

Stock code: 000058, 200058

Stock abbreviation: SHEN SEG, SHEN SEG B

Notice No.: 2019-042

Abstract of 2018 Annual Report of Shenzhen SEG Co., Ltd.

I. Important Notice

The abstract of 2018 Annual Report is excerpted from the full text of 2018 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).

All directors other than the following directors have attended this board meeting and reviewed the annual report.

Name of director not present	Position of director not present	Reason for absence	Name of proxy
Zhang Liang	Director	For work	Xu La Ping
Gao Jian Bai	Director	For work	Chen Huijie
Zhang Yu Wang	Director	For work	Chen Huijie
Song Pingping	Independent director	For work	Fan Zhiqing

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

Transfer of capital reserves to share capital

☐ Applicable ☒ Not applicable

According to the profit distribution plan deliberated and adopted by the meeting of the Board of Directors, based on 1,235,656,249 share capital, the Company will distribute cash dividend of RMB 0.35 (tax included) for every 10 shares and 0 bonus share (tax included) to all shareholders, and will not transfer reserves into share capital.

Proposal for profit distribution of preferred shares in the reporting period passed in the resolution of the Board of Directors

☐ 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		
Contact and contact information	Secretary of the Board of Directors	Securities affairs representative	
Name	Peng Aiyun	Shi Guangyin	

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
Fax	0755-8397 5237	0755-8374 7759
Tel.	0755-8374 7939	0755-8397 5237
E-mail	segcl@segcl.com.cn	shigy@segcl.com.cn

2. Main Business or Products in the Reporting Period

In 2018, the main business of the Company includes electronics markets, commercial property operation and management business, commercial real estate business, business hotel business, and new energy business. Business model: On the basis of the electronics markets, commercial property operation and management business, and commercial real estate business, the Company combines multiple business models, utilizes the overall advantages of resource integration, thus creates a business model combining multiple business types, and transforms itself into a platform for diversified strategic emerging industries.

In the reporting period, to avoid potential financial risks, the Company transferred 62% of the equity of SEG Credit and ceased microcredit business. For details of equity transfer, see the Announcement on the Connected Transaction of Transfer of 62% of the Equity of Shenzhen SEG Credit Co., Ltd. Held by the Company and its Holding Subsidiaries (No. 2018-010) and the Announcement on the Progress of Transfer of 62% of the Equity of Shenzhen SEG Credit Co., Ltd. Held by the Company and its Holding Subsidiaries (No. 2018-023) released by the Company in designated information disclosure media.

3. Main Accounting Data and Financial Indexes

(1) Main Accounting Data and Financial Indexes in the Recent Three Years

Are retrospective adjustments made to previous financial statements?

☐ Yes ☒ No

Unit: RMB/Yuan

	2018	2017	Year-on-year increase/decrease	2016
Operating income (Yuan)	1,605,787,472.11	1,981,307,558.23	-18.95%	1,371,044,982.11
Net profit attributable to shareholders of the listed company (Yuan)	27,852,740.23	219,553,261.10	-87.31%	246,062,783.31
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit and loss (Yuan)	17,223,506.49	148,677,556.32	-88.42%	22,248,698.60
Net cash flow arising from operating activities (Yuan)	167,674,153.73	507,386,549.21	-66.95%	443,535,540.78
Basic EPS (Yuan/share)	0.0225	0.1777	-87.34%	0.1991
Diluted EPS (Yuan/share)	0.0225	0.1777	-87.34%	0.1991

Weighted average ROE	1.47%	11.96%	-10.49%	11.15%
	End of 2018	End of 2017	Year-on-year increase/decrease	End of 2016
Total assets (Yuan)	7,128,009,738.20	6,992,590,420.75	1.94%	6,923,273,093.64
Net assets attributable to shareholders of the listed company (Yuan)	1,867,881,216.44	1,917,228,370.15	-2.57%	2,412,301,070.04

(2) Major Quarterly Financial Indexe

Unit: RMB/Yuan

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Operating income	391,140,155.46	491,797,933.21	561,704,545.25	161,144,838.19
Net profit attributable to shareholders of the listed company	62,622,931.80	35,044,056.14	40,399,673.95	-110,213,921.66
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit and loss	27,128,268.89	15,894,541.24	35,513,724.94	-61,313,028.58
Net cash flow from operating activities	-1,165,334.33	27,272,351.65	62,306,651.80	-10,057,214.63

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

✓ Yes ☐ No

Main financial indicators of the above points quarter, excluding non-recurring gains and losses attributable to shareholders of listed companies of the amount is in the second quarter net profit index has to disclose semi-annual report to reduce the amount of \$9834062 a first, the main reason for the semi-annual report data to the company without audit, annual report audit increases after seg small credit loans impairment loss to sell deducting non-recurring gains and losses net profit to reduce, but at the same time increase the sale of seg small loan investment 9834062 RMB first, so in the second quarter net profit attributable to shareholders of listed companies are not affected.

4. Information on Shareholders

(1) Number of ordinary shareholders and number of preferred shareholders restored with the voting rights, and information on top 10 shareholders

Unit: Share

Total number of ordinary	74,761	Total number of ordinary	70,146	Total number of preferred	0	Total number of preferred	0
--------------------------	--------	--------------------------	--------	---------------------------	---	---------------------------	---

shareholders at the end of the reporting period		shareholders at the end of the month immediately before the disclosure of the annual report		shareholders restored with the voting rights		shareholders restored with the voting rights at the end of the month immediately before the disclosure of the annual report	
Information on top 10 shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage	Quantity of restricted shares held	Information on pledged or frozen shares			
				Share status	Quantity		
Shenzhen SEG Group Co., Ltd.	State-owned legal person	56.70%	450,857,239	/	/		
Liu Guocheng	Domestic natural person	0.57%		/	/		
Liu Guohong	Domestic natural person	0.26%		/	/		
Gong Qianhua	Overseas natural person	0.24%		/	/		
China Securities Finance Corporation Limited	Domestic non-state-owned legal person	0.18%		/	/		
Xu Yue Ying	Domestic natural person	0.15%		/	/		
Shanghai Juzhang Investment Management Co., Ltd.	Domestic non-state-owned legal person	0.14%		/	/		
Zeng Ying	Domestic natural person	0.12%		/	/		
China Hi-tech Group Corporation	State-owned legal person	0.12%		/	/		
Chongqing international trust co., LTD. - chongqing innovation superiority to pick two letter collection trust funds	Fund, financial products, etc	0.10%		/	/		
Explanations on the association relationship or concerted action among the above-mentioned shareholders		Shenzhen SEG Group Co., Ltd has no association with other shareholders, nor it is a concerted action unit as described by the <i>Management Methods for Disclosure of Information on Changes in Shareholding Status of Shareholders of Listed Companies</i> It is unknown whether other shareholders have an association relationship or are concerted action units or not.					

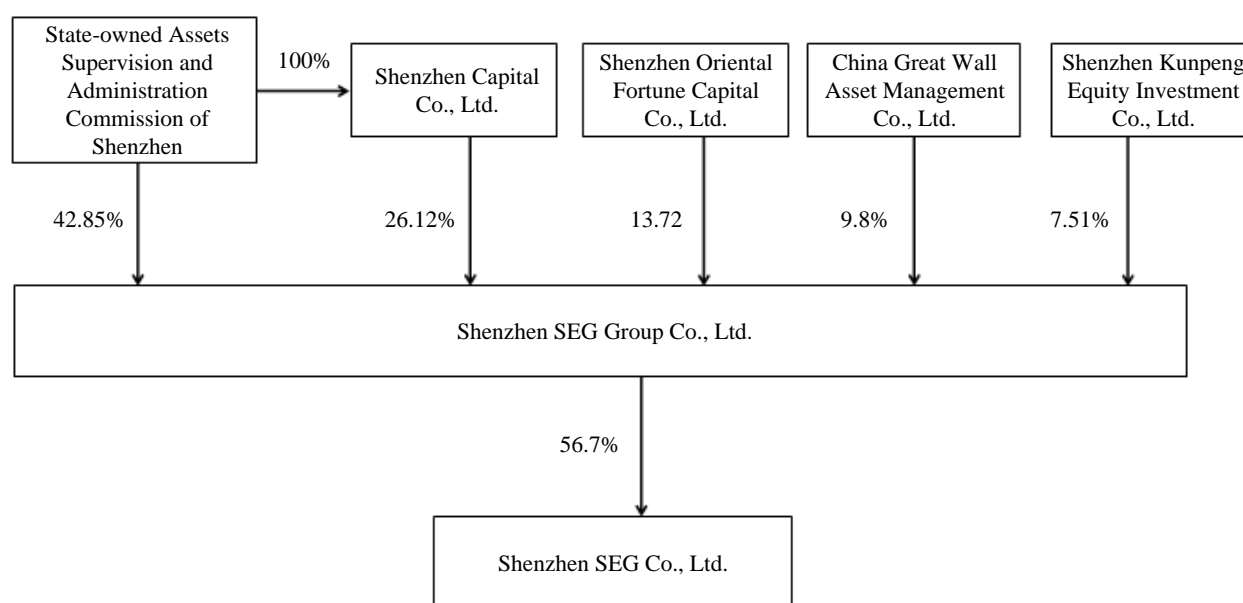
Information on shareholders participating in financing business (if any)	None.
--	-------

(2) Number of preferred shareholders, and information on top 10 preferred shareholders

☐ Applicable ☒ Not applicable

In the reporting period, preferred shareholders do not hold shares.

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



5. Information on 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 annual report?

Yes

(1) Basic Information about Corporate Bonds

Bond name	Bond abbreviation	Bond code	Maturity date	Bond balance (RMB 10,000)	Interest rate
Corporate bonds publicly issued by Shenzhen SEG Co., Ltd. to qualified investors in 2018 (1st issue) (category 1)	18 SEG 01	112836.SZ	2021-12-25	70,000	4.60%
Corporate bonds publicly issued by Shenzhen SEG Co., Ltd. to qualified	18 SEG 02	112837.SZ	2020-06-25	10,000	4.15%

investors in 2018 (1st issue) (category 2)					
Repayment of the principal and interest of corporate bonds in the reporting period	None				

(2) Rating of Corporate Bonds

According to the regulations of the regulatory authorities and the tracking rating system of CSCI Pengyuan Credit Rating Co., Ltd. (hereinafter referred to as "CSCI Pengyuan"), after the initial rating was completed on November 2, 2018, during the life of the bonds subject to rating, CSCI Pengyuan will carry out a regular tracking rating and disclose regular tracking results within two months after the disclosure of the Company's annual report. During the life of the bonds, CSCI Pengyuan will also carry out irregular tracking ratings as the case may be. In the process of tracking rating, CSCI Pengyuan will maintain the consistency of the rating standards.

CSCI Pengyuan will keep eyes on information about the rated object, and will promptly carry out irregular tracking ratings as it thinks necessary. CSCI Pengyuan will analyze relevant matters and decide whether to adjust the credit rating of the rated object.

If the Company does not cooperate on due diligence for tracking rating or fails to provide information for tracking rating, CSCI Pengyuan shall have the right to analyze public information about the rated object, adjust the credit rating, and if necessary, may announce the credit rating temporarily invalid or terminated.

CSCI Pengyuan will timely publish tracking rating reports in its website (www.cspengyuan.com), website of the Stock Exchange, and website of Securities Association of China, and shall disclose such reports in the website of the Stock Exchange no later than disclosure in other channels.

CSCI Pengyuan, formerly known as Pengyuan Credit Rating Co., Ltd., was renamed to CSCI Pengyuan Credit Rating Co., Ltd. on November 5, 2018. The website of CSCI Pengyuan was changed from www.pyrating.cn to www.cspengyuan.com.

According to the initial rating of the corporate bonds by CSCI Pengyuan on November 2, 2018, the credit rating of the corporate bonds is AAA, the long-term credit rating of the issuer is AA, and the outlook for rating is stable. For details, see the Credit Rating Report for Corporate Bonds Publicly Issued to Qualified Investors in 2018 disclosed by the Company in <http://www.cninfo.com.cn> on December 20, 2018.

(3) Main Accounting Data and Financial Indicators of the Company for Recent Two Years As of the End of the Reporting Period

Unit: RMB 10,000

Item	2018	2017	Change year on year
Asset-liability ratio	65.63%	63.09%	2.54%
EBITDA-to-total-debt ratio	11.54%	35.07%	-23.53%
Interest coverage ratio	1.97	3.98	-50.62%

III. Management Discussion and Analysis

1. Overview

Should the Company abide by the disclosure requirements of special industries?

Yes.

Real estate industry

In 2018, by more efforts in control, integration and upgrading, the company promoted the transformation and upgrading of electronics markets, continuously improved the service quality of electronics markets, and created a business model combining multiple business types so as to maintain stable business in electronics markets and continuously consolidate the industry position of electronics markets. At the same time, by promoting refined management and being dedicated to user value, the Company continuously improved service quality so that the quality and efficiency of property management were significantly improved and property operation saw a steady rise. Driven by reform and guided by innovation, the Company actively explored the deployment of strategic emerging industries. Its first production line for the PV industry was completed and put into trial production. SegMaker+, smart parking lots, and other new projects achieved preliminary results. Based on the existing industrial business, supported by investment, mergers & acquisitions, reform, and innovation, the Company continuously expanded the industrial chain, actively transformed itself into a platform for diversified strategic emerging industries, and continuously enhanced and strengthened its core competitiveness and sustainable development capabilities

2. Are there significant changes in main business in the reporting period?

☐ Yes ☒ No

3. Information on products accounting for over 10% of operating income or operating profit

☐ Yes ☒ No

4. Are there seasonal or cyclical characteristics of the operation needing special attention?

☐ Yes ☒ No

5. Notes to significant changes in the operating income, operating costs, total net profit attributable to common shareholders of the listed company, or composition in the reporting period over the previous reporting period

☒ Applicable ☐ Not applicable

During the reporting period, the Company's total business income was about 1.612 billion yuan, down 418 million yuan from the same period last year, with a decline of 20.60%; and the total profit was about 94 million yuan, down by about 346 million yuan from the same period last year, with a decline of 77.98%. The main reasons for the decline in income are: ① The sales of SEG New Urban decreased by 131 million yuan compared with the same period last year; and ② The Company disclosed the Announcement of Prompting Risks of the Issues Relating to the Controlled Sub-subsidiary Receiving the Notice of Cancelling Contract on April 16, 2019, based on the provisions of ASBE No. 29 Matters After the Date of Balance Sheet, during the period between the said date and the date of being approved for submittal, the sales of products confirmed in the period when the Balance Sheet locates or the previous period must be transferred back to the matters after the date of Balance Sheet to be adjusted, the Balance Sheet, which was prepared on the said date, shall be adjusted accordingly. Consequently, the Company transferred back the sales of Floors 2 to 5 of Building 1 of SEG New Urban Phase I leading to the deduction of approximately 300 million yuan in this reporting period. The main reasons for the decline in total profit are: ① The profit of Huakong SEG, the shareholding company, decreased compared with the same period last year, leading to the deduction of 26 million yuan of total profit of the Company; ② In the reporting period, the Company accrued the

provision of asset impairment, increasing by about 80 million yuan; ③ In the reporting period, because of delaying the delivery of real estate and postponing the completion of the procedures of applying for ownership certificate, the compensation of breaching contract is estimated to make the total profit decrease by 123 million yuan; ④ The transferring back the sales of Floors 2 to 5 of Building 1 of SEG New Urban Phase I resulted in the deduction of 77 million yuan of total profit; and ⑤ Because the financial expense increased owing to the completion of real estate project which stopped the securitization of financial expense, and the Company saved the management expense, these two factors made the period expenses rose by about 35 million yuan on year on year basis.

6. Information on Listing Suspension or Abortion

☐ Applicable ☒ Not applicable

7. Information on Financial Report

(1) Information on changes in accounting policies, accounting estimates and accounting methods compared with the financial reports of the last year

☒ Applicable ☐ Not applicable

On June 15, 2018, the ministry of finance issued the notice on the revision and issuance of the format of general financial statements of enterprises for the year 2018 (caijing [2018] no. 15), requiring non-financial enterprises that implement the accounting standards for enterprises to prepare financial statements in accordance with the accounting standards and notification requirements for enterprises. The company shall change the format of the financial statements in accordance with the requirements of the above-mentioned financial and accounting document no. 15 [2018].

(2) Information on retroactive restatements in corrections of major accounting errors in the reporting period

☐ Applicable ☒ Not applicable

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

(3) Information on changes in the scope of consolidation compared with the financial report of the last year

☒ Applicable ☐ Not applicable

Compared with the previous period, the number of subjects included in the consolidated financial statements of the current period increased by 1 and decreased by 3, among which:

1. Subsidiaries newly incorporated into the scope of merger in the current period, special purpose subjects, and operating entities that form control rights through entrusted operation or lease

Company name	Reason for change
Hangzhou SEG Longyan Energy Technology Co., Ltd.	Newly established

2. Subsidiaries, special purpose entities and operating entities that have lost control by means of entrusted operation or leasing that are no longer included in the scope of merger in the current period

Company name	Reason for change
Shenzhen SEG Credit Co., Ltd	Transfer of all the equity

Xi'an Fengdong New Town SEG Times Plaza Properties Co., Ltd.	Company cancellation
Yantai SEG times square development co. LTD	Company cancellation