

Stock code: 000058, 200058

Stock abbreviation: SHEN SEG, SHEN SEG B

Notice No.:2017-059

Abstract of 2017 Semi-annual Report of Shenzhen SEG Co., Ltd.

I. Important Notice

The abstract of the semi-annual report is excerpted from the full text of the semi-annual report. For more details about the operating result, financial condition, and future development planning, investors shall read carefully the said full text published on the designated media by China Securities Regulatory Commission (CSRC).

Statement of objections by directors, supervisors, and senior executives

Name	Position	Content and reason
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Statement

Except the following directors, all directors attended in person the meeting of the Board of Directors and reviewed the semi-annual report.

Name of director not present in person	Position of director not present in person	Reason for being not present in person	Name of agent
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Notice of non-standard audit opinions

Applicable Not applicable

Proposal for profit distribution of common shares or proposal for transfer of capital reserves to share capital in the reporting period reviewed by the Board of Directors

Applicable Not applicable

The Company plans not to distribute cash dividends or bonus shares nor transfer reserves into share capital. The resolution of the Board of Directors passed the proposal for profit distribution of preferred shares in the reporting period.

Applicable Not applicable

II. Company Profile

1. Basic Information

Stock abbreviation	SHEN SEG, SHEN SEG B	Stock code	000058, 200058
Listed on	Shenzhen Stock Exchange		
	Secretary of the Board of Directors	Securities affairs representative	
Name	Zheng Dan	Zhang Xin	
Contact address	31/F, Tower A, Stars Plaza, Huaqiang Road (N), Futian District, Shenzhen	31/F, Tower A, Stars Plaza, Huaqiang Road (N), Futian District, Shenzhen	
Phone	0755-83747939	0755-83747939	
E-mail	segcl@segcl.com.cn	segcl@segcl.com.cn	

2. Main Accounting Data and Financial Indexes

Are retrospective adjustments required to previous financial statements?

√ Yes □ No

Reason for retrospective adjustments or restatement

Merger of enterprises under common control

	Amount of the reporting period	Amount of the same period of the previous year		Year-on-year increase/decrease
		Before adjustment	After adjustment	After adjustment
Operating revenue (Yuan)	592,346,626.22	362,673,236.85	724,213,525.00	-18.21%
Net profit attributable to shareholders of the listed company (Yuan)	50,008,785.42	26,856,270.42	104,913,059.48	-52.33%
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss (Yuan)	31,884,098.21	28,696,459.47	27,187,695.79	17.27%
Net cash flow arising from operating activities (Yuan)	93,125,278.74	-99,314,028.40	70,386,258.79	32.31%
Basic EPS (Yuan/Share)	0.0405	0.0342	0.0849	-52.30%
Diluted EPS (Yuan/Share)	0.0405	0.0342	0.0849	-52.30%
Weighted average ROE	2.67%	1.82%	4.67%	-2.00%
	Closing amount	Year-end amount		Year-on-year increase/decrease
		Before adjustment	After adjustment	After adjustment
Total assets (Yuan)	7,423,262,800.40	2,548,276,265.32	6,923,273,093.64	7.22%
Net assets attributable to shareholders of the listed company (Yuan)	1,793,775,473.28	1,548,200,647.55	2,412,301,070.04	-25.64%

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

Unit: Share

Total number of ordinary shareholders at the end of the reporting period	75,823	Total number of preferred shareholders restored with the voting rights (if any) (see note 8)				
Information on top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding ratio	Shareholding number	Quantity of restricted ordinary shares held	Information on pledged or frozen shares	
					Share status	Quantity
Shenzhen SEG Group Co., Ltd.	State-owned legal person	55.70%	688,216,905	450,857,239		
Liu Guocheng	Domestic natural person	0.55%	6,829,502	0		
Zhang Jiao	Domestic natural person	0.33%	4,046,989	0		
Liu Guohong	Domestic natural person	0.27%	3,174,958			
Gong Qianhua	Overseas natural person	0.24%	2,940,000	0		
Shanghai Juzhang Investment Management Co., Ltd.	Domestic non-state-owned legal person	0.20%	2,476,621	0		
Zeng Ying	Domestic natural person	0.19%	2,300,000	0		
China Securities Finance	Domestic non-state-owned legal	0.18%	2,271,900	0		

Corporation Limited	person					
China Hi-tech Group Corporation	State-owned legal person	0.12%	1,500,000	0		
Zhao Dan	Domestic natural person	0.10%	1,259,263	0		
Explanations on the association relationship or concerted action among the above-mentioned shareholders	Shenzhen SEG Group Co., Ltd. has no associated relationship with other shareholders, nor is a concerted action unit as specified 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 have an associated relationship or are concerted action units or not.					
Information of ordinary shareholders participating in financing business (if any) (see note 4)	Among top 10 shareholders, Zhang Jiao holds 0 share of the Company in the ordinary account and 4,046,989 shares of the Company in the margin trading investor credit account. Zhang Jiao holds 4,046,989 shares of the Company in total.					

4. Changes in Controlling Shareholders and Actual Controllers

Changes of the controlling shareholders in the reporting period

Applicable Not applicable

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

Changes of the actual controllers in the reporting period

Applicable Not applicable

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

5. Information on the Number of Preferred-Share Shareholders and Top 10 Shareholding Status

Applicable Not applicable

No preferred shares are involved in the reporting period.

6. Corporate Bonds

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

No

II. Management Discussion and Analysis

1. Overview

In the first half of 2017, China's economy features stable consumption growth in the short term, pick up in investment, and downward pressure.

In the reporting period, the Company has completed major assets restructuring. Benefiting from injection of core business assets into the electronics market, the scale of the main business of the Company will expand. Benefiting from asset injection into commercial real estate and property management, the business of the Company will interwork. In this way, the going-concern ability of the Company will be enhanced and the influence of the listed company will be enhanced.

Facing fierce market competition and the continuous impact of e-commerce, the Company is dedicated to user value, integrates resources, further expands the industrial chain, improves the service quality of electronics markets, creates a business model combining multiple business types, including the maker ecosystem, culture & education, intelligent technology, sports & entertainment, virtual experience, e-sports, and financial services, vigorously promotes transformation and upgrading of the electronics market business, explores new business development models, and continuously improves the operating capacity and profitability of the Company .

In the reporting period, the total operating income from the Company amounted to RMB 625,086,000 and decreased by 19.22% over the same period last year. The total profit amounted to RMB 103,484,000 and

decreased by 49.21% over the same period last year. Main reasons for decrease in the operating income: (1) As the sales revenue of the project of SEG New Urban is not eligible for recognition, the real estate income and profit of SEG Real Estate is expected to be recognized in the second half of 2017; (2) The purchasing agent business of SEG Industry is gradually terminated. The main reason for decrease in the total profit: (1) In the same period of last year, SEF Real Estate transferred 48 sets of properties and received the nonbusiness income of RMB 60,590,000, but such a business income did not occur in this year. (2) As the sales revenue of the project of SEG New Urban cannot be recognized now, the real estate income and profit of SEG Real Estate is expected to be recognized in the second half of 2017.

2. Matters Involving Financial Statements

(1) Changes of accounting policies, accounting estimates and accounting methods, compared with the financial report of the previous accounting period

Applicable Not applicable

Content of and Reason for Accounting Policies	Procedure for examination and approval
The Notice on the issuance and revision of the <i>Accounting Standard for Business Enterprises No. 16 - Government Subsidy</i> (Accounting [2017] No. 15) issued by the Ministry of Finance on May 10, 2017 is implemented from June 12, 2017. Government subsidies on January 1, 2017 shall be disposed of by prospective application. New government subsidies from January 1, 2017 to the implementation date of the new standard shall be adjusted according to the new standard.	Examined and approved by the 4 th meeting of 7 th Board of Directors and the 4 th meeting of 7 th Board of Supervisors of the Company
The Notice on the issuance of the <i>Accounting Standard for Business Enterprises No. 42 - Non-current Assets Held for Disposal, Disposal Group and Termination of Business</i> (Accounting [2017] No. 13) issued by the Ministry of Finance on April 28, 2017 is implemented from May 28, 2017.	Examined and approved by the 4 th meeting of 7 th Board of Directors and the 4 th meeting of 7 th Board of Supervisors of the Company

(2) Explanation on significant accounting error correction subject to retrospective restatement in the reporting period

Applicable Not applicable

There is no significant accounting error correction subject to retrospective restatement in the reporting period.

(3) Changes in consolidation scope, compared with the financial report of the previous accounting period

Applicable Not applicable

Compared with the previous period, the consolidated financial statement increases 14 entities in this reporting period, therein:

Subsidiaries, special purpose entities, and business entities that profit control by way of commissioning management or renting newly included in the consolidation scope in the current period are as follows:

Name	Reason for change
Shenzhen-Shantou Cooperation Zone SEG Longyan Energy Technology Co., Ltd.	Newly established

SEG Lianzhong Internet Technology Co., Ltd.	Newly established
Shenzhen SEG Zhongtong Technology Co., Ltd.	Newly established
Shenzhen SegMaker Co., Ltd.	Merger of enterprises under common control
SEG Kangle Enterprise Development Co., Ltd.	Merger of enterprises under common control
SEG Property Development Co., Ltd.	Merger of enterprises under common control
Shenzhen SEG Real Estate Investment Co., Ltd.	Merger of enterprises under common control
Huizhou Stars Real Estate Development Co., Ltd.	Merger of enterprises under common control
SEG Property Management Co., Ltd.	Merger of enterprises under common control
Shenzhen SEG New Urban Construction Development Co., Ltd.	Merger of enterprises under common control
Shenzhen SEG New Urban Business Operation Co., Ltd.	Merger of enterprises under common control
Beijing SEG Property Development Co., Ltd.	Merger of enterprises under common control
Xi'an Konghong Property Co., Ltd.	Merger of enterprises under common control
Shenzhen Hongge Cultural Development Co., Ltd.	Merger of enterprises under common control