

Stock Code: 000025,200025

No.: 2019-030

Short Form of Stock: Tellus A, Tellus B

Shenzhen Tellus Holding Co., Ltd.

Summary of Semi-Annual Report 2019

I. Important Notice

The summary of semi-annual report is excerpted from the full text of the semi-annual report. For the details, investors should carefully read the full text of the semi-annual report published on Juchao Information website (www.cninfo.com.cn) and Shenzhen Stock Exchange Website etc., appointed by CSRC.

Board of Directors, Supervisory Committee, all directors, supervisors and senior executives of Shenzhen Tellus Holding Co., Ltd. (hereinafter referred to as the Company) hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

All directors are attended the Board Meeting for report deliberation.

Prompt of non-standard audit opinion

☐ Applicable ☒ Not applicable

Profit distribution pre-plan of common stock or capitalizing of common reserves pre-plan deliberated by the Board in the reporting period

☐ Applicable ☒ Not applicable

There is no plan of cash bonus, dividend distribution and capitalizing of common reserves carried out by the Company.

Profit distribution pre-plan of preferred stock deliberated and approved by the Board in the reporting period

☐ Applicable ☒ Not applicable

II. Company profile

1. Company profile

Short form of the stock	Tellus-A, Tellus-B	Stock code	000025, 200025
Stock exchange for listing	Shenzhen Stock Exchange		
Person/Way to contact	Secretary of the Board	Rep. of security affairs	
Name	Qi Peng	Sun Bolun	
Office add.	15/F, CNNC Building, Shennan Middle Road, Futian District, Shenzhen	15/F, CNNC Building, Shennan Middle Road, Futian District, Shenzhen	
Tel.	(0755) 83989378	(0755) 83989339	
E-mail	ir@tellus.cn	sunbl@tellus.cn	

2. Main financial data and indexes

Whether it has retroactive adjustment or re-statement on previous accounting data

☐ Yes ☒ No

	Current period	Same period of last year	Changes over last year
Operating income (RMB)	278,268,739.33	197,955,081.73	40.57%
Net profit attributable to shareholders of the listed Company (RMB)	44,779,948.60	26,920,279.86	66.34%
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (RMB)	40,593,359.72	22,098,655.68	83.69%
Net cash flow arising from operating activities (RMB)	27,434,059.30	-28,070,468.11	
Basic earnings per share (RMB/Share)	0.1039	0.0906	14.68%
Diluted earnings per share (RMB/Share)	0.1039	0.0906	14.68%
Weighted average ROE	4.17%	2.76%	1.41%
	Period-end	Period-end of last year	Changes over period-end of last year
Total assets (RMB)	1,711,571,788.47	1,658,295,531.00	3.21%
Net assets attributable to shareholder of listed Company (RMB)	1,094,989,485.95	1,050,209,537.35	4.26%

3. Number of shares and share-holding

In Share

Total common stock shareholders in reporting period-end		54,000		Total preference shareholders with voting rights recovered at end of reporting period (if applicable)		0
Top ten shareholders						
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of restricted shares held	Number of share pledged/frozen	
					State of share	Amount
Shenzhen Special Development Group Co., Ltd.	State-owned corporation	49.09%	211,591,621	65,666,365		0
Shenzhen Capital Fortune Jewelry Industry Investment Enterprise	Domestic non state-owned corporate	19.89%	85,717,844	20,716,244		0

(limited partnership)						
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	0.41%	1,746,091	548,787		0
Agricultural Bank of China Ltd. – CSI 500 ETF	Other	0.34%	1,463,324	684,483		0
Li Guangxin	Domestic nature person	0.22%	964,513	203,352		0
Huang Xinchang	Domestic nature person	0.11%	463,565	463,565		0
Ding Bingfang	Foreign nature person	0.11%	462,550	196,950		0
He Xing	Domestic nature person	0.10%	444,135	144,035		0
China CITIC Bank Corporation Limited -Jianxin Securities 500 Index Enhanced Investment Fund	Other	0.10%	430,419	294,519		0
Zeng Huiming	Foreign nature person	0.10%	419,920	224,920		0
Explanation on associated relationship among the top ten shareholders or consistent action	Among the top ten shareholders, there exists no associated relationship between the state-owned legal person's shareholders SDG, Ltd and other shareholders, and they do not belong to the consistent actionist regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Companies. For the other shareholders of circulation share, the Company is unknown whether they belong to the consistent actionist.					
Explanation on involving margin business (if applicable)	Shareholder Huang Xinchang holds 463,565 shares of the Company through security account for credit transactions, and holds 0 share of the Company via common security account, 463,565 shares are held in total by Huang.					

4. Changes of controlling shareholders or actual controller

Controlling shareholder changed in the Period

☐ Applicable ☒ Not applicable

Controlling shareholders had no change in reporting period.

Actual controller changed in the Period

☐ Applicable ☒ Not applicable

Actual controller had no change in reporting period.

5. Total preferred shareholders and top 10 shares held by preferred shareholders

☐ Applicable ☒ Not applicable

The Company has no preferred shareholders

6. Corporate bond

Whether the Company has a corporation bonds that issuance publicly and listed on stock exchange and without due on the date when semi-annual report approved for released or fail to cash in full on due

No

III. Discussion and analysis of operation

1. Operation status in the period

Does the Company need to comply with the disclosure requirements of the special industry

No

In the first half of 2019, the world economy was in a downturn, the OECD released the economic outlook for the first half of 2019, it is expected that tariffs and uncertainties in trade will affect China's economic growth. In the first quarter, China's GDP actually increased by 6.4%, which was lower than the same period of last year, the GDP growth rate is 6.2% in the second quarter, the Chinese economy is still at the bottom stage. Affected by the sluggish domestic economic environment, the automobile terminal retail market in 2018 showed its first decline in 28 years, in the first half of 2019, the production and sales volume decreased compared with the same period of last year, the auto aftermarket faced a large downward pressure. The development trends of jewelry industry showed great uncertainty, jewelers are holding a wait-and-see attitude towards industry development in 2019, the industry is still in a downturn, SMEs are closed or changed the profession, the jewelry industry is undergoing in-depth adjustment, the quantity demanded by commercial stores, office space, etc. is also correspondingly reduced, the regional channel platform for the jewelry operated by our company and the resource-based asset leasing are under great pressure.

In the face of the complicated economic situation in the first half of the year, Tellus Group has sailed in the head tide, guided by the strugglers, fully motivated the employees and activated the kinetic energy of the enterprise; intensively carried out all the key tasks, tapped the potential of old properties, and continued to lay out new projects in the jewelry market, meanwhile, strictly maintained the bottom line of risk control to ensure that the economic indicators of our company in the first half of the year exceeded the same period last year.

In the reporting period, the Company achieved operating income of 278.2687 million Yuan, an increase of 80.3136 million Yuan or 40.57% compared with 197.9551 million Yuan in the same period of last year; growth of the income mainly due to the operation revenue from Phase I of Jewelry Building and income of jewelry wholesale from Sichuan Jewelry Company. The total profit was 51.0208 million Yuan, an increase of 22.5665 million Yuan compared with 28.4543 million Yuan in same period of last year, net profit attributable to the parent Company was 44.7799 million Yuan, an increase of 17.8596 million Yuan or 66.37% compared with 26.9203 million Yuan in the same period of last year.

2. Matters relevant to financial report

(1) Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the accounting period of last year

√Applicable □ Not applicable

(1) Changes in Accounting policy

①Changes in accounting policies for execution of the new financial instrument standards

On March 31, 2017, the Ministry of Finance issued the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments (Revised in 2017) (CK [2017] No. 7) and Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets (Revised in 2017) (CK [2017] No. 8), Accounting Standards for Business Enterprises No. 24 - Hedge Accounting (Revised in 2017) (CK [2017] No. 9) respectively, and issued Accounting Standards for Business Enterprises No. 37 – Financial Instruments Presentation (Revised in 2017) (CK [2017] No. 14) on May 2, 2017 (the above-mentioned standards are collectively referred to as the “New Financial Instruments Standards”), domestic listed companies are required to implement the new financial instrument standards since 1 Jan. 2019.

Approved by the resolution of 2nd session of 9th BOD dated 1 April 2019, the Company will implement the above mentioned new financial instrument standards since 1 Jan. 2019.

All recognized financial assets under the new financial instrument standard are subsequently measured at amortized cost or fair value. On the implementation date of the new financial instrument standard, the business model of managing financial assets is evaluated based on the facts and circumstances of the Company on the day, and the contractual cash flow characteristics of the financial assets are evaluated based on the facts and circumstances at the initial recognition of the financial assets. Financial assets are classified into three categories: those measured at amortized cost, those measured at fair value and the changes are included in other comprehensive income, and those measured at fair value and the changes are included in current profit or loss. Among them, for the equity instrument investment measured at fair value and whose changes are included in other comprehensive income, when the financial asset is derecognized, the accumulated gain or loss previously included in other comprehensive income shall be transferred from other comprehensive income to retained earnings, but not included in the current profit and loss.

Under the new financial instrument standard, the Company makes the impairment provision and confirms the credit impairment losses for financial assets measured at amortized cost, debt instrument investments measured at fair value and whose changes are included in other comprehensive income, lease receivables, contract assets and the financial guarantee contracts based on expected credit losses.

The Company traces the application of the new financial instrument standards, but the Company chooses not to restate the classification and measurement (including impairment) involving the inconsistency between the previous comparative financial statement data and the new financial instrument standards. Therefore, for the

cumulative impact of the implementation of the standard for the first time, the Company adjusted the retained earnings or other comprehensive income at the beginning of 2019 and the amount of other related items in the financial statements, and the financial statements for 2018 didn't restate it.

The main changes and impacts of the implementation of the new financial instruments standards on the Company are as follows:

Some non-trading equity investments held by the Company on or after January 1, 2019 are designated as financial assets measured at fair value and whose changes are included in other comprehensive income, and are presented as other equity instrument investments.

A- Category and measuring contrast of the financial instrument after/before the date when initially implementation

a- impact on consolidate financial statement

2018-12-31(before change)			2019-1-1(after change)		
Item	Measurement category	Book value	Item	Measurement category	Book value
Available-for-sale financial assets	Measured by cost (equity instrument)	10,176,617.20	Other equity instrument investment	Measured by fair value and with its variation reckoned into other comprehensive income	10,176,617.20
Other current assets	Measured by fair value and with its variation reckoned into current gain/loss	330,400,000.00	Trading financial assets	Measured by fair value and with its variation reckoned into current gain/loss	330,400,000.00

b-impact on financial statement of the Company

2018-12-31(before change)			2019-1-1(after change)		
Item	Measurement category	Book value	Item	Measurement category	Book value
Available-for-sale financial assets	Measured by cost (equity instrument)	10,176,617.20	Other equity instrument investment	Measured by fair value and with its variation reckoned into other comprehensive income	10,176,617.20
Other current assets	Measured by fair value and with its variation reckoned into	195,000,000.00	Trading financial assets	Measured by fair value and with its variation reckoned into current gain/loss	195,000,000.00

2018-12-31(before change)			2019-1-1(after change)		
Item	Measurement category	Book value	Item	Measurement category	Book value
	current gain/loss				

B- On first implementation day, adjustment statement of the category and measurement for former financial instrument and those adjusted with new financial instrument standards

a- impact on consolidate statement

Item	2018-12-31(before change)	Re-classified	Re-measured	2019-1-1(after change)
Measured by fair value and with its variation reckoned into other comprehensive income:				
Available-for-sale financial assets (former standard)	10,176,617.20			
Less: transfer to other equity instrument investment		10,176,617.20		
Balance under new financial instrument standard				
Other equity instrument investment	—			
Add: transfer in from available-for-sale financial assets (former standard)		10,176,617.20		10,176,617.20
Balance under new financial instrument standard				10,176,617.20
Measured by fair value and with its variation reckoned into current gain/loss:				
Other current assets	332,432,494.44			
Less: transfer to trading financial assets		330,400,000.00		

Item	2018-12-31(before change)	Re-classified	Re-measured	2019-1-1(after change)
Balance under new financial instrument standard				2,032,494.44
Trading financial assets	—			
Add: transfer-in from other current assets		330,400,000.00		
Balance under new financial instrument standard				330,400,000.00

b. impact on financial statement of the Company

Item	2018-12-31(before change)	Re-classified	Re-measured	2019-1-1(after change)
Measured by fair value and with its variation reckoned into other comprehensive income:				
Available-for-sale financial assets (former standard)	10,176,617.20			
Less: transfer to other equity instrument investment		10,176,617.20		
Balance under new financial instrument standard				
Other equity instrument investment	—			
Add: transfer in from available-for-sale financial assets (former standard)		10,176,617.20		10,176,617.20
Balance under new financial instrument standard				10,176,617.20
Measured by fair value and with its				

Item	2018-12-31(before e change)	Re-classified	Re-measured	2019-1-1(after change)
variation reckoned into current gain/loss:				
Other current assets	195,506,958.35			
Less: transfer to trading financial assets		195,000,000.00		
Balance under new financial instrument standard				506,958.35
Trading financial assets	—			
Add: transfer-in from other current assets		195,000,000.00		
Balance under new financial instrument standard				195,000,000.00

C- On first implementation day, adjustment on the impairment provision for financial assets

a- impact on consolidate statement

Measurement category	2018-12-31(before change)	Re-classified	Re-measured	2019-1-1(after change)
Amortized cost:				
Impairment of held-to-maturity investment	20,000.00	20,000.00		
Measured by fair value and with its variation reckoned into other comprehensive income(equity instrument) :				
Impairment provision for other creditors' investment	—	20,000.00		20,000.00

(2) Changes of accounting estimate

Contents, causes and applicable time points of accounting estimation change	Approval procedure	Items impact	Amount impact
The Company considers the architectural design and construction standards of newly completed buildings and the accelerating update speed of computer equipment, in order to make the company's accounting estimates better conform to the actual use of assets, more accurately reflect the period during which assets provide economic benefits to enterprises and the actual assets consumption of every term, and more objectively and truthfully reflect the company's financial status and operating results, the resolution of the second meeting of the 9 th Board of Directors of the Company on April 1, 2019 passed that the Company would change the service life of buildings from 35 years to 35-40 years and change the depreciable life of computer equipment in electronic equipment from 7 years to 5 years on the date of the resolution.	Internal procedures	Fixed assets, Investment real estate, main business cost, administrative expenses	337,023.38

(2) Particulars about retroactive restatement on major correction for accounting errors in reporting period

☐ Applicable ☒ Not applicable

The Company had no particulars about retroactive restatement on major correction for accounting errors in the reporting period.

(3) Particulars about the change of consolidation range compared with the accounting period of last year

☐ Applicable ☒ Not applicable

The Company had no particular about the change of consolidation range compared in reporting period.