



**Shenzhen SEG Co., Ltd.**

**2016 Q1 Report**

**April 2016**

## **Chapter 1 Important Notes**

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

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

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

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

### I. Main accounting data and financial indexes

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

Yes  No

	The current report period	The same period of the previous year	Year-on-year increase/decrease
Operating revenue (Yuan)	191,126,945.65	191,029,218.56	0.05%
Net profit attributable to the listed company shareholders (Yuan)	17,696,110.04	21,348,553.12	-17.11%
Net profit attributable to the listed company shareholders after deducting non-recurring gains and losses (Yuan)	17,623,939.70	21,168,892.76	-16.75%
Net cash flow arising from operating activities (Yuan)	-30,744,760.42	-37,829,627.54	-18.73%
Basic EPS (Yuan/share)	0.0225	0.0272	-17.28%
Diluted EPS (Yuan/share)	0.0225	0.0272	-17.28%
Weighted average ROE	1.19%	3.80%	-2.61%
	End of the current report period	End of the previous year	Year-on-year increase/decrease
Total assets (Yuan)	2,610,757,891.93	2,614,660,524.37	-0.15%
Net assets attributable to the listed company shareholders (Yuan)	1,492,743,790.64	1,475,126,229.16	1.19%

Item and amount of non-recurring profit and loss

Applicable  Not applicable

Unit: Yuan

Item	Amount from the year beginning to the report period end	Remarks
Gains and losses on non-current asset disposal (including the written off depreciation reserves for accrued assets)	-8,185.25	
Government subsidies recorded into current gains and losses (except those closely related with corporate business and enjoyed according to national standards or certain quota)	67,814.06	1. Special Fund for Wujiang District Service Industry Development acquired by the owned Wujiang SEG Electronics Market Management Co., Ltd.

		from Suzhou Wujiang District Finance Bureau 2. The subsidies for SEG E-commerce Transaction Platform issued by the Economic, Trade and Information Commission of Shenzhen Municipality confirmed by Shenzhen SEG Ecommerce Co., Ltd controlled by the Company within this report period
Other non-operating income and expenses except the above-mentioned items	134,145.24	
Less: Amount affected by income tax	48,443.51	
Amount of influence of minority shareholders' equity (after tax)	73,160.20	
Total	72,170.34	--

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.

## II. Total number of shareholders and shareholding information of top 10 shareholders at the end of the report period

### 1. Number of ordinary shareholders and preferred shareholders with restored voting right and shareholding information of the top 10 shareholders

Unit: share

Total ordinary shareholders at the end of the report period	83,637	Total preferred shareholders with restored voting rights at the end of the report period	0			
Shareholding information of the top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Quantity of shares held	Quantity of restricted shares held	Information about pledged or frozen shares	
					Status	Quantity
Shenzhen Electronics Group Co., Ltd.	State-owned legal person	30.24%	237,359,666	0		

Liu Guocheng	Domestic natural person	0.85%	6,691,302	0		
Liu Guohong	Domestic natural person	0.43%	3,357,258	0		
Zeng Ying	Domestic natural person	0.42%	3,300,000	0		
Gong Qianhua	Overseas natural person	0.37%	2,940,000	0		
Liu Xuxia	Domestic natural person	0.32%	2,481,701	0		
China Securities Finance Corporation Limited	Domestic non-state-owned legal person	0.29%	2,271,900	0		
Bank of China Limited — Southern Industry Vigor Stock-type Securities Investment Fund	Others	0.25%	2,000,000	0		
Bank of Communications Co., Ltd. — AXA SPDB Growth Power Mixed-type Securities Investment Fund	Others	0.25%	2,000,000	0		
NORTH BANK	Overseas legal person	0.24%	1,890,226	0		
Shareholding information about the top 10 shareholders enjoying unrestricted sales						
Name of shareholder	Quantity of unrestricted shares held	Type of share				
		Type of share	Quantity			
Shenzhen SEG Group Co., Ltd.	237,359,666	RMB ordinary share	237,359,666			
Liu Guocheng	6,691,302	Domestically listed foreign share	6,691,302			
Liu Guohong	3,357,258	Domestically listed foreign share	3,357,258			

		share	
Zeng Ying	3,300,000	Domestically listed foreign share	3,300,000
Gong Qianhua	2,940,000	Domestically listed foreign share	2,940,000
Liu Xuxia	2,481,701	RMB ordinary share	2,481,701
China Securities Finance Corporation Limited	2,271,900	RMB ordinary share	2,271,900
Bank of China Limited — Southern Industry Vigor Stock-type Securities Investment Fund	2,000,000	RMB ordinary share	2,000,000
Bank of Communications Co., Ltd. — AXA SPDB Growth Power Mixed-type Securities Investment Fund	2,000,000	RMB ordinary share	2,000,000
NORTH BANK	1,890,226	Domestically listed foreign share	1,890,226
Note 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 is a concerted action unit as described in 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 share an associated relationship or are concerted action units.		
Note on the top 10 ordinary shareholders' participation in securities margin trading (if any)	Among the above-mentioned top 10 shareholders, Liu Xuxia holds 0 shares of the Company in her ordinary account and 2,481,701 shares in the securities margin trading investor's credit account, holding a total of 2481,701 shares of the Company.		

Whether the top 10 ordinary shareholders of the Company and/or the top 10 ordinary shareholders of non-restricted shares conducted any agreed repurchase transactions in the report period

Yes  No

The top 10 ordinary shareholders of the Company and/or the top 10 ordinary shareholders of non-restricted shares did not conduct any agreed repurchase transactions in the report period.

## 2. Total preferred shareholders and shareholding information of the top 10 preferred shareholders

Applicable  Not applicable

## Chapter 3 Significant Events

### I. Particulars of and explanations on changes of main accounting statement items and financial indicators in the report period

√ Applicable □ Not applicable

Unit: Yuan

(I) Consolidated Balance Sheet Item

Item	Closing balance	Opening balance	Difference	Increase/decrease from the previous year (%)
Prepayment	71,343,054.38	129,044,887.26	-57,701,832.88	-44.71%
Construction in progress	420,984.13	140,810.00	280,174.13	198.97%
Other non-current assets		5,103,811.14	-5,103,811.14	-100.00%
Advances from customer	129,451,468.57	190,430,121.05	-60,978,652.48	-32.02%
Payroll payable	11,174,380.18	21,849,134.16	-10,674,753.98	-48.86%
Taxes payable	52,242,911.13	34,645,030.07	17,597,881.06	50.79%
Interest payable		516,758.34	-516,758.34	-100.00%

1. Prepayment: RMB 577 million decrease from the beginning balance, a decrease of 44.71%, which is mainly because the owned subsidiary Shenzhen SEG E-Commerce Co., Ltd (51% of its stocks held by the Company, hereinafter referred to as "SEG E-commerce") decreased its prepayment. As of the disclosure date of the report, the Board of Directors passed the *Proposal of Transferring 51% Held Shares of SEG E-commerce*. To complete the equity transfer, SEG E-commerce repaid RMB 45 million of debts to the Company. As a result, SEG E-commerce contracted its supply chain business and cut the relevant prepayment accounts.

2. Construction in progress: RMB 280,000 increase over the beginning balance, an increase of 198.97%, which is mainly because the Company's project of changing central air-conditioning has not yet been completed during the report period.

3. Other current assets: RMB 5.10 million decrease from the beginning balance, a decrease of 100.00%. The decrease is mainly because of the carry-over completed within the report period of related asset projects of the prepaid software and project funds in the previous year.

4. Advances from customer: RMB 60.98 million decrease from the beginning balance, a decrease of 32.2%, which is mainly because SEG E-commerce contracted its e-commerce business and thus made the advances from supply chain business drop.

5. Payroll payable: RMB 10.67 million short of the beginning balance, a decrease of 48.86%, which is mainly because part of the wages and bonuses for the previous year was paid in the report period.

6. Taxes payable: RMB 17.60 million increase over the beginning balance, an increase of 50.79%, which is mainly because the Q1 levies to be paid by the tenants of Shenzhen SEG Electronics Market will be paid in Q2.

7. Interests payable: RMB 520,000 decrease from the beginning balance, a decrease of 100.00%, which is mainly because part of

the unpaid interests was paid by the Company in the report period.

(II). Consolidated Profit Statement Item

Item	Current-period amount	Previous-period amount	Difference	Increase/decrease from the previous year (%)
Interest income	14,359,892.66	10,686,736.19	3,673,156.47	34.37%
Service charge and commission income	2,204,500.00	26,296.11	2,178,203.89	8283.37%
Interest expenses	445,888.89	2,066,755.56	-1,620,866.67	-78.43%
Loss from asset impairment	0.00	744,585.68	-744,585.68	-100.00%
Investment income	-388,373.34	2,736,686.86	-3,125,060.20	-114.19%
Non-operating income	202,559.94	317,029.50	-114,469.56	-36.11%
Non-operating expenses	8,785.89	23,408.91	-14,623.02	-62.47%
*Profit and loss of minority shareholders	11,408,146.85	7,703,970.08	3,704,176.77	48.08%

1. Interest income: RMB 3.67 million increase over the same period of previous year, an increase of 34.37%, which is mainly because the owned subsidiary Shenzhen SEG Credit Co., Ltd. (hereinafter referred to as "SEG Credit") gained an increase in its loan interest income.

2. Service charge and commission income: RMB 2.18 million increase over the same period of previous year, which is mainly because SEG Credit gained an increase in its service consulting business income.

3. Interest expenses: RMB 1.62 million decrease from the same period of previous year, a decrease of 78.43%, which is mainly because SEG Credit cut its bank loans on a year-on-year basis.

4. Investment income: RMB 3.13 million decrease from the same period of previous year, a decrease of 114.19%, which is mainly because the Company's bank financing income decreased.

5. Non-operating income: RMB 110,000 decrease from the same period of previous year, a decrease of 36.11%, which is mainly because the acquired government subsidies dropped.

6. Non-operating expenses: RMB 10,000 decrease from the same period of previous year, a decrease of 62.47%, which is mainly because the compensation expenses paid by the Company to merchants decreased in the report period.

7. Profit and loss of minority shareholders: RMB 3.70 million increase over the same period of previous year, an increase of 48.08%, which is mainly because SEG Credit gained a sharp profit increase in the report period.

8. Other comprehensive incomes: RMB 230,000 decrease from the same period of previous year, a decrease of 233.18%, which is mainly because in the salable financial assets, the fair price of Youhao Group stock held by the Company suffered a sharp decrease in the report period.

(III). Consolidated Cash Flow Statement Item



Item	Current-period amount	Previous-period amount	Difference	Increase/decrease from the previous year (%)
Tax refunds	15,225,827.36	88,433,998.57	-73,208,171.21	-82.78%
Net increase in loans to customer and prepayment	10,708,000.00	36,505,671.00	-25,797,671.00	-70.67%
Cash paid for interest, service charge, and commission	14,567.39	4,773.87	9,793.52	205.15%
Taxes paid	14,231,547.00	21,844,523.26	-7,612,976.26	-34.85%
Cash received from investment withdrawal	222,800,000.00	564,986,772.09	-342,186,772.09	-60.57%
Cash received from investment return	2,415,091.60	4,548,451.09	-2,133,359.49	-46.90%
Cash paid for investment	170,200,000.00	666,902,394.54	-496,702,394.54	-74.48%
Cash paid for dividend and profit distribution or interest repayment	5,255,832.08	2,705,734.42	2,550,097.66	94.25%

1. Tax refunds: RMB 73.21 million decrease from the same period of previous year, a decrease of 82.78%, which is mainly because the export tax rebates received by SEG E-Commerce decreased due to its shrinkage in supply chain services in the report period.

2. Net increase of loans to customer and prepayment: RMB 25.80 million decrease from the same period of previous year, a decrease of 70.67%, which is mainly because the scale of loans released by SEG Credit increased but customers stayed stable and customer increase slowed down in the report period.

3. Cash paid for interest, charge and commission: RMB 10,000 increase over the same period of previous year, an increase of 205.15%, which is mainly because the mature bank loans of SEG Credit decreased in the report period and the paid interest expenses decreased accordingly.

4. Taxes paid: RMB 7.61 million decrease from the same period of previous year, a decrease of 34.85%, which is mainly because the VAT levied from the tenants of the Company-controlled Electronics Market decreased in the report period.

5. Cash received from investment withdrawal: RMB 342.19 million decrease from the same period of previous year, a decrease of 60.57% which is mainly because the Company cut its bank financing business in the report period.

6. Cash received from investment return: RMB 2.13 million decrease from the same period of previous year, a decrease of 46.9%, which is mainly because the Company's financing return dropped due to the cutting of bank financing business in the report period.

7. Cash paid for investment: RMB 496.70 million decrease from the same period of previous year, a decrease of 74.48%, which is mainly because the Company cut its bank financing business in the report period.

8. Cash paid for dividend and profit distribution or interest repayment: RMB 2.55 million increase over the same period of previous year, an increase of 94.25%, which is mainly because the Company's bank loan interest payment decreased in the report period due to its smaller financing amount than that in the previous year.

## II. Progress and influence of important matters and analysis of solutions

√ Applicable □ Not applicable

Major asset reconstruction events of the Company:

The Company launched the project of major asset reconstruction in November 2015 and the Company stocks (stock short name: SHEN SEG and SHEN SEG B; stock code: 000058 and 200058) were suspended from the morning market opening on November 4, 2015. During the suspension, the Company and relevant parties actively pushed the reconstruction work forward and regularly disclosed the progress according to relevant regulations. As of the disclosure date of the report, the Company has disclosed the plan of the major asset reconstruction (for details see the *Plan of Shenzhen SEG Co., Ltd. on Issuing Shares and Paying Cash to Purchase Assets and Raise Supporting Funds and on Related Transactions [Revised Draft]* disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn) on February 25) and the Company stock has been resumed since the morning market opening since February 25, 2016. At this stage, the Company and relevant intermediaries are endeavoring to improve work efficiency and trying to ensure smooth project development and the Company will perform its obligation of information disclosure in time according to the project progress.

In accordance with the disclosed plan on major asset reconstruction, the Company plans to purchase the following stock rights of companies held by SEG Group through share issuance and cash payment: 100% equity of Shenzhen SEG Chuangyehui Co., Ltd., 55% equity of Shenzhen SEG Kangle Enterprise Development Co., Ltd., 100% equity of Shenzhen SEG Property Development Co., Ltd., and 79.02% equity of Shenzhen SEG Real Estate Investment Co., Ltd. and at the same time the Company will offer non-public share offering to no more than 10 specific investors to raise supporting funds.

After the major asset reconstruction is implemented, the listed companies will incorporate the three operating platforms including electronics market, commercial real estate and Chuangpinhui on the basis of integrating the existing resources to collaboratively and interactively develop and fully improve property value, use e-commerce to build an integrated online and offline O2O platform, and construct a diversified SEG industrial ecology circle, thereby comprehensively create an industry leading a new SEG which has the clear strategic positioning.

After the asset reconstruction is completed, the Company will focus on the three operating platforms including electronics market, commercial real estate and Chuangpinhui and depend on its own advantages of core competition and resources, and plans to expand into multiple business formats including maker ecology, cultural education, intelligent technology, sports and entertainment, virtual experience, e-Sports and financial service. In addition, the Company will fully function in resource allocation based on the operating advance in electronics market and commercial real estate and the industrial cluster edge in Huaqiangbei. Through building SEG maker center, SEG International Maker Products Demonstration and Promotion Center, SEG maker apartment and maker foundation, the Company plans to get deeply involved in the maker ecological industrial chain to provide convenience to maker groups in basic hardware technology, R&D, production support and capital investment. Also, through docking with upstream and downstream manufacturers, the Company will advance the capitalization and industrialization of innovation results, promote the quick and effective market-oriented application of new technologies and products and stimulate market innovation vigor so as to support and construct a new maker business ecosphere integrating "experiment development + incubation + market promotion + supporting services" to boost business development. Furthermore, based on utilizing the existing electronics market and combing the service edge and customer resources of the market, the Company will strengthen the effort in expanding e-finance service, Internet e-commerce, supply chain financial service, intelligentized

hardware and virtual interactive experience to optimize and consolidate business chain system and deliver consumer experience-based industrial upgrade by exploiting online and offline resources and channels.

In the future, the Company will achieve transformation and upgrading on the basis of traditional special electronics market through further expanding industrial chains and enrich industrial connotation, which is embodied in “Three Transformations”, i.e. first, the Company will transform into recombined platform of commercial activities including maker ecology, cultural education, intelligent technology, sports and entertainment, virtual experience, e-Sports and financial service from providing the single transaction platform of electronic products and the platform of commercial real estate, and expand single commercial platform into the production and operation of relevant contents; second, the enterprises under the Company specializing in electronics market will speed up the transformation from the single leaser into the platform operator and service provider integrating all the on-line and off-line resources; third, relying on the resources platform of electronics market business and commercial real estate business, the Company will support the development of innovation business and make great efforts in building international maker platform with SEG characteristics, promote the distribution of complete industrial chain, and sustain the expansion into innovation areas including electronic IT products and intelligentized electronics application and financial service in supply chain.

Overview of Important Matters	Disclosure Date	Inquiry index for interim report disclosed on websites
<p>1. Matters on Investing in and Establishing Shenzhen SEG Investment Management Co., Ltd. Suzhou SEG Intelligent Science Co., Ltd. was officially registered and established in February 2016. At present, “Mengxiangju” (“Home for Dream”) project develops smoothly. The Experiencing Hall is just under decoration. It is estimated that the project will be completed and put into operation in June 2016.</p>	<p>January 13, 2016</p>	<p><i>The Announcement on Investing and Establishing Shenzhen SEG Investment Management Co. Ltd.</i> was disclosed on the Cninfo website (<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>).</p>
<p>2. Matters on Signing a Strategic Cooperation Framework Agreement with Taobao (China) Software Co., Ltd. Now, the Company has organized a professional team to strengthen canvass business order in Taobao On-line Special Area, and keep good communication with Taobao, so the on-line and off-line business in the special area is progressing orderly.</p>	<p>January 28, 2016</p>	<p><i>The Announcement on Signing a Strategic Cooperation Framework Agreement with Taobao (China) Software Co., Ltd.</i> was disclosed on the Cninfo website (<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>).</p>
<p>3. Matters on Signing a Strategic</p>	<p>March 15, 2016</p>	<p>The Announcement on Signing a Strategic</p>

<p>Cooperation Framework Agreement with Shanghai Wangyu Information Technology Co., Ltd.</p> <p>As of the date of disclosing this report, the first Net-café project of the Company has been decided to open at Nantong SEG Times Square with a theme pavilion for computer-game inside covering an area of 1,600 square meters. Its decoration is estimated to finish by the end of August.</p>		<p><i>Cooperation Framework Agreement with Shanghai Wangyu Information Technology Co., Ltd.</i> was disclosed on the Cninfo website (<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>).</p>
<p>4. Matters on Signing a Strategic Cooperation Framework Agreement with Fujian Babycat Animation Technology Co., Ltd.</p> <p>The animation image “Babycat” will be introduced into Nantong SEG Times Square and “Children Paradise” project. The decoration of the project is planned to finish by the end of August.</p>	<p>March 24, 2016</p>	<p><i>The Announcement on Signing a Strategic Cooperation Framework Agreement with Fujian Babycat Animation Technology Co., Ltd.</i> was disclosed on the Cninfo website (<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>).</p>
<p>5. Matters on Signing a Strategic Cooperation Framework Agreement with the Related Party and Shenzhen Tencent Computer System Co., Ltd.</p> <p>In order to fulfill the Company’s development strategy, comprehensively promote “Popular entrepreneurship and innovation”, optimize the environment of innovation and starting-up and build the complete ecosystem of “SEG Maker” industry, the Company signed the <i>Cooperation Agreement of Three Parties</i> with Shenzhen Chuangyehui Co., Ltd. and Shenzhen Tencent Computer System Co., Ltd. The said three parties plan to use their respective platform and resource superiority to carry out strategic cooperation, and jointly build the comprehensive service platform for innovation combining incubation and investment, the sale and expo platform for hardware entity which is the focus of cooperation, and the hardware experiment</p>	<p>April 6, 2016</p>	<p><i>The Announcement on Signing a Strategic Cooperation Framework Agreement with Shenzhen Tencent Computer System Co., Ltd.</i> was disclosed on the Cninfo website (<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>).</p>

platform for practical innovation service, so as to set up the benchmark for starting-up and innovation combining domestic software and hardware.		
<p>6. Matters on Signing a Strategic Cooperation Framework Agreement with Zhejiang Tmall Technology Co., Ltd.</p> <p>The Company and ALIBABA JU TAOBAO jointly held the event of “Ju Creates the World – China Station” from 6 to 12 April. This activity is a trial to push makers and products of innovation enterprises to quickly accept the market examination so to achieve the materialization of such products’ value from “1” to “N”.</p> <p>From 9 – 11 April, 20 types of “Black Technology” products selected by both parties were launched on ALIBABA JU TAOBAO platform, 30,000 pieces of products were sold out in the three days with a sales amount of over 10 million Yuan, including above 1,000 pieces from 12 activity items. This activity brought the respective resource superiority of both parties into full play and made a running start in business-matching, incubation and product promotion for makers and innovation enterprises, as well as exploited the express channel to market on the basis of Internet intelligence for makers and innovation enterprises’ products.</p>	April 9, 2016	<p><i>The Announcement on Signing a Strategic Cooperation Framework Agreement with Zhejiang Tmall Technology Co., Ltd.</i> was disclosed on the Cninfo website (<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>).</p>

### III. Commitments fulfilled in the report period and to be fulfilled by the report period end by the Company, shareholders, actual controllers, purchasers, directors, supervisors, senior management or other related parties

√ Applicable □ Not applicable

Commitment	Made by	Type	Content	Commitment date	Commitment deadline	Fulfillment

On share reform	Not applicable					
Made in the Acquisition Report or the Report of Equity Change	Not applicable					
Made at the time of major asset reconstruction	Shenzhen SEG Co., Ltd. (hereinafter referred to "SHEN SEG")	Commitment on related transactions	<p>1. The Company is existing limited liability company legally incorporated and existing and is not involved in bankruptcy, dissolution, liquidation, and any other circumstances of termination required in accordance with the existing effective laws, regulations, regulatory documents and their bylaws. The Company has publicly issued stocks and gone public according to law and, as a listed company, is holding the subject qualifications of an asset buyer and an issuer of non-publicly issued shares and asset acquired through cash payment in accordance with the laws, regulations and regulatory documents of China.</p> <p>2. Within the recent three years, the Company has been abiding by relevant industrial, commercial and administrative laws and regulations and operating in conformance to laws while neither making the record of suffering administrative punishment of any, especially serious, nature due to the violation of relevant industrial, commercial and administrative laws and regulations, nor being involved in the situation of termination required in accordance with the relevant laws, regulations, regulatory documents and articles of association. The Company faces no legal impediment in going concern.</p> <p>3. Within the recent three years, all the previous shareholder meetings, director meetings and supervisor meetings of the Company and the content and</p>	February 03, 2016	Before the completion of reconstruction	In progress

		<p>execution of all resolutions have been compliant with relevant laws, regulations, regulatory documents and articles of association, as well as legal and effective, and all the authorizations by each shareholder meeting to the Board of Directors have been compliant with relevant laws, regulations, regulatory documents and articles of association, as well as legal, conforming, true and effective. In addition, all the major decisions of the Company made since the day of going public have been legal, compliant, true and effective.</p> <p>4. Within the recent three years, the Company has been involved neither in any circumstance of suffering the administrative punishment from China Securities Regulatory Commission or criminal punishment due to the violation of securities laws, administrative laws or regulations, nor in any situation of suffering administrative punishment of any, especially serious, nature or criminal punishment due to the violation of any law on industry and commerce, tax, land, environment and customs or any administrative regulations.</p> <p>5. The Company has no unsettled or foreseeable cases of major litigation, arbitration or administrative punishment. None of the Company's directors, supervisors or senior management is involved in any unsettled or foreseeable cases of major litigation, arbitration or administrative punishment.</p> <p>6. The Company rights and interests are under no circumstances of being severely damaged and with the damage not yet cleared by controlling shareholders or actual controllers.</p>			
--	--	--	--	--	--

		<p>7. The Company and its affiliates are under no circumstances of making external guarantee and with the guarantee remaining unrelieved in a manner against the law.</p> <p>8. None of the incumbent directors and senior management of the Company has suffered CRSC administrative punishment within the recent 36 months or has been publicly denounced by the stock exchange within the recent 12 months.</p> <p>9. The Company and its incumbent directors and senior management are under no circumstances of being investigated by judicial organs due to suspected crime or by China Securities Regulatory Commission due to suspected violation.</p> <p>10. Before the asset reconstruction, all the related transactions conducted by the Company have gone through necessary fair decision-making processes and are legal and effective.</p> <p>11. The Company is under no circumstances of severely damaging investors' legitimate interest or social public interest.</p> <p>12. The asset reconstruction implemented by the Company accords with the material conditions of listed company reconstruction stipulated by relevant laws, regulations and regulatory documents, including but not limited to:</p> <p>(1) The reconstruction will be compliant with national industrial policies and relevant laws and administrative regulations on environmental protection, land management and anti-monopoly;</p> <p>(2) The reconstruction will not cause the unqualified stock of the Company</p>			
--	--	---	--	--	--



		<p>to go public;</p> <p>(3) The pricing of assets involved in major asset reconstruction is fair and under no circumstance of damaging the Company's or the shareholders' legitimate interests.</p> <p>(4) The reconstruction will be conducive to improve the sustainable operating ability of the Company and not involved in any circumstance where cash would be the Company's major asset or the Company would have no specific operating business after reconstruction;</p> <p>(5) The reconstruction will be conducive for the Company to keep independent from its actual controllers and related parties in business, asset, finance, personnel and institution and compliant with the CRSC regulations on the independence of listed companies;</p> <p>(6) The reconstruction will be conducive for the Company to keep a sound and effective structure of legal person governance;</p> <p>(7) The reconstruction has followed the principle of contributing to improve the Company's asset quality, financial situation and sustainable profitability;</p> <p>(8) The reconstruction has followed the principle of contributing to cut the Company's related transactions and avoid horizontal competition.</p> <p>13. After the reconstruction completed, the Company promises to keep independent from its actual controllers and related parties in business, asset, finance, personnel and institution so as to be compliant with the CRSC regulations on the independence of listed companies.</p> <p>14. The reconstruction will not cause</p>			
--	--	---	--	--	--

		<p>major adjustments in the Company's structures of board of directors, board of supervisors and senior management or involve adjustments in significant operating decision rules and procedures and information disclosure system.</p> <p>After the reconstruction, the Company will still strictly follow the requirements of <i>Company Law</i>, <i>Securities Law</i>, <i>Corporate Governance Standards for Listed Companies</i> and other laws and regulations as well as articles of association to regulate operation and continuously improve the structure of legal person governance.</p> <p>15. With regards to the reconstruction matters, the Company and Shenzhen SEG Group Co., Ltd. have signed the <i>Framework Agreement on Issuing Shares and Paying Cash to Purchase Assets</i> attached with entry-into-force conditions and the relevant formal transaction agreements. The above-mentioned agreements are reached by the parties participating in the reconstruction according to the principle of fairness and reasonability through negotiation and consensus. Such agreements are with entry-into-force conditions and binding on the parties when such agreed conditions are satisfied and the agreement content are legal and effective without any violation of relevant laws, regulations and regulatory documents.</p> <p>16. The Company promises and guarantees that the director meetings convened on the reconstruction, the assembly of share holder meetings and the convening and decision-making procedures are compliant with relevant laws, regulations, regulatory</p>			
--	--	---	--	--	--

		<p>documents and articles of association and the generated resolution content is legal and effective.</p> <p>17. The final price of the reconstruction will be determined through negotiations based on the pricing principle decided by all transaction parties and in accordance with the evaluation result issued by an evaluation institution holding securities business qualifications and is the expression of all transaction parties' true intention.</p> <p>18. The information disclosed by the Company on the reconstruction is compliant with relevant laws, regulations and regulatory documents and there is no such contract, agreement or arrangement as should have been disclosed.</p> <p>19. The incumbent directors, supervisors, senior management, shareholders holding 5% and more shares and other insiders of the Company have conducted self-check and issued self-check reports on their purchase and sales of SHEN SEG stock performed in the six months prior to the day of suspension for the reconstruction (i.e. May 4 to November 4, 2015). Except for Liu Zhijun, Zheng Dan, Zhu Longqing, Tian Jilian, Ying Huadong and Xu Ning who are disclosed in the self-check reports and have bought and sold the Company stock, the aforesaid personnel did not buy or sell SHEN SEG stock. During the self-check period, there was no utilization of insider information about the reconstruction in the company stock sales and purchase.</p> <p>20. After the reconstruction, the Company will continue perform necessary review procedures on related</p>			
--	--	---	--	--	--

			<p>transactions in accordance with relevant laws, regulations, regulatory documents and articles of association and will not damage the legitimate interests of SHEN SEG and all the shareholders.</p> <p>21. After the reconstruction, the controlling shareholder of the Company will still be Shenzhen SEG Group Co., Ltd. and the actual controller will still be the State-owned Assets Supervision and Administration Commission of Shenzhen People's Government. The reconstruction will not change the controlling shareholder or the actual controller of the Company.</p>			
	Shenzhen SEG Group Co., Ltd. (hereinafter referred to as "SEG Group")	On the operation compliance of subject assets	<p>1. The subject company is a legally incorporated and existing limited liability or stock limited company and holds legal business qualifications. It has acquired all the approval, consent, authorization and license necessary for its establishment and business operation and all the same is valid and is under no circumstance that they will become invalid due to any reason.</p> <p>2. Within the recent three years, the subject company has conducted no major violation of laws or regulations and has not been involved in any circumstance of termination required by the existing effective laws, regulations, regulatory documents and articles of association. As of the date of issuing this commitment letter, the subject company has no unsettled or foreseeable cases of major litigation, arbitration or administrative punishment that will affect its operation or have the subject amount of over one million Yuan.</p> <p>3. The subject company will</p>	February 03, 2016	Before the completion of reconstruction	In progress

		<p>independently and completely perform its labor contracts with employees.</p> <p>4. If the subject company had been required to make makeup payment by or suffer punishment from its governing bodies in industry and commerce, taxes, staff salaries, social insurances and housing fund, operation qualifications or industrial governing due to the facts before the reconstruction, the Company will compensate the subject company for all arrears in full amount and assume all losses incurred accordingly of SHEN SEG and the subject company.</p> <p>5. The subject company legally possesses the ownership and/or use right of the office space, office equipment, trademark and other assets necessary for ensuring normal production and operation, has independent and complete asset and business structure and holds legal ownership of its major assets with clear ownership of assets.</p> <p>6. The subject company is under no circumstances that impede the company ownership transfer, such as litigation, arbitration and mandatory judicial enforcement, and has not made external guarantee that goes against the laws and the articles of association.</p> <p>7. After the reconstruction, if SHEN SEG and the subject company suffer losses due to the Company's breach of the aforesaid commitments, the Company agrees to assume the liabilities for compensation/damages to SHEN SEG and the subject company.</p>			
	On keeping independence	<p>1. To ensure the personnel of SHEN SEG and the subject company to be independent</p> <p>(1) Ensuring that after the</p>	February 03, 2016	Long-term	In progress

	SEG Group	<p>reconstruction, the labor, human resources and salary management of SHEN SEG and the subject company are completely independent from those of the Company and its other controlled companies and enterprises, other economic organizations or other related parties.</p> <p>(2) Ensuring that after the reconstruction, the senior management of SHEN SEG and the subject company are full-time staff, have salary compensations and do not hold posts other than director and supervisor in the Company and its other controlled companies and enterprises, other economic organizations or other related parties.</p> <p>(3) Ensuring that after the reconstruction, the personnel will not intervene in the function performance in deciding personnel appointment and removal by the SHEN SEG and the subject company's shareholder meetings (assemblies) and board of directors.</p> <p>2. To ensure the structures of SHEN SEG and the subject company to be independent</p> <p>(1) Ensuring that after the reconstruction, SHEN SEG and the subject company will construct sound structures of legal person governance and hold independent and complete organizational structures.</p> <p>(2) Ensuring that after the reconstruction, the shareholder meetings (assemblies), board of directors and board of supervisors of SHEN SEG and the subject company will independently exercise office powers according to laws, regulations and the articles of association of SHEN</p>			
--	-----------	--	--	--	--

		<p>SEG and the subject company.</p> <p>3. To ensure the assets of SHEN SEG and the subject company to be independent and complete</p> <p>(1) Ensuring that after the reconstruction, SHEN SEG and the subject company will possess independent and complete production and operation-related assets.</p> <p>(2) Ensuring that after the reconstruction, the office spaces of SHEN SEG and the subject company are completely independent from those of the Company and its controlled companies and enterprises, other economic organizations or other related parties.</p> <p>(3) Ensuring that after the reconstruction, except for normal business exchange, SHEN SEG and the subject company will not, under any circumstances, have their funds and/or assets being occupied by the Company and its controlled companies and enterprises, other economic organizations or other related parties.</p> <p>4. To ensure the businesses of SHEN SEG and the subject company to be independent</p> <p>(1) Ensuring that after the reconstruction, SHEN SEG and the subject company have the qualifications of independently developing operating events and the market-oriented ability of performing independent, autonomous and sustainable operation.</p> <p>(2) Except the owned asset and operating business before the effective commitment date and in order to ensure the sustainable development of SHEN SEG, the Company, during the period of being the controlling</p>			
--	--	--	--	--	--

		<p>shareholder of SHEN SEG, will supervise and constrain the operating activities of itself and its controlled related enterprises. In addition, in the operating region of SHEN SEG, it will not newly build or acquire any asset or business identical or similar to the main operating business of SHEN SEG or engage in any activities that would possibly damage the interests of SHEN SEG and its other controlled companies, enterprises or other economic organizations. If in the future there are business opportunities identical or similar to the main operating business of SHEN SEG in the operating region of SHEN SEG, the Company will recommend at priority the opportunities to SHEN SEG and its controlled other companies, enterprises or other economic organizations. However, there is an exception when one of the following conditions is satisfied:</p> <p style="padding-left: 40px;">① Due to national regulations and/or policies, it is a commercial property and real estate development project that is assigned by the government or allocated through directional agreements to SEG Group; or</p> <p style="padding-left: 40px;">② When there are specific requirements on the bidder or assignee in the bidding, grant or transfer conditions of a specific commercial property and real estate development project, it is SEG Group, instead of SHEN SEG, that is qualified.</p> <p>If it is an acquired commercial property and real estate development project that is identical or similar to the main operating business of SHEN SEG or causes horizontal competition due to reasons other than the satisfaction of</p>			
--	--	---	--	--	--



		<p>the aforesaid conditions, SEG Group can invest and construct first. When SHEN SEG considers such project meets the requirements on SHEN SEG's investment, SEG Group, after receiving the written acquisition notice of SHEN SEG, will immediately negotiate with SHEN SEG on the acquisition and transfer such project to SHEN SEG.</p> <p>(3) Ensuring that after the reconstruction, the Company and its controlled other companies and enterprises, other economic organizations or other related parties reduce their related transactions with SHEN SEG, the subject company and its controlled other companies, enterprises or other economic organizations and their controlled other companies, enterprises or other economic organizations. With regards to the necessary and unavoidable related transactions, they are ensured to be conducted in market principles and at fair prices and the relevant approval procedure and information disclosure obligation will be performed according to relevant laws, regulations and regulatory documents.</p> <p>5. To ensure the finance of SHEN SEG and the subject company to be independent</p> <p>(1) After the reconstruction, SHEN SEG and the subject company will build independent financial departments and accounting systems and have standard and independent financial accounting systems.</p> <p>(2) Ensuring that after the reconstruction, SHEN SEG and the subject company will independently open bank accounts and will not share</p>			
--	--	---	--	--	--

		<p>the bank account with the Company and its other controlled companies and enterprises, other economic organizations or other related parties.</p> <p>(3) Ensuring that after the reconstruction, the financial staff of SHEN SEG and the subject company will not hold concurrent posts in the Company and its controlled companies and enterprises, other economic organizations or other related parties.</p> <p>(4) Ensuring that after the reconstruction, the financial staff of SHEN SEG and the subject company will be able to independently make financial decisions and the Company will not intervene in the fund use of SHEN SEG and the subject company.</p> <p>(5) Ensuring that after the reconstruction, SHEN SEG and the subject company will pay taxes according to laws.</p> <p>If the Company breaks the aforesaid commitments, it will bear all losses thus caused to SHEN SEG and the subject company.</p>			
SEG Group	Other commitments	<p>1. The Company is not involved in the following circumstances stipulated in Article VI of <i>Measures for the Administration of the Takeover of Listed Companies</i>:</p> <p>(1) The purchaser is to damage the legitimate interests of a target company or its shareholders by taking advantage of the takeover of the listed company;</p> <p>(2) The purchaser owes a large amount of debts, and has not paid its due debts, and the said circumstance is in a continuous state;</p> <p>(3) The purchaser has ever committed a major illegal act or has ever been suspected of being involved</p>	February 03, 2016	Before the completion of reconstruction	In progress

			<p>in any major illegal act within the recent three years;</p> <p>(4) The purchaser has ever committed any behavior seriously breaching promises in the securities market within the recent three years;</p> <p>(5) Any other circumstance as prescribed by the laws or administrative regulations or as recognized by the CSRC under which no listed company can be taken over.</p> <p>2. Within the recent five years, the Company and its main management have not suffered any administrative punishment (save that apparently irrelevant with securities market) or criminal punishment or have involved in major civil litigation or arbitration related with economic disputes.</p> <p>If the Company breaks the aforesaid commitments, it will bear all losses thus caused to SHEN SEG and the subject company.</p>			
	SEG Group	On the ownership of the subject assets in reconstruction	<p>1. The Company is registered in the People's republic of China, has full capacity for civil conducts and holds the legal subject qualifications for participating in the reconstruction, executing agreements with SHEN SEG and performing the rights and obligations under such agreements.</p> <p>2. The Company has performed its obligation of making capital contribution to the subject company, has not performed any acts of making feigned, delayed and/or withdrawn capital contributions and other obligation and liability it should assume as a shareholder, and does not have the condition that may influence the legal existence of the subject company.</p> <p>3. The subject company does not have</p>	February 03, 2016	Long-term	In progress

		<p>any equity ownership dispute or potential equity ownership dispute or the condition that may influence its legal existence.</p> <p>4. The subject company's equity held by the Company is actual legal possession, in which there is no ownership dispute or potential ownership dispute; no trusted and/or entrusted shareholding or similar arrangement; no commitment or arrangement on banning or restricting transfer; no pledge, freezing, sealing up, property preservation or other limitation of rights; or litigation, arbitration or other forms of dispute that influences the reconstruction. In addition, the Company ensures that the held equity of the subject company will remain in such conditions until it is registered through change under the name of SHEN SEG.</p> <p>5. The subject company's equity held by the Company is the asset with clear ownership and it is promised that after getting the CSRC approval on the SHEN SEG reconstruction, the Company will transfer the ownership of such equity within an agreed period and there is no legal impediment or credit and debt dispute on such equity.</p> <p>6. Before the held equity of the subject company is transferred after modification and registered under the name of SHEN SEG, the Company will ensure that the subject company keeps in the normal, ordered, and legally operated state, does not perform any act of making asset disposal or external guarantee unrelated with normal production and operation or increasing major debts and does not illegally transfer or conceal assets or businesses. If the acts related with the aforesaid</p>			
--	--	--	--	--	--

			<p>matters are indeed necessary, such acts will be implemented only after getting the written approval of SHEN SEG under the precondition that no violation of national laws, regulations and regulatory documents will be made.</p> <p>7. The Company ensures that there is no litigation, arbitration or dispute in progress or influencing or potentially influencing the Company's transfer of the held equity of the subject company and that all executed agreements or contracts do not contain any provisos impeding the Company from transferring the held equity of the subject company. Also, the articles of association, internal management system documents and executed contracts or agreements of the subject company do not contain any provisos impeding the Company from transferring the held equity of the subject company.</p> <p>If the Company breaks the aforesaid commitments, it will bear all losses thus caused to SHEN SEG.</p>			
	SEG Group	On avoiding horizontal competition	<p>1. In the reconstruction, some electronics commercial market subordinated under SEG Group and other related assets constituting horizontal competition have not been invested into the listed company. SEG Group will trust such assets to SHEN SEG or its subsidiaries after the major asset reconstruction is completed.</p> <p>Within five years after the reconstruction, SEG Group will take all necessary measures to address any flaws existed in such real estate and, according to the operation needs of SHEN SEG and the ownership improvement of such assets, and will incorporate the aforesaid electronics</p>	February 19, 2016	Long-term	In progress

		<p>market and other related assets constituting horizontal competition into SHEN SEG or assign them through sales or transfer to third parties. If SEG Group fails to finish the aforesaid matters as scheduled, then before investing related assets into SHEN SEG, it will deliver such assets in the form of leasing to SHEN SEG for direct external operation and enjoy accordingly the revenue generating from such property. The annual rent of SHEN SEG's leasing of such property from SEG Group is the corresponding depreciation of such property assets. The profit and loss arising from leasing such property assets will be enjoyed and borne by SHEN SEG, in which case the parties will separately sign a relevant leasing agreement.</p> <p>2. Except the owned asset and operating business before the effective commitment date and in order to ensure the sustainable development of SHEN SEG, the Company, during the period of being the controlling shareholder/actual controller of SHEN SEG, will supervise and constrain the operating activities of itself and its controlled related enterprises. In addition, in the operating region of SHEN SEG, it will not newly build or acquire any asset or business identical or similar to the main operating business of SHEN SEG or engage in any activities that would possibly damage the interests of SHEN SEG and its other controlled companies, enterprises or other economic organizations. If in the future there are business opportunities identical or similar to the main operating business of SHEN SEG in the operating region of SHEN SEG, the Company will</p>			
--	--	--	--	--	--

		<p>recommend at priority the opportunities to SHEN SEG and its controlled other companies, enterprises or other economic organizations.</p> <p>However, there is an exception when one of the following conditions is satisfied:</p> <p>(1) Due to national regulations and/or policies, it is a commercial property and real estate development project that is assigned by the government or allocated through directional agreements to SEG Group and its invested enterprises; or</p> <p>(2) When there are specific requirements on the bidder or assignee in the bidding, grant or transfer conditions of a specific commercial property and real estate development project, it is SEG Group, instead of SHEN SEG, that is qualified.</p> <p>If it is an acquired commercial property and real estate development project that is identical or similar to the main operating business of SHEN SEG or causes horizontal competition due to reasons other than the satisfaction of the aforesaid conditions, SEG Group can invest and construct first. When SHEN SEG considers such project meets the requirements on SHEN SEG's investment, SEG Group, after receiving the written acquisition notice of SHEN SEG, will immediately negotiate with SHEN SEG on the acquisition and transfer such project to SHEN SEG.</p> <p>If the Company breaks the aforesaid commitments, it will bear all losses thus caused to SHEN SEG, the subject company and its other controlled companies, enterprises or other economic organizations.</p>			
--	--	---	--	--	--

	SEG Group	On reducing and regulating related transactions	<p>1. When the Company is the controlling shareholder of SHEN SEG, the Company and its controlled other companies, enterprises or other economic organizations will try their best to reduce and regulate their related transactions with SHEN SEG or the subject company and their controlled other companies, enterprises or other economic organizations.</p> <p>2. After the reconstruction, with regards to the unavoidable or reasonable related transactions between the Company and SHEN SEG or the subject company, the Company and its other controlled companies, enterprises or other economic organizations will conduct in market principles and at reasonable market prices, perform the information disclosure obligation and go through relevant application and approval procedures in accordance with laws, regulations and regulatory documents, and not damage the legal interests of SHEN SEG and other shareholders by utilizing the advantageous position of controlling shareholder.</p> <p>3. The Company and its other controlled companies, enterprises or other economic organizations will not take use of the rights of listed company shareholders or actual controlling capacity to manipulate and/or instigate the listed company or its directors, supervisors and/or senior management to let the listed company provide or accept funds, goods, services or other assets under unfair conditions, or to engage in any acts that will damage the listed company's benefit.</p> <p>If the Company breaks the aforesaid commitments, it will bear all losses</p>	February 03, 2016	Long-term	In progress
--	-----------	---	--	-------------------	-----------	-------------



			thus caused to SHEN SEG, the subject company and its other controlled companies, enterprises or other economic organizations.			
SEG Group	Other commitments		<p>The Company is under no circumstances of leaking any insider information related to the reconstruction or using such insider information to conduct insider transactions.</p> <p>If the Company breaks the aforesaid commitments, it will bear all losses thus caused to SHEN SEG.</p>	February 03, 2016	Before the completion of reconstruction	In progress
SEG Group	On the restricted sales of shares		<p>1. For the shares of SHEN SEG subscribed by the Company through the reconstruction, the lockup period is the 36 months starting from the date of the subscribed shares' going public. Within 36 months since the date of closing SHEN SEG stock issuance, any SHEN SEG stock acquired through the reconstruction shall not be listed for trading, transferred to the external, entrusted to be managed by others, or repurchased by SHEN SEG (except that performance compensation has to be made with shares).</p> <p>After the issuance is completed, the above agreement is also applicable to the company shares increased due to the bonus shares distributed by company or capital stock increase.</p> <p>When the said lockup period expires, the transfer and trading of corresponding shares will be conducted in accordance with the laws and regulations effective at that time and the provisions, rules and requirements of CSRC and Shenzhen Stock Exchange.</p> <p>2. If the closing price of SHEN SEG stock is lower than the offering price for 20 consecutive trading days within</p>	February 03, 2016	Long-term	In progress

		<p>six months after the reconstruction or the closing price at the end of six months after the reconstruction is lower than the offering price, the lockup period of the SHEN SEG stock acquired by the Company will automatically extend another six months.</p> <p>3. If the reconstruction is investigated by judicial organs or CSRC due to the inviting suspicion that there is misrepresentation, misleading statement or material omission in the provided or disclosed information, the transfer of equity shares of SHEN SEG held by the Company will be suspended before the investigation has a clear conclusion.</p> <p>4. All SHEN SEG shares held by the Company before the reconstruction will not be transferred within 12 months after the reconstruction.</p> <p>5. Relevant laws, regulations and regulatory documents shall prevail if such provisions impose special requirements on the lockup period of shares.</p> <p>6. If the aforesaid lockup period is inconsistent with the latest regulatory requirements of securities regulatory institutions, the Company agrees to adjust according to the latest opinions of the regulatory institutions, and the relevant stipulations of CSRC and Shenzhen Stock Exchange will be executed when the lockup period expires.</p>			
SEG Group	On the change of registration of asset ownership of the land and housing estate	1. SEG Group legally owns the ownership of the land, housing estate and equity gratuitously transferred to Shenzhen SEG Chuangyehui Co., Ltd. before the reconstruction, and there is no ownership dispute or controversy on	February 03, 2016	Before the completion of reconstruction	In progress

		gratuitously transferred to Shenzhen SEG Chuangyehui Co., Ltd.	<p>the transferred assets. Except some housing estate requires the consent of pledgee due to the pledge set, there is no legal impediment in going through the procedures for change of registration of asset ownership.</p> <p>2. The Company promises that it will complete the procedures for change of registration of asset ownership under the name of SEG Chuangyehui before the listed company holds a director meeting to deliberate the reconstruction draft.</p> <p>For any investigated liability, punishment or other suffered losses assumed by SEG Chuangyehui due to breach of such promise or flaws in the transferred assets, the Company will make full compensation to SEG Chuangyehui.</p>			
	SEG Group	On completing the asset ownership certificate for the land and housing estate of the subject company and its subsidiaries	<p>1. As of the date of issuing the commitment letter, SEG Kangle has nine housing estates whose construction area totals 12,941.28 square meters. The actual right holder of the 902 square meters of floor 1 in Kangle Industrial Building No. 1 is SEG Group, but due to the rules of Shenzhen municipality that only the whole of an industrial building can be transferred, the procedures for split and transfer registration of such part have not been gone through yet. The actual right-holder of room 508 in SEG residential building No. 4 Block is SEG Kangle but is registered under the name of SEG Group and the procedure of transferring ownership has not been completed.</p> <p>The Company promises that the parties have no dispute or controversy on the ownership of the aforesaid two housing estates, i.e. the registered right-holder</p>	February 03, 2016	Long-term	In progress

		<p>and actual right-holders of the former are SEG Kangle &amp; SEG Group respectively, and that of the latter are SEG Group &amp; SEG Kangle respectively, and that SEG Group will fully assist SEG Kangle in completing the procedures of split and transfer registration for the said housing estates. After the reconstruction, SEG Group will make full compensation to SHEN SEG for any losses suffered by SHEN SEG due to the said estate ownership issues.</p> <p>2. The assembling workshop plant, which is the construction in progress used as capital contribution to SEG Real Estate by SEG Group, is floor 4 of SEG Industrial Building No. 2 Block (Real Estate Certificate No.: SHEN FANG DI ZI No. 3000759297) and its total area is 1,936.71 square meters. This estate has been delivered to and used by SEG Real Estate since the time of capital contribution; however, due to no certificate was applied at that time, the estate cannot go through the procedure of transfer registration. In addition, due to office clerk's negligence, the estate was registered under the name of SEG Group together with other SEG industrial buildings owned by SEG Group. Later, due to the rules of Shenzhen municipality that only the whole of an industrial building can be transferred, the procedure of transfer registration of such estate has not been gone through yet. Since the date of capital contribution, SEG Real Estate has been occupying and using this estate and obtaining corresponding operation incomes. The Company will fully assist SEG Real Estate in completing the procedure of transfer registration for the said estate. After the</p>			
--	--	--	--	--	--

		<p>reconstruction, SEG Group will make full compensation to SHEN SEG for any losses suffered by SHEN SEG due to the estate ownership issues.</p> <p>3. The Company will fully assist, promote and push forward the subject company and its subsidiaries in completing the ownership registration of land and housing estate and regulating the use of land.</p> <p>4. If the land use right and housing estate of the subject company and its subsidiaries existed before the completion of reconstruction is in any one of the following circumstances: (1) in the process of applying for the ownership certificate of land use right but the housing estate procedures cannot be gone through in time (save that it is resulted from force majeure, laws, policies, government management behaviors, change of planned land use and other factors not on the part of the subject company and its subsidiaries); or (2) cannot apply for relevant certificates of land use right and housing estate ownership (save that it is resulted from force majeure, laws, policies, government management behaviors, change of planned land use and other factors not on the part of the subject company and its subsidiaries); or (3) other land use right and housing estate are not standard (save that it is resulted from force majeure, laws, policies, government management behaviors, change of planned land use and other factors not on the part of the subject company and its subsidiaries), and the subject company and its subsidiaries suffer actual losses including but not limited to compensation, penalties, expenditures and benefit lost, the Company will</p>			
--	--	---	--	--	--

		make timely and full compensation to the subject company and its subsidiaries.			
SEG Group	On the transfer registration of floor 4 in SEG Industrial Building No. 2 Block	Before the issuance date of the reconstruction report, SEG Group will complete the registration procedure of transferring floor 4 in SEG Industrial Building No. 2 Block under the name of SEG Real Estate. If SEG Group fails to complete the matter in time, it agrees to immediately make the monetary compensation of RMB 1.50 million which was the amount of then capital contribution and graciously provide such housing estate to SEG Real Estate for use until the transfer registration is completed. If SEG Real Estate suffers any operation loss or other economic loss due to the failure of completing such procedure in time, SEG Group agrees to make full compensation to SEG Real Estate.	February 19, 2016	Before the completion of reconstruction	In progress
SEG Group	On horizontal competition, related transaction and occupation of funds	<p>1. The Company promises that as of October 31, 2015, the controlling shareholder or other related persons would completely returned the funds of SHEN SEG or the subject company occupied for non-operating matters before the general shareholder meeting of SHEN SEG on deliberating the reconstruction plan is held;</p> <p>2. After the reconstruction, the Company ensures that the finance of the listed company is independent and that no irregular occupation of the listed company funds will occur;</p> <p>3. The Company follows and urges the listed company to follow the <i>Corporate Governance Standards for Listed Companies</i>, the <i>Notice on Several Issues Concerning the Regulation of Funds Flow Between a Listed Company and Its Related Parties and</i></p>	February 03, 2016	Long-term	In progress

			<p><i>the External Guarantee of the Listed Company, the Stock Listing Rules of Shenzhen Stock Exchange, and other laws, administrative regulations, departmental rules, regulatory documents and the business rules of Shenzhen Stock Exchange to improve the awareness of law observance and compliance;</i></p> <p>4. To exercise the right of shareholders according to law and not to abuse such right to damage the interest of the listed company and other shareholders;</p> <p>5. To optimize the governance structure of the listed company, improve internal control system and regulate the function of boards of directors, supervisors and shareholders, thus fully playing the functions and supervisory role of independent boards of directors and supervisors and constraining the decision-making and operation acts of the controlling shareholder and the actual controller;</p> <p>6. To perform information disclosure obligation strictly in accordance with relevant provisions, actively cooperate with the listed company in doing a satisfactory job of information disclosure, inform the significant events occurred or about to occur in time, and ensure the truth, accuracy, completeness, timeliness and fairness of information disclosure.</p> <p>If the Company breaks the aforesaid commitments, it will bear all losses thus caused to SHEN SEG, the subject company and its other controlled companies, enterprises or other economic organizations.</p>			
	SEG Group	On enterprises operating abnormally	With regards to the abnormal operating enterprises (including but not limited to those having their business license	February 03, 2016	Long-term	In progress

			<p>revoked or operation closed) subordinated to the subject company and resulted from historical leftover issues or other reasons, the Company will fully assist, promote and push forward the subject company in going through corresponding cancellation procedures.</p> <p>After the reconstruction, if the subject company or the listed company is held accountable, punished or suffers any losses in the future due to the abnormal operation of such companies and the failure of going through the cancellation procedures in time, SEG Group will assume related legal responsibilities and make full compensation to the subject company or the listed company.</p>			
Commitment made at the time of initial public offerings or refinancing	SEG Group		<p>According to the Article Five of the <i>Equity Transfer Agreement</i> signed by the Company with SEG Group when the Company was listed, SEG Group agreed that the Company and its subsidiaries and associated companies to use the eight trademarks registered by SEG Group at the State Trademark Bureau; SEG Group agrees that the Company uses the aforesaid trademarks or similar signs as the Company's logo and uses the trademarks and signs during its operation; the Company needs not pay any fee to SEG Group for using the aforesaid trademarks or signs.</p>	July 01, 1996	Long-term	In progress
	SEG Group	On horizontal competition, related transaction and occupation of funds	<p>Shenzhen Securities Regulatory Bureau pointed out that "There is an issue of horizontal competition in the business of electronics markets between your company and SEG Group" during the spot inspection in 2007; and the Company received the <i>Letter of</i></p>	September 14, 2007	Long-term	In progress



			<p><i>Commitment</i> in writing from SEG Group on September 14, 2007, which said: "SEG Group and Shenzhen SEG Co., Ltd. (SHEN SEG) have similar business in electronics markets in Shenzhen due to historical reasons and the objective background of market development. Our Group hereby promises that we will not individually operate in the same city a market whose business is similar with that of Shenzhen SEG."</p>			
	SEG Group	<p>On horizontal competition, related transaction and occupation of funds</p>	<p>The 6th interim meeting of the 5th Board of Directors held on January 26, 2011 reviewed and approved the <i>Proposal of Solving the Horizontal Competition between the Company and Its Controlling Shareholder</i>. After friendly consultation, SEG Group agreed to entrust the Company to operate and manage with full authority SEG Communications Market originally 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.</p>	January 26, 2011	<p>From February 1, 2011 to January 31, 2016, totaling 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 term lasts from February 01, 2016 to January 31, 2017.</p>	In progress

Commitment of equity incentives		Not applicable				
Other commitments made to the medium and small shareholders of the Company	SEG Group	On the restricted sales of shares	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 healthy 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 09, 2015	Twelve months	In progress
	Directors, Supervisors, and Senior Executives	On share increase	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 healthy 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 after 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 09, 2015	Six months	In progress
Whether commitments were fulfilled on time		Yes				
If the commitments are not completely fulfilled as scheduled, the resulting reason and the further plan should be detailed.		N/A				

#### IV. Estimation of the business performance from January to June in 2016

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

Applicable  Not applicable

#### V. Investment in securities

Applicable  Not applicable

Type of securities	Code of securities	Abbreviation of securities	Initial investment cost (Yuan)	Shares held at period beginning	Initial shareholding percentage	Shares held at period end	Shareholding proportion at period end (%)	Ending book value	Gains and losses in the report period	Accounting item	Source of shares
Stock	600778	Youhao Group	90,405.00	60,683	0.04%	60,683	0.04%	571,633.86		Available-for-sale financial assets	Initial share
Share	000068	Huakong SEG	279,307,046.38	201,345,033	20.00%	201,345,033	20.00%	179,251,167.88	-2,597,370.99	Long-term equity investment	Initial share
Others	832770	SEG Navigations	8,275,321.43	7,500,000	11.38%	7,500,000	11.38%	13,515,392.83		Available-for-sale financial assets	Initial share
Total			287,672,772.81	208,905,716	--	208,905,716	--	193,338,194.57	-2,597,370.99	--	--

#### VI. Investment in derivatives

Applicable  Not applicable

No investment in derivatives is involved within the report period.

#### VII. Registration form for investigations, communication and interviews in the report period

Applicable  Not applicable

Time	Means	Type	Basic information on investigation
January 04, 2016	Phone call	Individual	Inquired about the progress of major asset restructuring. The Company replied according to the disclosed progress.

January 07, 2016	Phone call	Individual	Inquired about the progress of major asset restructuring. The Company replied according to the disclosed progress.
January 08, 2016	Phone call	Individual	Inquired about the progress of major asset restructuring. The Company replied according to the disclosed progress.
February 01, 2016	Phone call	Individual	Inquired about the progress of major asset restructuring. The Company replied according to the disclosed progress.
February 02, 2016	Phone call	Individual	Inquired about the progress of major asset restructuring. The Company replied according to the disclosed progress.
February 19, 2016	Phone call	Individual	Inquired about the reply on the <i>Letter of Inquiry on the Reconstruction of Shenzhen SEG Co., Ltd.</i> from Shenzhen Stocks Exchange. The Company replied that it had quickly organized intermediaries to carefully study the Letter, carried out and replied relevant issues item by item and , and asked the investors to follow the company announcement to be released soon.
February 20, 2016	Phone call	Individual	Inquired about the reply on the <i>Letter of Inquiry on the Reconstruction of Shenzhen SEG Co., Ltd.</i> from Shenzhen Stocks Exchange. The Company replied that it had quickly organized intermediaries to carefully study the Letter, carried out and replied relevant issues item by item and , and asked the investors to follow the company announcement to be released soon.
February 22, 2016	Phone call	Individual	Inquired when the Company would resume trading of shares. The Company replied according to the disclosed progress.
February 23, 2016	Phone call	Individual	Inquired when the Company would resume trading of shares. The Company replied according to the disclosed progress.
February 25, 2016	Phone call	Individual	Inquired about the contributed capital in the major asset reconstruction. The

			Company replied according to the disclosed reconstruction plan.
February 26, 2016	Phone call	Individual	Inquired whether the Company stock price did not go up after resumption and the Company did not release important notices. The Company replied there was no information which should have been disclosed.
February 27, 2016	Phone call	Individual	Inquired whether the Company stock price did not go up after resumption and the Company did not release important notices. The Company replied there was no information which should have been disclosed.
March 01, 2016	Phone call	Individual	Inquired the number of shareholders as of February 29. The Company provided the information released by the Securities Depository and Clearing Corporation.
March 15, 2016	Phone call	Individual	Inquired the number of shareholders as of March 15. The Company replied according to the register of shareholders released by the Securities Depository and Clearing Corporation.
March 22, 2016	Phone call	Individual	Inquired the time for disclosing the annual report. The Company replied that the annual report was to be disclosed on March 30, 2016.
March 31, 2016	Phone call	Individual	Inquired about the Q1 financial data. The Company suggested the investor follow the 2016 Q1 Report to be disclosed soon.

### VIII. Violating external guarantee issues

Applicable  Not applicable

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

### IX. Non-operating capital occupation on the listed company by the controlling shareholder 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.

## Chapter 4 Financial Statements

### I. Consolidated financial statements

#### 1. Consolidated Balance Sheet

Prepared by: Shenzhen SEG Co., Ltd.

March 31, 2016

Unit: Yuan

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	288,681,276.21	276,863,429.10
Deposit reservation for balance		
Loans to other banks	40,000,000.00	40,000,000.00
Financial assets measured by fair value with changes included in current profit and loss		
Derivative financial assets		
Notes receivable		
Accounts receivable	97,946,549.88	98,212,422.87
Prepayment	71,343,054.38	129,044,887.26
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance deposit receivable		
Interest receivable		
Dividends receivable		
Other accounts receivable	34,151,517.72	27,352,784.33
Redemptory monetary capital for resale		
Inventory	531,074,556.51	450,809,934.72
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	294,425,777.87	339,430,419.74
Total current assets	1,357,622,732.57	1,361,713,878.02
Non-current assets:		
Loans and prepayment issued	486,228,822.08	475,520,822.08

Available-for-sale financial assets	34,367,026.69	34,539,973.24
Held-to-maturity investment		
Long-term receivables		
Long-term equity investment	182,319,108.94	185,122,573.88
Investment properties	439,181,237.25	443,851,726.40
Fixed assets	36,859,675.47	37,524,425.25
Construction in progress	420,984.13	140,810.00
Engineering materials		
Disposal of fixed assets		
Productive biological assets		
Oil & gas assets		
Intangible assets	1,072,136.22	1,143,762.11
Development expenses		
Goodwill	10,328,927.82	10,328,927.82
Long-term expenses to be amortized	51,923,426.19	49,235,999.86
Deferred income tax assets	10,433,814.57	10,433,814.57
Other non-current assets		5,103,811.14
Total non-current assets	1,253,135,159.36	1,252,946,646.35
Total assets	2,610,757,891.93	2,614,660,524.37
Current liabilities:		
Short-term borrowing	408,679,630.48	367,759,630.48
Loans from central bank	0.00	0.00
Deposits from customer and interbank	0.00	0.00
Loans from other banks	0.00	0.00
Financial liabilities measured by fair value with changes included in current profit and loss	0.00	0.00
Derivative financial liabilities	0.00	0.00
Notes payable	0.00	0.00
Accounts payable	70,212,572.78	89,908,781.98
Prepayment from customers	129,451,468.57	190,430,121.05
Financial assets sold for repurchase	0.00	0.00
Service charges and commissions payable	0.00	0.00
Payroll payable	11,174,380.18	21,849,134.16



Taxes payable	52,242,911.13	34,645,030.07
Interest payable	0.00	516,758.34
Dividends payable	2,126,400.10	2,218,224.58
Other payables	195,205,679.46	194,329,885.69
Reinsurance accounts payable	0.00	0.00
Insurance deposit	0.00	0.00
Brokerage deposits of customer	0.00	0.00
Brokerage deposits of underwriting securities	0.00	0.00
Held-for-sale liabilities	0.00	0.00
Non-current liabilities due within one year	0.00	0.00
Other current liabilities	0.00	0.00
Total current liabilities	869,093,042.70	901,657,566.35
Non-current liabilities:		
Long-term borrowing	0.00	0.00
Bonds payable	0.00	0.00
Preferred stock	0.00	0.00
Perpetual capital securities	0.00	0.00
Long-term payables	0.00	0.00
Payroll payable	0.00	0.00
Special payables	0.00	0.00
Estimated liabilities	7,000,000.00	7,000,000.00
Deferred income	9,634,114.77	9,634,114.77
Deferred income tax liabilities	15,703,634.28	16,024,102.35
Other non-current liabilities		
Total non-current liabilities	32,337,749.05	32,658,217.12
Total liabilities	901,430,791.75	934,315,783.47
Owners' equity:		
Share capital	784,799,010.00	784,799,010.00
Other equity instruments	0.00	0.00
Preferred stock	0.00	0.00
Perpetual capital securities	0.00	0.00
Capital reserve	506,553,643.41	506,545,831.11
Less: Treasury shares	0.00	0.00

Other comprehensive income	240,301.62	326,662.48
Special reserve	0.00	0.00
Surplus reserve	109,922,336.87	109,922,336.87
General risk provision	0.00	0.00
Undistributed profits	91,228,498.74	73,532,388.70
Total owners' equity attributable to the parent company	1,492,743,790.64	1,475,126,229.16
Minority shareholders' equity	216,583,309.54	205,218,511.74
Total owners' equity	1,709,327,100.18	1,680,344,740.90
Total liabilities and owners' equity	2,610,757,891.93	2,614,660,524.37

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	185,794,680.46	186,369,470.58
Financial assets measured by fair value with changes included in current profit and loss		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Prepayment	150,215.00	418,544.10
Interest receivable		
Dividends receivable		
Other accounts receivable	622,948,477.58	570,671,617.38
Inventory	775,088.25	112,715.50
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	373,500,000.00	393,166,401.54
Total current assets	1,183,168,461.29	1,150,738,749.10
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	462,302,635.18	455,106,100.12
Investment properties	281,770,082.43	284,399,860.14
Fixed assets	19,344,219.84	19,458,584.25
Construction in progress	420,984.13	140,810.00
Engineering materials		
Disposal of fixed assets		
Productive biological assets		
Oil & gas assets		
Intangible assets	575,634.38	622,054.24
Development expenses		
Goodwill		
Long-term expenses to be amortized	8,268,169.81	7,000,181.66
Deferred income tax assets	8,242,045.89	8,242,045.89
Other non-current assets		
Total non-current assets	814,439,164.49	808,485,029.13
Total assets	1,997,607,625.78	1,959,223,778.23
Current liabilities:		
Short-term borrowing	355,000,000.00	315,000,000.00
Financial liabilities measured by fair value with changes included in current profit and loss		
Derivative financial liabilities		
Notes payable	0.00	0.00
Accounts payable	115,075.52	36,075.52
Prepayment from customers	31,746,019.99	42,704,620.99
Payroll payable	6,512,359.23	13,652,201.42
Taxes payable	24,878,775.67	10,033,418.41
Interest payable	0.00	477,402.78
Dividends payable	119,803.29	119,803.29
Other payables	82,290,926.12	95,119,560.37
Held-for-sale liabilities		
Non-current liabilities due within one	0.00	0.00

year		
Other current liabilities	0.00	0.00
Total current liabilities	500,662,959.82	477,143,082.78
Non-current liabilities:		
Long-term borrowing	0.00	0.00
Bonds payable	0.00	0.00
Preferred stock	0.00	0.00
Perpetual capital securities	0.00	0.00
Long-term payables	0.00	0.00
Payroll payable	0.00	0.00
Special payables	0.00	0.00
Estimated liabilities	7,000,000.00	7,000,000.00
Deferred income	9,500,000.00	9,500,000.00
Deferred income tax liabilities	0.00	0.00
Other non-current liabilities		
Total non-current liabilities	16,500,000.00	16,500,000.00
Total liabilities	517,162,959.82	493,643,082.78
Owners' equity:		
Share capital	784,799,010.00	784,799,010.00
Other equity instruments	0.00	0.00
Preferred stock	0.00	0.00
Perpetual capital securities	0.00	0.00
Capital reserve	507,781,650.13	507,773,837.83
Less: Treasury shares	0.00	0.00
Other comprehensive income	0.00	0.00
Special reserve	0.00	0.00
Surplus reserve	109,922,336.87	109,922,336.87
Undistributed profits	77,941,668.96	63,085,510.75
Total owners' equity	1,480,444,665.96	1,465,580,695.45
Total liabilities and owners' equity	1,997,607,625.78	1,959,223,778.23

### 3. Consolidated Profit Statement

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
------	---------------------------------------	--

I. Total operating revenue	207,691,338.31	201,742,250.86
Including: Operating revenue	191,126,945.65	191,029,218.56
Interest income	14,359,892.66	10,686,736.19
Earned premiums	0.00	
Service charge and commission income	2,204,500.00	26,296.11
II. Total operating cost	164,180,925.54	164,200,736.22
Including: Operating cost	143,442,005.77	142,109,576.55
Interest expenses	445,888.89	2,066,755.56
Commissions	0.00	
Surrender value	0.00	
Net compensation pay-outs	0.00	
Net insurance deposit accrued	0.00	
Insurance dividends	0.00	
Reinsurance expenses	0.00	
Operating tax and surcharges	6,526,579.35	6,369,343.37
Sale expenses	442,564.94	459,391.03
Management expenses	9,477,333.51	7,507,219.31
Financial cost	3,846,553.08	4,943,864.72
Loss from asset impairment	0.00	744,585.68
Income from change of fair value (enter "-" for loss)	0.00	
Income from investment (enter "-" for loss)	-388,373.34	2,736,686.86
Including: Income from investment in joint ventures and associated enterprises	-2,803,464.94	-2,088,190.80
Income from exchange (enter "-" for loss)	0.00	
III. Operating profit (enter "-" for loss)	43,122,039.43	40,278,201.50
Add: Non-operating revenue	202,559.94	317,029.50
Including: Gains on disposal of non-current assets	0.00	
Less: Non-operating expenses	8,785.89	23,408.91
Including: Loss from disposal of non-current assets	8,185.25	
IV. Total profit (enter "-" for total loss)	43,315,813.48	40,571,822.09
Less: Income tax	14,211,556.59	11,519,298.89

V. Net profit (enter "-" for net loss)	29,104,256.89	29,052,523.20
Net profit attributable to owners of the parent company	17,696,110.04	21,348,553.12
Profit and loss of minority shareholders	11,408,146.85	7,703,970.08
VI. After-tax net amount of other comprehensive incomes	-129,709.91	97,396.21
Total owners' net of tax of other comprehensive incomes attributable to the parent company	-86,360.86	64,846.40
(I). Other comprehensive incomes not to be reclassified into profit and loss in the future	0.00	
1. Changes of net liabilities or net assets of the re-measured defined benefit plans	0.00	
2. Shares of the investee of other comprehensive incomes not to be reclassified into profit and loss under the equity method	0.00	
(II). Other comprehensive incomes to be reclassified into profit and loss	-86,360.86	64,846.40
1. Shares of the investee of other comprehensive incomes to be reclassified into profit and loss under the equity method	0.00	
2. Profit and loss from fair value changes of the available-for-sale financial assets	-86,360.86	64,846.40
3. Held-to-maturity investments categorized as profit and loss from the available-for-sale financial assets	0.00	
4. Effective gains or loss from cash flows	0.00	
5. Foreign currency translation differences	0.00	
6. Others	0.00	
Net of tax of other comprehensive incomes attributable to minority shareholders	-43,349.05	32,549.81
VII. Total comprehensive income	28,974,546.98	29,149,919.41
Total comprehensive income attributable to shareholders of the parent company	17,609,749.18	21,413,399.52

Total comprehensive income attributable to minority shareholders	11,364,797.80	7,736,519.89
VIII. Earnings per share		
(I). Basic earnings per share	0.0225	0.0272
(II). Diluted earnings per share	0.0225	0.0272

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

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

#### 4. Profit Statement of Parent Company

Unit: Yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Operating revenue	25,018,953.94	32,055,262.64
Less: Operating cost	11,153,314.40	12,080,463.34
Operating tax and surcharges	1,415,960.62	1,797,527.76
Sale expenses	0.00	0.00
Management expenses	3,974,315.80	2,733,599.16
Financial cost	-6,877,232.11	3,949,820.68
Loss from asset impairment	0.00	-400,000.00
Income from change of fair value (enter "-" for loss)	0.00	0.00
Income from investment (enter "-" for loss)	5,350,457.84	7,934,946.64
Including: Income from investment in joint ventures and associated enterprises	-2,803,464.94	-2,088,190.80
II. Operating profit (enter "-" for loss)	20,703,053.07	19,828,798.34
Add: Non-operating revenue	3,200.00	0.19
Including: Gains on disposal of non-current assets	0.00	0.00
Less: Non-operating expenses	7,915.25	21,350.50
Including: Loss from disposal of non-current assets	7,915.25	4,100.50
III. Total profit (enter "-" for total loss)	20,698,337.82	19,807,448.03
Less: Income tax	5,842,179.61	5,342,830.70

V. Net profit (enter "-" for net loss)	14,856,158.21	14,464,617.33
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	14,856,158.21	14,464,617.33
VII. Earnings per share		
1. Basic earnings per share		
2. Diluted earnings per share		

## 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	270,339,307.81	363,168,639.74
Net increase in deposits from customers and interbank	0.00	
Net increase in loans from central bank	0.00	
Net increase in borrowings from other financial institutions	0.00	
Cash received from the premiums of primary insurance contracts	0.00	
Net cash received from reinsurance business	0.00	
Net increase in policyholder deposits and investment	0.00	
Net increase in financial assets measured by fair value with changes included in current profit and loss	0.00	
Cash received from interest and commissions	14,852,335.86	18,488,846.37
Net increase in loans from other banks	0.00	
Net increase in redemption capital	0.00	
Tax refunds	15,225,827.36	88,433,998.57
Other cash received relating to operating activities	162,789,008.97	153,340,389.27
Subtotal of cash inflow from operating activities	463,206,480.00	623,431,873.95
Cash paid for goods and service	339,076,843.01	458,011,469.10
Net increase in loans to customers and prepayment	10,708,000.00	36,505,671.00
Net increase in deposits with central bank and interbank	0.00	
Cash paid for compensation pay-outs of primary insurance contracts	0.00	
Cash paid for interest, service charge, and commission	14,567.39	4,773.87
Cash paid as insurance dividends	0.00	
Cash paid to and on behalf of employees	30,268,885.36	26,984,453.72
Taxes paid	14,231,547.00	21,844,523.26

Other cash paid relating to operating activities	99,651,397.66	117,910,610.54
Subtotal of cash outflow in operating activities	493,951,240.42	661,261,501.49
Net cash flow from operating activities	-30,744,760.42	-37,829,627.54
II. Cash flows from investing activities:		
Cash received from withdrawal of investment	222,800,000.00	564,986,772.09
Cash received from investment income	2,415,091.60	4,548,451.09
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	0.00	0.00
Net cash received from disposal of subsidiaries and other business units	0.00	0.00
Other cash received relating to investing activities	0.00	
Subtotal of cash inflow from investing activities	225,215,091.60	569,535,223.18
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	2,481,803.74	2,231,465.50
Cash paid for investment	170,200,000.00	666,902,394.54
Net increase in mortgage loans	0.00	0.00
Net cash paid for acquisition of subsidiaries and other business units	0.00	
Other cash paid relating to investing activities	0.00	0.00
Subtotal of cash outflow in investing activities	172,681,803.74	669,133,860.04
Net cash flow from investing activities	52,533,287.86	-99,598,636.86
III. Cash flow from financing activities:		
Cash received by absorbing investment	0.00	0.00
Including: Cash received by subsidiaries from investment of minority shareholders	0.00	0.00
Borrowings received	100,920,000.00	80,000,000.00
Cash received from bond issue	0.00	0.00

Other cash received relating to financing activities	7,812.30	0.00
Subtotal of cash inflow from financing activities	100,927,812.30	80,000,000.00
Cash repayment of debts	60,000,000.00	59,246,687.38
Cash paid for dividend and profit distribution or interest repayment	5,255,832.08	2,705,734.42
Including: Dividends and profit paid by subsidiaries to minority shareholders	0.00	0.00
Other cash paid relating to financing activities	45,642,660.55	59,712,120.18
Subtotal of cash outflow in financing activities	110,898,492.63	121,664,541.98
Net cash flow arising from financing activities	-9,970,680.33	-41,664,541.98
IV. Influence of exchange rate fluctuation on cash and cash equivalents	0.00	0.00
V. Net increase of cash and cash equivalents	11,817,847.11	-179,092,806.38
Add: Opening balance of cash and cash equivalents	275,523,429.10	382,056,680.70
VI. Closing balance of cash and cash equivalents	287,341,276.21	202,963,874.32

## 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	25,939,842.53	20,686,855.63
Tax refunds	0.00	0.00
Other cash received relating to operating activities	62,012,830.65	47,259,414.68
Subtotal of cash inflow from operating activities	87,952,673.18	67,946,270.31
Cash paid for goods and service	19,456,315.88	16,515,352.87

Cash paid to and on behalf of employees	12,605,752.99	9,947,346.96
Taxes paid	2,211,219.51	10,646,562.67
Other cash paid relating to operating activities	107,985,541.80	146,150,832.27
Subtotal of cash outflow in operating activities	142,258,830.18	183,260,094.77
Net cash flow from operating activities	-54,306,157.00	-115,313,824.46
II. Cash flows from investing activities:		
Cash received from withdrawal of investment	223,000,000.00	598,500,000.00
Cash received from investment income	8,266,422.78	9,556,491.03
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	0.00	400,000.00
Net cash received from disposal of subsidiaries and other business units	0.00	0.00
Other cash received relating to investing activities	0.00	0.00
Subtotal of cash inflow from investing activities	231,266,422.78	608,456,491.03
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	0.00	8,975.00
Cash paid for investment	213,000,000.00	683,600,000.00
Net cash paid for acquisition of subsidiaries and other business units	0.00	0.00
Other cash paid relating to investing activities	0.00	
Subtotal of cash outflow in investing activities	213,000,000.00	683,608,975.00
Net cash flow from investing activities	18,266,422.78	-75,152,483.97
III. Cash flow from financing activities:		
Cash received by absorbing investment	0.00	0.00
Borrowings received	90,000,000.00	50,000,000.00
Cash received from bond issue	0.00	0.00
Other cash received relating to	7,812.30	0.00

financing activities		
Subtotal of cash inflow from financing activities	90,007,812.30	50,000,000.00
Cash repayment of debts	50,000,000.00	0.00
Cash paid for dividend and profit distribution or interest repayment	4,317,625.00	2,049,444.45
Other cash paid relating to financing activities	0.00	0.00
Subtotal of cash outflow in financing activities	54,317,625.00	2,049,444.45
Net cash flow arising from financing activities	35,690,187.30	47,950,555.55
IV. Influence of exchange rate fluctuation on cash and cash equivalents	0.00	0.00
V. Net increase of cash and cash equivalents	-349,546.92	-142,515,752.88
Add: Opening balance of cash and cash equivalents	186,144,227.38	204,395,253.65
VI. Closing balance of cash and cash equivalents	185,794,680.46	61,879,500.77

## II. Auditor's Report

Has the first quarterly report been audited?

Yes  No

The Q1 report is not audited.