

Abstract of 2020 Annual Report of Shenzhen SEG Co., Ltd.

I. Important Notice

The abstract of 2020 Annual Report is excerpted from the full text of 2020 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 the meeting of the Board of Directors and deliberated the annual report.

Name of director not present	Position of director not present	Reason for absence	Name of proxy
Gao Jian Bai	Director	For work	Zhang Liang
Zhang Jian	Director	For work	Zhang Liang

Notice of non-standard audit opinions

☐ Applicable ☒ Not applicable

Proposal for profit distribution of common shares or proposal for transfer of capital reserves into share capital during the reporting period deliberated by the Board of Directors

☒ Applicable ☐ Not applicable

Transfer of capital reserves to share capital

☐ Yes ☒ No

Profit distribution plan for the common shares deliberated and approved by the Board of Directors: distribute a cash bonus of 0.1 yuan (tax included) to all shareholders for every 10 shares based on 1,235,656,249 shares, 0 bonus shares (tax included) and no common reserves transfer into share capital either.

Proposal for profit distribution of preferred shares during the reporting period adopted 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 Information	Secretary of the Board of Directors	Securities affairs representative	

Name	Peng Aiyun	Xiang Qianqian
Office 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
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E-mail	segcl@segcl.com.cn	xiangqq@segcl.com.cn

2. Main Business or Products Profile During the Reporting Period

In 2020, the company's main business included market circulation business centered on the communications market and electronic professional market, smart city and city services business centered on property management and management services, and strategic emerging business centered on inspection and testing and new energy.

3. Main Accounting Data and Financial Indexes

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

Are retrospective adjustments made to previous financial statements?

☐ Yes ☒ No

In RMB

	2020	2019	Year-on-year increase/decrease	2018
Operating income	1,403,665,817.37	1,493,227,561.06	-6.00%	1,605,787,472.11
Net profit attributable to shareholders of the listed company	25,924,861.87	78,447,278.89	-66.95%	27,852,740.23
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit and loss	-23,361,507.86	-1,694,690.46	-1,278.51%	17,223,506.49
Net cash flow from operating activities	243,544,355.42	430,499,191.36	-43.43%	167,674,153.73
Basic EPS (Yuan/share)	0.0210	0.0635	-66.93%	0.0225
Diluted EPS (yuan/share)	0.0210	0.0635	-66.93%	0.0225
Weighted average ROE	1.37%	4.17%	-2.80%	1.47%
	Year-end of 2020	Year-end of 2019	Increase/decrease at the end of current year over the end of last year	Year-end of 2018

Total assets	5,830,977,104.07	6,190,598,894.81	-5.81%	7,128,009,738.20
Net assets attributable to shareholders of the listed company	1,905,722,149.42	1,899,384,178.95	0.33%	1,867,881,216.44

(2) Quarterly Main Accounting Data

In RMB

	Q 1	Q 2	Q 3	Q 4
Operating income	192,164,935.58	584,728,114.87	301,827,368.72	324,945,398.20
Net profit attributable to shareholders of the listed company	-11,787,492.80	70,858,321.63	34,247,890.09	-67,393,857.05
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit and loss	-18,662,797.99	59,340,958.96	13,451,259.45	-77,490,928.28
Net cash flow from operating activities	-30,503,048.76	81,027,122.88	102,532,507.71	90,487,773.59

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in the company's quarterly report and semi-annual report

☐Yes ☒No

4. Share Capital and Shareholders**(1) Number of Common Shareholders and Number of Preferred Shareholders Restored with The Voting Rights, and Information on Top 10 Shareholders**

In Share

Total number of common stock shareholders at the end of the reporting period	76,438	Total number of common stock shareholders at end of the previous month before the disclosure date of the annual report	72,992	Total number of preference shareholders with voting rights recovered at end of reporting period (if any)	0	Total number of preference shareholders with voting rights recovered at end of the previous month before the disclosure date of the annual report (if any)	0
Shareholders holding more than 5% of the shares or the top 10 shareholders							
Name of	Nature of	Sharehold	Number	Changes	Number	Number of	Information on pledged or frozen

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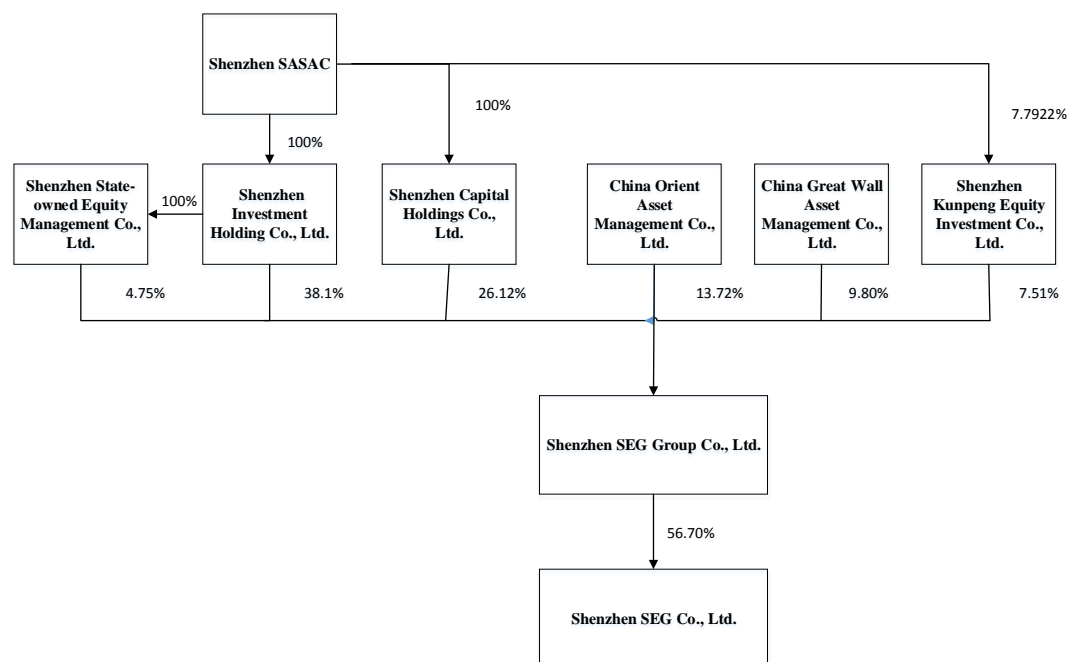
shareholder	shareholder	ing proportion	of shares held at period-end	of shares during the reporting period (+,-)	of restricted shares held	shares without restriction	shares	
							Share status	Quantity
Shenzhen SEG Group Co., Ltd.	State-owned legal person	56.70%	700,618,759	0	450,857,239	249,761,520	/	/
LI SHERYN ZHAN MING	Overseas natural person	0.73%	9,063,952	7,110,852	0	9,063,952	/	/
Liu Guocheng	Domestic natural person	0.59%	7,250,502	94,700	0	7,250,502	/	/
Hou Xiulan	Domestic natural person	0.41%	5,100,000	5,100,000	0	5,100,000	/	/
Yang Fan	Domestic natural person	0.33%	4,087,000	4,087,000	0	4,087,000	/	/
Liu Guohong	Domestic natural person	0.28%	3,402,503	84,405	0	3,402,503	/	/
Gong Qianhua	Overseas natural person	0.24%	2,940,000	0	0	2,940,000	/	/
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	0.19%	2,384,525	2,384,525	0	2,384,525	/	/
Xu Yueying	Domestic natural person	0.16%	1,972,000	72,000	0	1,972,000	/	/
Yu Yangyong	Domestic natural person	0.12%	1,516,900	1,516,900	0	1,516,900	/	/
Strategic investors or general legal persons become the top 10 shareholders due to the placement of new shares (if any)	N/A							
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 set forth in the <i>Management Methods for Disclosure of Information on Changes in Shares Held by Shareholders of the Listed Company</i> . It is unknown whether other shareholders have an association or are concerted action units or not.							

(2) Number of Preferred Shareholders and Shares Held by Top 10 Preferred Shareholders

☐ Applicable ☒ Not applicable

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

(3) Property Rights and Control Relationship Between the Company and Actual Controller in Form of a Block Diagram



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 on Corporate Bonds

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

(2) Latest Tracking Rating and Rating Changes of Corporate Bonds

CSCI Pengyuan Credit Rating Co., Ltd. issued the “2020 Tracking Credit Rating Report on 2018 Public Offering of Corporate Bonds to Qualified Investors (1st issue) (category I and II) of Shenzhen SEG Co., Ltd. (hereinafter referred to as the “Tracking Credit Rating Report”) on June 22, 2020, the credit rating of the “18 SEG 01” and “18 SEG 02” bonds maintained at AAA, and the long-term credit rating of the company’s main body maintained at AA, the rating outlook remained stable. The results of this tracking rating have not changed from the previous rating results. For details of the Tracking Credit Rating Report, please refer to the company’s announcement published on

(3) Main Accounting Data and Financial Index in Latest Two Years as of the End of the Reporting Period

In 10,000 Yuan

Item	2020	2019	Rate of change over the same period
Asset-liability ratio	57.44%	59.45%	-2.01%
EBITDA - total debt ratio	17.37%	24.28%	-6.91%
Interest coverage ratio	1.69	2.55	-33.73%

III. Operation Discussion and Analysis

1. Brief Introduction of the Operation During the Reporting Period

During the reporting period, facing of the sudden impact of the COVID-19 epidemic, the company focused on epidemic prevention and safety on the one hand, and production and operation on the other hand, and implemented comprehensive reforms oriented to promoting business development, which further improved the level of corporate governance. Through strict safety and epidemic prevention control and delicacy management, the electronic professional market was the first to resume work and production, continued to improve the service quality and customer experience of the electronic professional market, promoted the transformation and development of the electronic professional market, and consolidated the industry position of the electronic professional market. The company resolved the operating risks of SEG New City and Xi'an Kanghong through special efforts and achieved phased progress; the independently developed 600KN super-large electromagnetic vibration test system has passed the third-party inspection, marking that the company has successfully ranked among the forefront in the field of inspection and testing vibration; in response to the national policy of "carbon neutralizing and carbon peaking", actively promoted new energy business development, completed the acceptance of Hangzhou production line, and steadily developed the photovoltaic application business.

The company has implemented the "electronic market +" strategy, supported by the professional electronic market, property management and management services, and through a combination of reform and innovation, investment and mergers and acquisitions, and independent cultivation, it has actively transformed to a strategic emerging industry development platform, and continued to improve and strengthen the company's core competitiveness and sustainable development capabilities to achieve the company's high-quality development.

During the reporting period, the company completed a total operating income of 1,403.67 million yuan, a year-on-year decrease of 89.56 million yuan, falling 6%; realized a total profit of 71.18 million yuan, a year-on-year decrease of 127.78 million yuan, falling 64.23%. The main reason for the changes in income was that the Company implemented the decision and deployment of rent reduction by Shenzhen Municipal Committee & Government, rent reduction or exemption during the reporting period was 115.16 million yuan. After the reduction in rent, the company's income up slightly on a year-on-year basis; in addition to the above rent reductions, the main reason for the change in total profit was that the sales of financial equity decreased and the associated enterprises suffered year-on-year losses, and the investment income decreased by 89.26 million yuan on a

year-on-year basis. Excluding the above effects, total profit increased year-on-year.

(1) Electronic Market Circulation

The company's electronic market circulation business covers two major brands, i.e., SEG electronics market and SEG communications market. There are more than 20 companies with holdings, shareholdings, and authorized operations, with a total operating area of more than 350,000 square meters. Among them, the holding electronic markets mainly include Shenzhen SEG Electronics Market, SEG Communications Market, Xi'an SEG, Changsha SEG, Xi'an Hairong SEG, Nanjing SEG, Wujiang SEG, Shenzhen Longgang SEG, Shunde SEG, etc.

During the reporting period, in the face of the impact of the COVID-19 epidemic, the company effectively assumed the responsibility for epidemic prevention, fully organized epidemic prevention and control work, formulated epidemic prevention and control plans and emergency plans, and all employees rushed to the front line to do their best to ensure customers, materials, and operations. The company built a solid line of defense for epidemic prevention and control at the operation frontline of electronic professional market, took the lead in promoting the resumption of production and work in the electronic professional market, and ensured that the electronic professional market and the company's properties maintain stable operation. There was no case of COVID-19 infection throughout the year, and the "Red Tent" action carried out by the company in Huaqiangbei Electronics Street was reported by CCTV News, providing a reference for the resumption of production and work across the country. During the epidemic, the company's various businesses represented by the electronic market circulation business faced great pressure on operating performance, but the company still actively responded to the national call, resolutely implemented the spirit of the municipal party committee and municipal government documents, and implemented rent reduction and exemption twice for eligible tenants, accumulatively reduced rents by 115 million yuan, and the company overcame the difficulties with merchants and demonstrated the responsibility of state-owned enterprises.

During the reporting period, the company complied with the changes in market consumption habits, gradually extended to the upstream and downstream of the industrial chain based on the existing electronic market circulation business, accelerated the integration of new business formats, and gradually built a modern comprehensive electronic professional market in which multiple formats coexisted with consumer experience as the core, maintained the stable operation of the electronic market circulation business, and continued to promote the transformation and upgrading of the electronic market circulation business.

(2) Smart Cities and Urban Services (including Real Estate Development)

During the reporting period, the company steadily promoted the adjustment of industrial structure, accelerated the removal of existing inventories and made breakthrough progress. At the same time, the company vigorously developed smart city and urban service business driven by "technological innovation and high-quality service", deepened user value through refined and standardized management, enhanced customer experience, and continued to promote the improvement of urban service business service quality. In 2020, the company continued to expand new businesses and completed the acquisition of Xindongsheng Property on the basis of overcoming the impact of the epidemic and achieving stable and safe operations by strengthening team building, creating a positive and pioneering cultural atmosphere, establishing an efficient communication mechanism and a positive incentive assessment mechanism, the newly increased property service management area exceeded 10 million square meters, and the scale of operation and management, service quality, core competitiveness, and brand influence continued

to increase.

The company seized the historical opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area, the company actively made layout at optical fiber sensing, smart parking and other smart city businesses, and gradually transformed to a service provider for a better life in a comprehensive smart community with technology, digitization and intelligence through independent research and development, introduction of talents and technologies, and school-enterprise cooperation.

The Company Needs to Comply with the Disclosure Requirements of the "Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 3 - Listed Companies Engaged in Real Estate Business"

A. Macro economy and market situation analysis

During the reporting period, the central government's policy of "housing residence instead of vicious speculation" remained unchanged. In the first half of the year, due to the impact of the COVID-19 epidemic, the economy faced greater downward pressure, the real estate market in some second and third tier cities fell to some extent, the central fiscal and monetary policies worked together, and the real estate market rapidly recovered under the loose monetary environment. In the second half of the year, real estate regulation and control policies somewhat shifted. The central government emphasized that real estate should not be used as a short-term economic stimulus means, the real estate financial supervision continued to be strengthened by stabilizing land prices, house prices, and expectations, and the "three red lines" pilot was implemented. At the same time, some first-tier cities have successively upgraded their regulatory policies to stabilize housing prices and promote the rational return of the market.

B. Regional market analysis of major projects

The company's real estate projects are currently mainly in Shenzhen, Huizhou, Xi'an and Nantong.

Shenzhen: In 2020, the total supply of commercial and office properties in Shenzhen was 1,942,800 square meters. The increase in supply brought more options for commercial and office properties, and rents were lowered by a larger margin compared with the peak periods. In the medium to long term, with the implementation of the Guangdong-Hong Kong-Macao Greater Bay Area and Shenzhen's pilot demonstration zone policies, Shenzhen's six major headquarters bases are gradually taking shape, and the supply and demand of Grade A office leasing may be reversed. (Data source: Statistic data from Shenzhen Touchstone Real Estate Appraisal and Consultancy Co., Ltd.)

Huizhou: Due to the large inventory base of Huizhou commercial and office properties, the sales progress has been slow, and the overall supply has exceeded demand. Under the influence of the epidemic, the property market in Huizhou was in a stagnant stage, coupled with the continued tightening of policies and financial environment, the demand for office products in the Huizhou market has plummeted, and the destocking cycle for commercial property has been further extended. (Data source: Centaline Property)

Xi'an: On the demand side, the market was relatively flat due to the impact of the epidemic in the first half of the year; the market picked up in the second half of the year, with a number of large-scale transactions driving new

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rental demand, and net absorption turned from negative to positive. The city's Grade A office buildings had a net absorption of approximately 147,000 square meters, which was basically the same as in 2019. (Data source: Savills' report on "Xi'an Real Estate Market Review and Future Prospects in 2020")

Nantong: In 2020, Nantong's real estate investment grew rapidly, project funds were abundant, project development was relatively active, new construction area grew rapidly, and the sales area of commercial housing increased slightly on a year-on-year basis. The real estate market in Nantong has maintained a steady development trend against the background of the full spread of urban construction, the continuous implementation of various plans, and the still positive market expectations. (Data source: Nantong City Statistics Bureau).

C. New land reserve projects

N/A

D. Accumulated land reserve

N/A

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E. Development of main projects

City/ Region	Project	Location	Type of operation	Equity ratio	Construction date	Development progress	Land area (m ²)	Gross floor area (m ²)	Area complete d during the period(m ²)	Cumulative comple ted area (m ²)	Estimated total investment amount (10,000 Yuan)	Total accumulat ed investmen t amount (10,000 Yuan)
Huizhou	Huizhou SEG Holiday Plaza (Phase II)	Huizhou	Commercial, apartment	69.5 4%	2020-3-31	Under construction	8,225	23,030	0	0	28,160	18,494.38
Xi'an	Xi'an SEG Plaza	Xi'an High-Tech Zone	Commercial, office and apartment	43.4 6%	2014-12-1	Under construction	23,014.90	206,374	0	0	210,000	48,479.00

Note: The schedule of the Xi'an project has been delayed compared with the original expectation, mainly due to the tightening of policies in the real estate industry, the increasing pressure of project construction funds and the increasing development risks. SEG Property intends to transfer its 55% stake in Xi'an SEG Kanghong, found more to the "Publicly Listed Transfer of 55% Equity of Xi'an SEG Kanghong Property Co., Ltd by Controlling Subsidiary and Involving the Related Transactions" published on Juchao Website dated 4 July 2020. The project is being officially listed on the Shenzhen United Property and Share Rights Exchange.

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F. Sales of main projects

City/Region	Project	Location	Type of operation	Equity ratio	Gross floor area	Area available for sale (m ²)	Accumulated pre-sale (sales) area (m ²)	Pre-sale (sales) area for the period (m ²)	Amount of pre-sale (sales) for the period (10,000 Yuan)	Accumulative settlement area (m ²)	Settlement area for the period (m ²)	Settlement amount for the period (10,000 Yuan)
Shenzhen	SEG New City Plaza (Phase II)	Shenzhen	Office, logistics, commercial and apartment	61.12 %	105,874	105,874	65,906.73	7,319.27	28,408.15	65,487.44	8,586.69	30,346.32
Shenzhen	SEG New City Plaza (Phase I)	Shenzhen	Logistics, commercial and supporting dormitory	61.12 %	72,563	72,563	10,465.30	-	-	10,465.30	-	-
Huizhou	Oriental Venice Garden (Phase I, II)	Huizhou	Residential	69.54 %	219,470	256,349	243,375	761.48	926.83	243,242.03	1,360.03	1,369.35
Huizhou	Huizhou SEG Holiday Plaza (Phase I)	Huizhou	Commercial	69.54 %	73,761	92,233	38,517.02	656.02	825.65	38,479.51	964.51	1,199.66
Nantong	Nantong SEG Time Square	Nantong	Commercial office	100%	100,529.20	67,653.85	19,471.72	6,123.52	7,734.42	17,513.36	5,970.03	6,574.95

G. Rental of main projects

During the reporting period, the company experienced some fluctuations in property leasing due to the impact of COVID-19. The company has achieved the overall stable operation of property leasing through methods such as reducing the rents and fees, refined standardized management and strict epidemic prevention and control.

H. Primary land development

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☐ Applicable ☒ Not applicable

I. Financing channel

Financing channel	Financing balance at period-end	Financing cost ranges/Average financing cost	Term structure			
			Within one year	1-2 years	2-3 years	Over 3 years
Bank loans						
-mortgage loan	13,000	6.86%				10-year
-mortgage loan	16,400	5.225%				5-year
-mortgage loan	4,125	5.4625%				5-year
-mortgage loan	18,500	7.301%				7-year
-mortgage loan	26,000	7.056%				15-year
Note						
Bonds						
Non-bank loans						
Trust financing						
Fund financing						
Other						
Total	78,025					

J. Development strategy and business plan for the coming year

plans to increase the land reserves	Start up schedule	Panned selling conditions	Relevant financing arrangement
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N/A	Huizhou SEG Holiday Plaza project (Phase II) is expected to completed in 2021 with 100% progress of main structure and construction works, and 90% progress of water and electricity installation.	<p>1. Sales plan of SEG New City: completed the sales area of 458.21 m² for apartments and achieved a clearance sales;</p> <p>2. Sales plan of Huizhou SEG: (1) SEG Holiday Plaza project (Phase II) is expected to obtain a pre-sale license and officially sell at the end of 2021; (2) SEG Holiday Plaza project (Phase I) plans to sell an office building area of 2,490.35 m²; (3) SEG Holiday Plaza project (Phase I) plans to sell 301 parking spaces.</p> <p>3. Sales plan of Nantong SEG: completed sales of approximately 4,910 m² office products in No.1-3 Tower Building</p>	N/A
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K. Providing guarantee to commercial property purchasers for the bank mortgages

☒ Applicable ☐ Not applicable

In 10,000 Yuan

External guarantee								
Guarantee object	Disclosure date of the announcement related to guarantee amount	Guarantee amount	Actual date of occurrence (date of signing the agreement)	Actual guarantee amount	Type of guarantee	Guarantee period	Whether the performance has been completed (Y/N)	Whether it is a guarantee for related parties (Y/N)
SEG New City- Mortgage guarantee clients of CITIC Bank (Shenzhen Zhaocheng Investment Group Co., Ltd.)	2017-5-26	26,000.00	2017-7-6	0.00	Joint liability guarantee	Two years from the date of expiration of the performance period of the debt under the main contract	Y	N

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SEG New City-House purchasing clients (Bank of Communication)	2016-8-4	30,000.00	2016-5-6	2,651.00	Joint liability guarantee	10-year	N	N
SEG New City-House purchasing clients (China Merchants Bank)	2016-8-4	50,000.00	2016-5-6	1,736.00	Joint liability guarantee	10-year	N	N
SEG New City-House purchasing clients (Bank of China)	2016-8-4	30,000.00	2016-5-6	809.00	Joint liability guarantee	10-year	N	N
SEG New City-House purchasing clients (China Construction Bank)	2017-8-29	No maximum limit	2017-2-7	88.00	Joint liability guarantee	5-year	N	N
Nantong SEG- House purchasing clients (Rural Commercial Bank)	2018-9-22	1,000.00	2018-7-10	130.00	Joint liability guarantee	Not exceed ten years	N	N
Nantong SEG-House purchasing clients (Shanghai Pudong Development Bank)	2018-9-22	7,000.00	2018-7-10	906.00	Joint and several guarantee	Not exceed ten years	N	N
Nantong SEG-House purchasing clients (Industrial Bank)	2018-9-22	700.00	2018-7-10	38.00	Joint and several guarantee	Not exceed ten years	N	N

L. Directors, Supervisors and Senior Executives co-invests with the listed company (applicable to the directors, supervisors and senior executives of the listed company as the investment body)

☐ Applicable ☒ Not applicable

M. Progress of the related commercial real estate business during the reporting period

(a) Nantong SEG Time Square Project

During the reporting period, main business of the Nantong SEG is inventory sales, and achieved 6,123.52 m² subscribed sales area. By the end of December 2020, Nantong SEG has achieved a total subscribed sales area of 19,471.72 m².

(b) SEG New City Plaza Project

During the reporting period, SEG New City Plaza (Phase II) has achieved a subscribed sales area of 7,319.27 m². As of the end of December 2020, SEG New City Plaza (Phase II) has achieved a total subscribed sales area of 65,906.73 m². The logistic property of SEG New City and Building 2, Phase I have signed a sales contract. Found more to the “Announcement

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on Signing of the Material Contracts for Daily Operations” published on Juchao Website dated 26 May 2020.

(c) Huizhou Stars SEG Holiday Plaza Project

The Huizhou Stars (Phase II) is progressing as planned during the reporting period and the main project pile foundation construction has been completed.

(d) Xi'an SEG Plaza Project

During the reporting period, according to the strategic layout, the company actively promoted the transfer of Xi'an SEG Plaza. Found more to the “Publicly Listed Transfer of 55% Equity of Xi'an SEG Kanghong Property Co., Ltd by Controlling Subsidiary and Involving the Related Transactions” published on Juchao Website dated 4 July 2020. The project is being officially listed on the Shenzhen United Property and Share Rights Exchange.

(3) Strategic Emerging Industries

The company's strategic emerging industries mainly include inspection and testing business and new energy business.

During the reporting period, the company's inspection and testing business independently developed the 600KN super-large electromagnetic vibration test system, as well as the program design, modeling verification and analysis of the high-low cycle composite high-cycle fatigue test system for aero-engine blades, of which the 600KN super-large electromagnetic vibration test system passing the third-party inspections and going into use signified that the company has successfully ranked among the forefront in the field of inspection, testing and vibration, and the company's core competitiveness has continued to increase; at the same time, the company's use of independent technology to provide high-quality services for China Aerospace has been recognized.

During the reporting period, the company responded to the country's “carbon peaking and carbon neutralizing” policy, adjusted its new energy business operation strategy, vigorously developed the construction of distributed photovoltaic power plants, and used photovoltaic power generation technology as the basis to extend its business development to solar thermal, charging, energy storage, etc. The company completed the construction of the Shenzhen Higuren rooftop power station project and the China Star Optoelectronics Technology rooftop power station project, and successfully achieved grid-connected power generation; it established a joint venture with Longjiang Trading to promote the layout of the photovoltaic industry in Heilongjiang Province, cultivate the photovoltaic market, and actively promote photovoltaic energy storage, solar thermal, photovoltaic charging piles, customized photovoltaic products and other businesses. The Hangzhou production line has completed acceptance and obtained third-party certification. The power generation glass produced by the company has the advantages of beautiful appearance, flexible customization, and adjustable light transmittance. As a green building material, it has a wide range of application scenarios in the field of building integrated photovoltaics (BIPV).

2. Whether there are Major Changes in Main Business During the Reporting Period

☐Yes ☒No

3. Products Accounting for over 10% of the Company's Main Business Income or Main Business Profit

☒ Applicable ☐ Not applicable

	Operating income	Operating profit	Gross margin	Increase/decrease of operating income y-o-y	Increase/decrease of operating profit y-o-y	Increase/decrease of gross margin y-o-y
According to industries						
Electronic market and property leasing & management	944,630,133.94	140,130,131.71	28.99%	-11.35%	-47.74%	-14.46%
Real estate development	394,902,826.71	-67,499,629.65	32.72%	18.16%	19.39%	-12.35%
Trade	1,415,745.67	-427,182.12	-5.86%	-94.28%	96.83%	79.10%
Hotel	27,435,486.46	-6,987,329.96	-25.73%	-39.46%	-351.43%	-251.69%
New energy	4,728,345.15	-7,390,144.39	29.18%	48.66%	-150.69%	-18.66%
Inspection & testing	30,553,279.44	11,505,263.86	70.61%	51.54%	54.09%	2.63%

4. Whether the Characteristics of Management Seasonal or Cyclical Need Special Attention

☐Yes ☒No

5. During the Reporting Period, Note of Major Changes in Operating Income, Operating Cost, Total Net Profit Attributable to Common Stock Shareholders of Listed Company or Composing by Comparing with the Previous Reporting Period

☒ Applicable ☐ Not applicable

In 2020, the Company's total operation income was 1,403.67 million yuan with 6.00% down on a y-o-y basis, the company's total operation cost was 984.81 million yuan with a decline of 0.06% on a y-o-y basis and the net profit attributable to shareholder of listed company amounted to 25.92 million yuan, a y-o-y down of 66.95%. Main reasons for the decline of net profit attributable to shareholder of listed company including: (1) the company implements the rent reduction that decided and deployed by Shenzhen Municipal Committee and Government, approximately 115.16 million Yuan rents reduced; (2) due to the decrease in sale of financial equity and y-o-y loss of associates, the investment income has 89.26 million yuan declined on a y-o-y basis.

6. Facing Delisting

☐ Applicable ☒ Not applicable

7. Relevant Items with Financial Report Concerned

(1) Particulars about the Changes in Aspect of Accounting Policy, Accounting Estimates and Calculation Method Compared with the Financial Report of Last Year

☒ Applicable ☐ Not applicable

(1) Change of accounting policies caused by the Accounting Standards for Business Enterprises changed

The Company implemented the “Accounting Standards for Business Enterprise No.14- Revenue” (hereinafter referred to as New Revenue Standard) that revised by the Ministry of Finance since 1 January 2020. According to the provisions of the relevant old and new standards, the information of comparable periods is not adjusted. The cumulative impact of the implementation of new standards on the first implementation date is retrospectively adjusted to the amount of retained earnings at the beginning of the reporting period and other related items in the financial statement.

Main impact of the implementation of new revenue standards on the Company’s financial statement dated 1 Jan. 2020:

Item	Balance Sheet		
	2019-12-31	Impact of new revenue standard adjustments	2020-1-1
Account received in advance	219,807,547.13	-219,807,547.13	
Contract liability		219,805,326.00	219,805,326.00
Other current liability		2,221.13	2,221.13

(2) Since 1 Jan. 2020, the company has implemented the Interpretation of Accounting Standards for Business Enterprise No.13 issued by the Ministry of Finance in 2019, and change of the accounting policy is accounted for using the future application method.

(2) Retroactive Restatement due to Corrections of Major Accounting Errors During the Reporting Period

☐ Applicable ☒ Not applicable

There is no retroactive restatement due to corrections of major accounting errors during the reporting period

(3) Changes in Consolidation Scope Compared with the Financial Report of Last Year

☒ Applicable ☐ Not applicable

Compared with the previous period, the number of entities included in consolidation scope of the financial statement for the current period has one enterprise increased and one enterprise decreased:

1.The subsidiaries, special purpose entities and operation entities with control rights resulted by means of trustee operations or leases that newly incorporated into the consolidation scope for the current period:

Name	Reasons for change
Shenzhen Xindongsheng property Management Co., Ltd.	Enterprise combined under the different control

2.The subsidiaries, special purpose entities and operation entities with control rights lost by means of consignment operations or leasing that no longer included in the consolidation scope for the current period:

Name	Reasons for change
Nanning SEG Electronic Market Management Co., Ltd.	Liquidation