Co., Ltd.	77,554,704.11	35,003,585.70	62,998,793.90	29,712,107.16
Changsha SEG Development Co., Ltd.	23,221,623.20	5,350,203.30	21,651,924.25	480,408.75
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	83,242,678.25	26,178,616.48	81,708,199.76	24,911,642.59
Total	184,019,005.56	66,532,405.48	166,358,917.91	55,104,158.50

(II) Equity in joint venture arrangements or joint ventures

1. Important associates

Name of joint venture or associate	Main business address	Place of registration	Business Nature of business	Shareholding proportion (%)		Accounting treatment method
				Direct	Indirect	
Shenzhen Huakong SEG Co., Ltd.	Shenzhen	Shenzhen	Manufacturing	20.00	-	Equity method
Shanghai SEG Electronics Market Co., Ltd.	Shanghai	Shanghai	Service industry	35.00	-	Equity method

2. Main financial information on important associates

Item	Closing balance/amount incurred in the current period	
	Shenzhen Huakong SEG Co., Ltd.	Shanghai SEG Electronics Market Co., Ltd.
Current assets	395,623,546.83	20,901,493.33
Non-current assets	362,254,332.48	210,798.06
Total assets	757,877,879.31	21,112,291.39
Current liabilities	94,113,723.78	10,747,847.59
Non-current liabilities	1,369,185.93	-
Total liabilities	95,482,909.71	10,747,847.59

Item	Closing balance/amount incurred in the current period	
	Shenzhen Huakong SEG Co., Ltd.	Shanghai SEG Electronics Market Co., Ltd.
Minority shareholders' equity	48,141,144.00	-
Shareholders' equity attributable to the parent company	614,253,825.60	10,364,443.80
Net asset shares calculated based on shareholding ratio	122,857,318.61	3,627,555.33
Adjustment items	-	-
Goodwill	-	-
-Unrealized profit from internal transaction	-	-
-Others	58,885,842.46	-248,142.52
Book value of equity investment in associates	185,122,573.88	3,379,412.81
Fair value of equity investment with public offer	2,551,041,568.11	-
Operating income	170,618,870.76	8,283,156.47
Net profit	7,005,520.52	864,641.80
Net profit after termination of operation	-	-
Other comprehensive income	-	-
Total comprehensive income	7,005,520.52	864,641.80
Dividends received from associates in the current period	-	500,000.00

Continued:

Item	Opening balance/amount incurred in the previous period	
	Shenzhen Huakong SEG Co., Ltd.	Shanghai SEG Electronics Market Co., Ltd.
Current assets	158,732,194.56	30,650,791.15
Non-current assets	262,002,634.60	37,816.64
Total assets	420,734,829.16	30,688,607.79
Current liabilities	303,841,418.53	20,289,991.11
Non-current liabilities	456,054.73	-
Total liabilities	304,297,473.26	20,289,991.11
Minority shareholders' equity	28,983,272.09	-
Shareholders' equity attributable to the parent company	87,454,083.81	10,293,666.63
Net asset shares calculated based on shareholding ratio	19,633,441.82	3,602,783.32
Adjustment items	-	-
Goodwill	-	-
-Unrealized profit from internal transaction	-	-
-Others	58,889,967.01	-25,995.14
Book value of equity investment in associates	78,523,408.83	3,576,788.18
Fair value of equity investment with public offer	1,759,755,588.42	-
Operating income	67,194,613.97	21,463,752.09

Item	Opening balance/amount incurred in the previous period	
	Shenzhen Huakong SEG Co., Ltd.	Shanghai SEG Electronics Market Co., Ltd.
Net profit	-105,387,168.32	898,454.72
Net profit after termination of operation	-	-
Other comprehensive income	-	-
Total comprehensive income	-105,387,168.32	898,454.72
Dividends received from associates in the current period	-	5,992,172.96

IX. Fair value

(I) Financial instruments measured by fair value

The Company listed the book value of financial asset instruments measured by fair value on December 31, 2015 based on three levels of fair value. The fair value is classified into three levels according to the lowest level that each important input value used in measurement of fair value is attributed to. Definitions of three levels:

Level 1: Unadjusted quotes of same assets or liabilities available on the date of measurement in the active market.

Level 2: Directly or indirectly observable input values of relevant assets or liabilities other than input values at level 1.

Input values at level 2 include: (1) quotes of similar assets or liabilities in the active market; (2) quotes of same or similar assets or liabilities in the non-active market; (3) other observable input values other than quotes, including observable interest rate and yield rate curves, implied volatility and credit spread in the interval of normal quotes; (4) input values proved by the market.

Level 3: Unobservable input values of relevant assets or liabilities.

(II) Measurement of fair value at the end of the period

Persistent fair value measurement

Item	Fair value at the end of the period			
	Level 1	Level 2	Level 3	Total
Total available-for-sale financial assets	744,580.41	-	-	744,580.41
Bond instrument investment	-	-	-	-
Equity instrument investment	744,580.41	-	-	744,580.41
Other investment	-	-	-	-

X. Related parties and associated transactions

(I) Information on subsidiaries of the Company:

Name of parent company	Place of registration	Nature of business	Registered Capital (RMB ten thousand Yuan)	Shareholding proportion over the Company (%)	Voting right proportion over the Company (%)
Shenzhen SEG Group Co., Ltd.	Shenzhen	Comprehensive business	135,542.00	30.24	30.24

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

(II) For details of subsidiaries of the Company, see Note 8 (1) equity in subsidiaries

(III) Information on the joint ventures and associates of the Company

For details of important associates or joint ventures of the Company, see Note 8 (2) equity in joint venture arrangement or associates.

(IV) Information on other related parties

Name of other related parties	Relationship between other related parties and the Company
Shenzhen SEG 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

(V) Related party transaction

1. The transactions among the subsidiaries that have controlling relationship with the Company and have been included in the consolidation scope as well as the transactions between the subsidiaries and the parent company have been offset.

2. Information on associate entrust

(1) Information on the Company's entrusted management

Name of trustor	Name of trustee	Type of entrusted assets	Starting date	Ending date	Pricing basis for income from entrusted management/contracting	Trust profit recognized in the current reporting period
Shenzhen SEG Group Co., Ltd.	Shenzhen SEG Co., Ltd.	SEG Communications Market	January 1, 2015	January 31, 2016	Trusteeship Agreement	200,000.00
Total						200,000.00

3. Information on leases between the Company and related parties

(1) The Company as the leasee:

Name of lessor	Type of leased assets	Rental recognized in this period	Rental recognized in previous period
Shenzhen SEG Group Co., Ltd.	Warehouse with an area of 809.26m ² on 8F of SEG Plaza	638,661.00	586,200.00
Total		638,661.00	586,200.00

(2) A subsidiary of the Company 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 15th floor of SEG Plaza, with an area of 687.01 square meters	465,593.70	502,891.20
Shenzhen SEG Real Estate Investment Co., Ltd.	12F (West), Block 4, SEG Science Park with an area of 909.79 m ²	278,684.00	-
Total		744,277.70	502,891.20

4. Interbank financing of related parties

(1) Loans from other banks

Related party	Loans	Starting date	Due date	Remarks
Shenzhen SEG Hi-tech Industrial Co., Ltd.	17,650,000.00	Tuesday, December 30, 2014	Tuesday, January 20, 2015	Interest calculation according to the exact number of days
Shenzhen SEG Group Co., Ltd.	40,000,000.00	Wednesday, December 31, 2014	Tuesday, January 6, 2015	
Total	57,650,000.00			

Loans from associated party

As of December 31, 2015, the interest of RMB 66,922.92 has been paid to Shenzhen SEG Hi-tech Industrial Co., Ltd., and the interest of RMB 43,300.00 to payable Shenzhen SEG Group Co., Ltd. has been accrued.

5. Remuneration of key managers

Item	Amount incurred in the current period (RMB ten thousand Yuan)	Amount incurred in the previous period (RMB ten thousand Yuan)
Remuneration of key managers	337.06	340.20

6. Accounts receivable from and payable to related parties

(1) Accounts receivable from related parties

Project name	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Other accounts receivable	Shenzhen SEG Property	10,325.00	-	12,325.00	-

Project name	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
	Development Co., Ltd.				
	Shenzhen SEG Group Co., Ltd.	227,149.60	-	214,491.60	-
	Shenzhen SEG Property Management Co., Ltd.	20,100.00	-	-	-
	Shenzhen SEG Real Estate Investment Co., Ltd.	139,342.00	-	-	-

(2) Accounts payable to related parties

Project name	Related party	Closing balance	Opening 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
	Shenzhen SEG Property Development Co., Ltd.	-	-
	Shenzhen SEG Hi-tech Industrial Co., Ltd.	-	17,653,186.81

XI. Commitments and contingency**(I) Major commitments**

1. Concluded lease contract being performed or to be performed and minimum rental to be paid the next year

Remaining lease term	Xi'an SEG Electronics Market Co., Ltd.	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)	13,125,000.00	16,024,907.88	5,060,198.20	-	-	-
Above one year but within two years (including two years)	13,375,000.00	16,234,383.80	5,212,004.15	-	-	-
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	35,375,000.00	140,977,294.16	9,925,451.00	-	-	-

Total	75,250,000.00	189,470,969.64	25,409,657.50	Note *1	Note *2	Note *3
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(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)	8,000,000.00	4,800,000.00	-	13,054,290.12
Above one year but within two years (including two years)	8,000,000.00	5,040,000.00	-	13,403,893.21
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	56,000,000.00	38,047,508.73	-	69,228,846.75
Total	80,000,000.00	52,927,508.73	Note *4	109,090,923.29

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 no significant commitments that shall be disclosed or have not been disclosed by December 31, 2015.

2. Other major financial commitment

(1) Other important financial commitments

As of the end of the current reporting period, the Company mortgaged its own property for bank loans and issue of bonds. Details of the mortgaged property and the at the end of the current reporting period are as follows:

Owner of property	Name of property	Net value of property at the end of the period	Remarks
Shenzhen SEG Co., Ltd.	4F, SEG Plaza	45,952,119.59	Mortgage for bank loans
Shenzhen SEG Co., Ltd.	2F & 5F of SEG Plaza	185,033,894.68	Operational property of 2F & 5F of SEG Plaza as pledge for issue of bond

Shenzhen SEG Co., Ltd.	Some floors of Contemporary Window	51,579,212.11	Mortgage for bank loans
Shenzhen SEG Co., Ltd.	31F, Qunxing Plaza	9,645,613.75	Mortgage for bank loans
Shenzhen SEG Co., Ltd.	Other properties	6,931,559.13	Mortgage for bank loans
Total		299,142,399.26	

(II) Contingency on the balance sheet date

1. Contingency arising from pending litigation or arbitration and its financial impact

On July 1, 2015, Nanning Haiqi Real Estate Development Co., Ltd. filed a lawsuit against Nanning SEG Digital Square Management Co., Ltd. (a subsidiary of the Company) to the People's Court of Xingning District, Nanning for dispute on contract termination, and requested the Court to order that the Company (as the second defendant) and the subsidiary pay the rental fee of RMB 4,503,669.43, the liquidated damage of RMB 24,391.97 and the attorney fee of RMB 30,000.00 as of October 2015. As of the end of current year, the Company has recognized the estimated liabilities of RMB 7,000,000.00 based on the amount payable. As of the report date, the case is in trial.

Except the preceding contingency, the Company has no significant commitments that shall be disclosed but have not been disclosed as of December 31, 2015.

XII. Events after the balance sheet date

(I) Major non-adjustment items

1. Issue of shares and bonds

The 6th Session of the Board of Directors of Shenzhen SEG Co., Ltd. passed *Plan on Non-Public Offering of Bonds* at the 29th interim meeting. Shenzhen SEG Co., Ltd. released an announcement hereof on December 16, 2015 that bonds of 400-600 million Yuan would be issued. As of the financial report date, the issue of bonds is not completed.

2. Significant acquisitions or restructuring plan

On February 3, 2016, Shenzhen SEG Co., Ltd. and Shenzhen SEG Group Co., Ltd. entered into the "Framework Agreement on Issue of Shares and Assets Purchase in Cash". The Company plans to purchase the equity of targeted companies held by SEG Group (including 55% of equity of SEG Kang Le, 100% of equity of SEG Property, 100% of equity of SEG Chuangyehui, and 79.02% of equity of SEG Real Estate) by non-public offering of shares and in cash, and issue private placement to no more than 10 specific investors to raise supporting funds for no more than 2 billion Yuan. The supporting funds are used to pay the cash considerations of such transaction, the subsequent investment to the construction project of Xi'an SEG Plaza, and the subsequent investment to the construction project of Shenzhen SEG International Electronics Industry Center by Shenzhen SEG New Urban Construction Development Co., Ltd. As of the report date, the organization plan is in progress.

(II) Details of profit distribution

According to the resolutions of the meeting of the Board of Directors, the Company shall distribute profits to all shareholders at 0.03 yuan per share in 2015. The foregoing plan is to be approved by the shareholder's meeting.

(III) Notes to other events after the balance sheet date:

Except the events after the balance sheet date, the Company has no such events that shall be disclosed but have not been disclosed as of the report date.

XIII. Notes to other important matters

(I) 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 and the capital can be rolled over within the forgoing limit. The shareholder's meeting passed a resolution that general manager of the Company shall make decisions for specific projects and the management shall carry out such decisions. The investment period is from the date of resolution to June 30, 2016 (subject to the time of purchasing financial products).

As of December 31, 2015, the balance of financial products purchased by the Company and its subsidiaries is as follows:

Unit: RMB ten thousand Yuan

Company name	Shenzhen SEG Co., Ltd.	Wujiang SEG Electronics Market Co., Ltd.	Shenzhen SEG Baohua Enterprise Development Co., Ltd.	Wuxi SEG Electronics Market Co., Ltd	Xi'an Hairong SEG Electronics Market Co., Ltd.
Amount	9,000.00	1,600.00	8,000.00	1,180.00	2,000.00

Continued:

Company name	Shenzhen SEG E-Commerce Co., Ltd.	Nanning SEG Electronics Market Management Co., Ltd.	Shenzhen SEG Credit Co., Ltd.	Total
Amount	3,600.00	500.00	103.127	25,983.127

XIV. Notes to main items in the financial statements of the parent company

Note 1. Accounts receivable

1. Accounts receivable disclosed by type

Type	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable with single significant amount and single bad debt provision	-	-	-	-	-
Accounts receivable with bad debt provision accrued based on credit risk feature combinations	-	-	-	-	-
Accounts receivable with no significant single amount but with single provision for bad debts	8,869,182.88	100.00	8,869,182.88	100.00	-
Total	8,869,182.88	100.00	8,869,182.88	100.00	-

Continued:

Type	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable with single significant amount and single bad debt provision	7,163,876.44	77.29	7,163,876.44	100.00	
Accounts receivable with bad debt provision accrued based on credit risk feature combinations	-	-	-	-	
Accounts receivable with no significant single amount but with single provision for bad debts	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	

Notes to types of accounts receivable:

2. Accrual, recovery and writing back of current bad debt provision

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

3. No other accounts receivable are written off in the current period

4. Accounts receivable with top 5 closing balance collected based on debtors

Name of company	Closing balance	Percentage in the total amount of accounts receivable	Accrued bad debt provision
Jiangsu Unicom	3,092,011.09	34.86	3,092,011.09
Shenzhen LiYuanshun Industrial Co., Ltd.	1,906,865.35	21.50	1,906,865.35
Shanghai Tianci Industrial Co., Ltd.	899,000.00	10.14	899,000.00
Zhejiang Financial Information Co., Ltd	786,000.00	8.86	786,000.00
Sichuan HuiYuan Electronics Co., Ltd.	480,000.00	5.41	480,000.00
Total	7,163,876.44	80.77	7,163,876.44

Note 2. Other accounts receivable

1. Other receivables disclosed by type

Type	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	

Type	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other accounts receivable with single significant amount and single bad debt provision	8,530,276.35	1.43	8,530,276.35	100.00	-
Other accounts receivable with bad debt provision accrued based on credit risk feature combinations	570,672,790.85	95.71	1,173.47	0.00	570,671,617.38
Including: Combination 1	1,059,894.27	0.18	1,173.47	0.11	1,058,720.80
Combination 2	569,612,896.58	95.53	-	-	569,612,896.58
Other accounts receivable with no significant single amount but with single provision for bad debts	17,070,353.09	2.86	17,070,353.09	100.00	-
Total	596,273,420.29	100.00	25,601,802.91	4.29	570,671,617.38

Continued:

Type	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other accounts receivable with single significant amount and single bad debt provision	8,530,276.35	1.96	8,530,276.35	100.00	-
Other accounts receivable with bad debt provision accrued based on credit risk feature combinations	410,454,248.03	94.12	1,200.00	-	410,453,048.03
Including: Combination 1	1,168,219.48	0.27	1,200.00	0.10	1,167,019.48
Combination 2	409,286,028.55	93.85	-	-	409,286,028.55
Other accounts receivable with no significant single amount but with single provision for bad debts	17,118,394.49	3.92	17,118,394.49	100.00	-
Total	436,102,918.87	100.00	25,649,870.84	5.88	410,453,048.03

Notes to types of other accounts receivable:

(1) Other accounts receivable with single significant amount and single bad debt provision

Name of company	Closing balance			Reason for provision
	Other accounts receivable	Bad debt provision	Proportion of provision (%)	
Yangjiang Yuntong Grease Co., Ltd.	8,530,276.35	8,530,276.35	100.00	Unable to be recovered for aging of over 5 years

Name of company	Closing balance			Reason for provision
	Other accounts receivable	Bad debt provision	Proportion of provision (%)	
Total	8,530,276.35	8,530,276.35	100.00	-

(2) Other accounts receivable in Combination 1, for which bad debt provision is accrued by the aging analysis method:

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Proportion of provision (%)
Less than one year	1,036,424.93	-	-
1-2 years	23,469.34	1,173.47	5.00
Total	1,059,894.27	1,173.47	0.11

(3) Other accounts receivable in Combination 2 include deposit, security deposit, account with related parties.

2. Accrual, recovery and writing back of current bad debt provision

The amount of the current bad debt provision reversed is RMB 48,067.93.

3. No other accounts receivable are written off in the current period.

4. Classification of other receivables by nature

Item	Closing balance	Opening balance
Receivables of related parties	568,166,228.80	408,087,205.17
Creditor's right transfer cost	23,583,862.58	22,664,045.27
Imprest	579,868.64	790,404.70
Deposit and security deposit	1,446,667.78	1,247,233.78
Others	2,496,792.49	3,314,029.95
Total	596,273,420.29	436,102,918.87

5. Other receivables with top 5 closing balance collected based on arrears party

Name of company	Nature of receivables	Closing balance	Aging	Percentage in the total amount of other accounts receivable	Bad debt provision Closing balance
Nantong SEG Times Square Development Co., Ltd.	Loans and interests	449,256,574.33	Within 3 years	75.34	-
Shenzhen SEG E-Commerce Co., Ltd.	Loans and interests	60,117,534.25	Within 2 years	10.08	-
Shenzhen SEG Industrial Investment Co., Ltd.	Loans and interests	43,202,666.68	Within 5 years	7.25	-
Suzhou SEG Digital Plaza Management Co., Ltd.	Incomings and outgoings	10,000,000.00	Less than one year	1.68	-
Yangjiang Yuntong Grease Co., Ltd.	Debt restructuring of	8,530,276.35	Over 5 years	1.43	8,530,276.35

Name of company	Nature of receivables	Closing balance	Aging	Percentage in the total amount of other accounts receivable	Bad debt provision Closing balance
	SEG Orient				
Total		571,107,051.61		95.78	8,530,276.35

Note 3. Long-term equity investment

Nature of receivables	Closing balance			Opening balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Investment in subsidiaries	269,983,526.24	-	269,983,526.24	299,983,526.24	-	299,983,526.24
Investment in associates and joint ventures	185,122,573.88	-	185,122,573.88	82,100,197.01	-	82,100,197.01
Total	455,106,100.12	-	455,106,100.12	382,083,723.25	-	382,083,723.25

1. Investment in subsidiaries

Invested organization	Initial investment cost Cost	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Accrued impairment provision in the current period	Closing balance of impairment provision
Shenzhen SEG Baohua Enterprise Development Co., Ltd.	20,512,499.04	20,512,499.04	-	-	20,512,499.04	-	-
Shenzhen SEG Industrial Investment Co., Ltd.	29,181,027.20	29,181,027.20	-	-	29,181,027.20	-	-
Changsha SEG Development Co., Ltd.	69,000,000.00	69,000,000.00	-	-	69,000,000.00	-	-
Shenzhen SEG Electronics Market Management Co., Ltd.	2,100,000.00	2,100,000.00	-	-	2,100,000.00	-	-
Suzhou SEG Electronics Market Co.,	1,350,000.00	1,350,000.00	-	-	1,350,000.00	-	-

Invested organization	Initial investment cost Cost	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Accrued impairment provision in the current period	Closing balance of impairment provision
Ltd.							
Xi'an SEG Electronics Market Co., Ltd.	1,950,000.00	1,950,000.00	-	-	1,950,000.00	-	-
Shenzhen SEG Credit Co., Ltd.	54,000,000.00	54,000,000.00	-	-	54,000,000.00	-	-
Shenzhen SEG E-Commerce Co., Ltd.	15,300,000.00	15,300,000.00	-	-	15,300,000.00	-	-
Shenzhen SEG Electronics Market Management Co., Ltd.	20,000,000.00	20,000,000.00	-	-	20,000,000.00	-	-
Xi'an Hairong SEG Electronics Market Co., Ltd.	1,530,000.00	1,530,000.00	-	-	1,530,000.00	-	-
Wujiang SEG Electronics Market Co., Ltd.	1,530,000.00	1,530,000.00	-	-	1,530,000.00	-	-
Wuxi SEG Electronics Market Co., Ltd.	1,530,000.00	1,530,000.00	-	-	1,530,000.00	-	-
Shunde SEG Electronics Market Management Co., Ltd.	6,000,000.00	6,000,000.00	-	-	6,000,000.00	-	-
Nanning SEG Electronics Market Management Co., Ltd.	8,000,000.00	8,000,000.00	-	-	8,000,000.00	-	-
Nantong SEG Times Square	30,000,000.00	30,000,000.00	-	-	30,000,000.00	-	-

Invested organization	Initial investment cost Cost	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Accrued impairment provision in the current period	Closing balance of impairment provision
Development Co., Ltd.							
Suzhou SEG Digital Plaza Management Co., Ltd.	8,000,000.00	8,000,000.00	-	-	8,000,000.00	-	-
Xi'an Fengdong New Town SEG Times Square Properties Co., Ltd.	30,000,000.00	30,000,000.00	-	30,000,000.00	-	-	-
Total	299,983,526.24	299,983,526.24	-	30,000,000.00	269,983,526.24	-	-

2. Investment in associates and joint ventures

Invested organization	Opening balance	Increase/Decrease of the year			
		Additional investment	Negative investment	Investment profit and loss confirmed under the equity method	Adjustment of other comprehensive income
II. Associates					-
Shanghai SEG Electronics Market Co., Ltd.	3,576,788.18	-	-	302,624.63	-
Shenzhen Huakong SEG Co., Ltd.	78,523,408.83	-	-	1,401,178.85	-
Subtotal	82,100,197.01	-	-	1,703,803.48	-
Total	82,100,197.01	-	-	1,703,803.48	-

Continued:

Invested organization	Other changes in equity	Increase/Decrease of the year			Closing balance	Closing balance of impairment provision
		Declared cash dividends or profits distribution	Accrued impairment provision	Others		
II. Associates	-	-	-	-	-	-
Shanghai SEG Electronics Market	-	500,000.00	-	-	3,379,412.81	-

Invested organization	Increase/Decrease of the year				Closing balance	Closing balance of impairment provision
	Other changes in equity	Declared cash dividends or profits distribution	Accrued impairment provision	Others		
Co., Ltd.						
Shenzhen Huakong SEG Co., Ltd.	101,818,573.39	-	-	-	181,743,161.07	-
Subtotal	101,818,573.39	500,000.00	-	-	185,122,573.88	-
Total	101,818,573.39	500,000.00	-	-	185,122,573.88	-

Note 4. Operating revenue and operating cost

1. Operating income and operating cost

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Main business	123,368,604.11	76,436,384.08	125,263,172.20	76,758,875.18
Other businesses	556,849.32	-	460,890.41	-

Note 5. Investment income

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income by the cost method	32,436,680.00	25,244,873.17
Long-term equity investment income by the equity method	1,703,803.48	-24,010,440.06
Income from disposal of long-term equity investments	-	-
Income from holding financial assets measured by fair value with changes included in current profit and loss	-	-
Income from disposal of financial assets measured by fair value with changes included in current profit and loss	-	-
Income from holding of held-to-maturity investments	-	-
Investment income during the possession of available-for-sale financial assets	-	-
Income from disposal of held-to-maturity investments	-	-
Income from disposal of available-for-sale financial assets	-	-
Profit from re-measurement of fair value of the remaining equity after loss of control	-	-
Others	36,264,983.86	30,123,920.48
Total	70,405,467.34	31,358,353.59

XV. Supplementary material

(I) Details of non-recurring profit and loss

Item	Amount	Notes
profit and loss from disposal of non-current assets	-257,269.63	
Tax refund, reduction or exemption upon approval exceeding authorized limits or without formal documents	--	
Government subsidies included in current gains and losses (except those closely related with corporate business and enjoyed according to national standards or certain quota)	980,956.24	
Fund appropriation charges for non-financial entities included in current profit and loss	3,414,955.63	
Gains from the margin between the investment cost of the Company for acquisition of subsidiaries, joint ventures and joint operation enterprises and the recognizable fair value of net assets of invested units at the time of acquisition	-	
Loss from transfer of non-monetary assets	-	
profit and loss from entrusting investment or managing assets	-	
Provision for assets impairment withheld for Force Majeure	-	
profit and loss from debt restructuring	-	
Expenditures for corporate restructuring, such as expenses for relocation of employees and for integration	-	
profit and loss from unfairly priced transactions in which the transaction value exceeds the fair value	-	
Net current profit and loss of a subsidiary due to the merger of enterprises under common control from the beginning of period to the date of merger	-	
profit and loss from contingency items irrelevant with regular operation of the Company	-	
Profit and loss from fair value changes by holding of transaction financial assets and liabilities, except effective hedging business related to regular operation of the Company, and investment income from disposal of transaction financial assets and liabilities as well as available-for-sale financial assets	-	
Transferred-back impairment provision for accounts receivable, for which separate impairment tests are carried out	469,871.93	
Profit and loss for external entrusted loans	-	
profit and loss from fair value changes of investment properties, whose subsequent measurement is carried out based on the fair value mode	-	
Influence on current profit and loss by one-off adjustment according to tax and accounting laws and regulations	-	
Trustee fee from entrusted operation	200,000.00	
Other non-operating income and expenses except the above-mentioned items	-13,043,897.59	
Other profit and loss fitting the definition of non-recurring profit and loss	-	
Influenced amount of income tax	-2,022,052.01	
Amount of influence of minority shareholders' equity (after tax)	-432,034.76	

Item	Amount	Notes
Total	-10,689,470.19	

(II) ROE and EPS

Profit in current reporting period	Weighted average return on equity (ROE) (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to common shareholders of the Company	5.19	0.0946	0.0946
Net profit attributable to common shareholders of the Company after deduction of non-recurring losses and gains	5.94	0.1082	0.1082

Chapter 11 Documents for Reference

1. Financial statements with seals of legal representative, person in charge of accounting, and responsible person of the accounting institution;
2. Original of Audit Report with the seal of the accounting firm and the signatures and seals of CPAs;
3. Originals of all documents of the Company disclosed in the newspapers designated by China Securities Regulatory Commission in the reporting period and the original manuscripts of the relevant announcements.

Shenzhen SEG Co., Ltd.

(Official seal)

March 28, 2016