

SHENZHEN TELLUS HOLDING CO., LTD.

Financial Report

Semi-Annual Report 2020

(Un-audited)

August 2020

Financial statements

1. Consolidated balance sheet

2020-06-30

In RMB

Item	2020-6-30	2019-12-31
Current assets:		
Monetary funds	333,609,309.62	428,851,606.04
Settlement provisions		
Capital lent		
Tradable financial assets	115,128,569.86	60,486,575.34
Derivative financial assets		
Note receivable		
Account receivable	60,519,075.70	112,613,224.27
Receivable financing		
Accounts paid in advance	17,088,141.12	12,683,603.89
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	45,617,678.95	44,908,546.40
Including: Interest receivable		
Dividend receivable	39,647,732.42	39,647,732.42
Buying back the sale of financial assets		
Inventories	15,113,989.46	21,389,602.83
Contractual assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	2,970,702.64	3,403,969.23
Total current assets	590,047,467.35	684,337,128.00
Non-current assets:		
Loans and payments on behalf		

Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment	170,700,410.89	162,178,544.05
Investment in other equity instrument	10,176,617.20	10,176,617.20
Other non-current financial assets		
Investment real estate	545,498,309.35	554,599,503.55
Fixed assets	104,203,903.95	107,119,796.59
Construction in progress	74,408,194.38	47,654,393.55
Productive biological asset		
Oil and gas asset		
Right-of-use assets		
Intangible assets	49,968,510.91	50,561,225.67
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	12,895,310.28	13,606,805.49
Deferred income tax asset	8,639,491.29	8,658,962.39
Other non-current asset	9,517,049.06	6,889,167.54
Total non-current asset	986,007,797.31	961,445,016.03
Total assets	1,576,055,264.66	1,645,782,144.03
Current liabilities:		
Short-term loans	0.00	
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable		
Account payable	67,591,547.16	69,087,430.42
Accounts received in advance	14,416,295.28	27,299,822.71
Contractual liability		
Selling financial asset of repurchase		

Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	30,992,026.80	31,204,794.89
Taxes payable	13,159,531.35	71,425,267.61
Other account payable	99,453,009.14	101,266,802.49
Including: Interest payable		
Dividend payable		
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	225,612,409.73	300,284,118.12
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	0.00	
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable	3,920,160.36	3,920,160.36
Long-term wages payable		
Accrual liability	2,225,468.76	2,225,468.76
Deferred income	139,400.00	139,400.00
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	6,285,029.12	6,285,029.12
Total liabilities	231,897,438.85	306,569,147.24
Owner's equity:		
Share capital	431,058,320.00	431,058,320.00

Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	431,449,554.51	431,449,554.51
Less: Inventory shares		
Other comprehensive income	26,422.00	26,422.00
Reasonable reserve		
Surplus public reserve	21,007,488.73	21,007,488.73
Provision of general risk		
Retained profit	394,914,047.12	387,423,510.78
Total owner's equity attributable to parent company	1,278,455,832.36	1,270,965,296.02
Minority interests	65,701,993.45	68,247,700.77
Total owner's equity	1,344,157,825.81	1,339,212,996.79
Total liabilities and owner's equity	1,576,055,264.66	1,645,782,144.03

Legal representative: Fu Chunlong

Accounting Principal: Lou Hong

Accounting Firm's Principal: Liu Yuhong

2. Balance Sheet of Parent Company

In RMB

Item	2020-6-30	2019-12-31
Current assets:		
Monetary funds	149,476,502.21	201,885,691.27
Trading financial assets		40,324,383.56
Derivative financial assets		
Note receivable		
Account receivable	2,487,958.11	206,710.76
Receivable financing		
Accounts paid in advance	16,500.00	100,000.00
Other account receivable	136,039,446.63	116,037,773.09
Including: Interest receivable		

Dividend receivable	547,184.35	547,184.35
Inventories		
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	2,304,943.56	1,419,760.18
Total current assets	290,325,350.51	359,974,318.86
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	868,070,987.03	859,355,040.60
Investment in other equity instrument	10,176,617.20	10,176,617.20
Other non-current financial assets		
Investment real estate	38,164,135.64	39,616,602.02
Fixed assets	13,680,941.18	14,012,830.64
Construction in progress	50,643,962.68	35,321,704.26
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	48,418,670.74	48,953,266.56
Research and development costs		
Goodwill		
Long-term deferred expenses	2,460,433.45	2,639,122.63
Deferred income tax assets	3,538,377.94	3,557,849.04
Other non-current assets	9,417,049.06	6,789,167.54
Total non-current assets	1,044,571,174.92	1,020,422,200.49
Total assets	1,334,896,525.43	1,380,396,519.35
Current liabilities		
Short-term borrowings		
Trading financial liability		
Derivative financial liability		
Notes payable		

Account payable	14,000.00	14,000.00
Accounts received in advance	7,849.53	
Contractual liability		
Wage payable	17,856,341.97	8,199,278.01
Taxes payable	677,021.46	54,684,929.01
Other accounts payable	259,193,066.48	257,260,350.77
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	277,748,279.44	320,158,557.79
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable		
Accrued liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	277,748,279.44	320,158,557.79
Owners' equity:		
Share capital	431,058,320.00	431,058,320.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		

Capital public reserve	428,256,131.23	428,256,131.23
Less: Inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	21,007,488.73	21,007,488.73
Retained profit	176,826,306.03	179,916,021.60
Total owner's equity	1,057,148,245.99	1,060,237,961.56
Total liabilities and owner's equity	1,334,896,525.43	1,380,396,519.35

3. Consolidated Profit Statement

In RMB

Item	2020 semi-annual	2019 semi-annual
I. Total operating income	197,051,790.29	278,268,739.33
Including: Operating income	197,051,790.29	278,268,739.33
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	177,927,309.69	243,457,096.79
Including: Operating cost	154,774,587.52	210,494,012.42
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Tax and extras	1,376,727.57	2,968,165.06
Sales expense	6,776,144.54	9,358,514.29
Administrative expense	17,202,000.61	16,878,629.26
R&D expense		
Financial expense	-2,202,150.55	3,757,775.76

Including: Interest expenses	46,986.20	4,765,937.06
Interest income	2,453,494.99	1,152,054.69
Add: other income	52,846.70	6,611.29
Investment income (Loss is listed with “-”)	12,881,490.50	16,711,450.93
Including: Investment income on affiliated company and joint venture	8,521,866.84	10,775,524.54
The termination of income recognition for financial assets measured by amortized cost(Loss is listed with “-”)		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)	-356,102.35	
Loss of credit impairment (Loss is listed with “-”)	599,201.43	101,666.14
Losses of devaluation of asset (Loss is listed with “-”)		0.00
Income from assets disposal (Loss is listed with “-”)		103,159.68
III. Operating profit (Loss is listed with “-”)	32,301,916.88	51,734,530.58
Add: Non-operating income	946,106.92	119,625.44
Less: Non-operating expense	29,059.48	833,400.00
IV. Total profit (Loss is listed with “-”)	33,218,964.32	51,020,756.02
Less: Income tax expense	6,448,306.06	6,038,256.76
V. Net profit (Net loss is listed with “-”)	26,770,658.26	44,982,499.26
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with “-”)	26,770,658.26	44,982,499.26
2.termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	25,594,985.78	44,779,948.60

2.Minority shareholders' gains and losses	1,175,672.48	202,550.66
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
Net after-tax of other comprehensive		

income attributable to minority shareholders		
VII. Total comprehensive income	26,770,658.26	44,982,499.26
Total comprehensive income attributable to owners of parent Company	25,594,985.78	44,779,948.60
Total comprehensive income attributable to minority shareholders	1,175,672.48	202,550.66
VIII. Earnings per share:		
(i) Basic earnings per share	0.0594	0.1039
(ii) Diluted earnings per share	0.0594	0.1039

Enterprise combine under the same control in the Period, the combined party realized net profit of 0 Yuan before combination, and realized 0 Yuan at last period for combined party

Legal representative: Fu Chunlong

Accounting Principal: Lou Hong

Accounting Firm's Principal: Liu Yuhong

4. Profit Statement of Parent Company

In RMB

Item	2020 semi-annual	2019 semi-annual
I. Operating income	13,120,854.52	19,112,054.55
Less: Operating cost	3,857,719.57	1,774,557.00
Taxes and surcharge	409,089.36	786,231.07
Sales expenses	1,569,961.98	
Administration expenses	12,509,528.85	8,507,495.18
R&D expenses		
Financial expenses	-961,656.89	2,775,796.55
Including: interest expenses		3,610,643.70
Interest income	1,050,258.70	851,734.70
Add: other income	21,849.42	
Investment income (Loss is listed with "-")	19,230,523.18	11,794,465.45
Including: Investment income on affiliated Company and joint venture	8,715,946.43	8,376,471.67

The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)	-324,383.56	
Loss of credit impairment (Loss is listed with “-”)		-18,945.66
Losses of devaluation of asset (Loss is listed with “-”)		
Income on disposal of assets (Loss is listed with “-”)		
II. Operating profit (Loss is listed with “-”)	14,664,200.69	17,043,494.54
Add: Non-operating income	-18,810.00	19,425.71
Less: Non-operating expense		
III. Total Profit (Loss is listed with “-”)	14,645,390.69	17,062,920.25
Less: Income tax	-369,343.18	764,471.10
IV. Net profit (Net loss is listed with “-”)	15,014,733.87	16,298,449.15
(i)continuous operating net profit (net loss listed with “-”)	15,014,733.87	16,298,449.15
(ii) termination of net profit (net loss listed with “-”)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of		

enterprise's credit risk		
5. Other		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Other comprehensive income under equity method that can transfer to gain/loss		
2. Change of fair value of other debt investment		
3. Amount of financial assets re-classify to other comprehensive income		
4. Credit impairment provision for other debt investment		
5. Cash flow hedging reserve		
6. Translation differences arising on translation of foreign currency financial statements		
7. Other		
VI. Total comprehensive income	15,014,733.87	16,298,449.15
VII. Earnings per share:		
(i) Basic earnings per share	0.0348	0.0378
(ii) Diluted earnings per share	0.0348	0.0378

5. Consolidated Cash Flow Statement

In RMB

Item	2020 semi-annual	2019 semi-annual
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	263,485,972.58	275,395,004.65
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		

Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received		
Other cash received concerning operating activities	38,218,429.50	30,288,007.02
Subtotal of cash inflow arising from operating activities	301,704,402.08	305,683,011.67
Cash paid for purchasing commodities and receiving labor service	142,251,999.24	212,542,573.51
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	24,589,002.12	26,091,445.73
Taxes paid	68,873,589.78	9,452,428.27
Other cash paid concerning operating activities	48,683,488.74	30,162,504.86

Subtotal of cash outflow arising from operating activities	284,398,079.88	278,248,952.37
Net cash flows arising from operating activities	17,306,322.20	27,434,059.30
II. Cash flows arising from investing activities:		
Cash received from recovering investment	755,800,000.00	965,735,585.20
Cash received from investment income	4,556,873.60	5,967,222.92
Net cash received from disposal of fixed, intangible and other long-term assets	6,400.00	78,500.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		20,870,000.00
Subtotal of cash inflow from investing activities	760,363,273.60	992,651,308.12
Cash paid for purchasing fixed, intangible and other long-term assets	37,821,844.32	34,041,146.15
Cash paid for investment	810,800,000.00	904,100,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	848,621,844.32	938,141,146.15
Net cash flows arising from investing activities	-88,258,570.72	54,510,161.97
III. Cash flows arising from financing activities		
Cash received from absorbing investment		20,000,000.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		

Cash received from loans		158,020,000.00
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		178,020,000.00
Cash paid for settling debts	2,952,372.85	198,814,887.55
Cash paid for dividend and profit distributing or interest paying	21,825,829.24	4,756,413.09
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	24,778,202.09	203,571,300.64
Net cash flows arising from financing activities	-24,778,202.09	-25,551,300.64
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	88.42	9.84
V. Net increase of cash and cash equivalents	-95,730,362.19	56,392,930.47
Add: Balance of cash and cash equivalents at the period -begin	400,668,257.81	142,848,120.69
VI. Balance of cash and cash equivalents at the period -end	304,937,895.62	199,241,051.16

6. Cash Flow Statement of Parent Company

In RMB

Item	2020 semi-annual	2019 semi-annual
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	4,151,391.53	14,820,726.01
Write-back of tax received	0	
Other cash received concerning operating activities	40,826,847.87	6,580,839.48

Subtotal of cash inflow arising from operating activities	44,978,239.40	21,401,565.49
Cash paid for purchasing commodities and receiving labor service	239,375.15	
Cash paid to/for staff and workers	11,892,984.82	7,850,812.96
Taxes paid	54,859,179.71	1,157,332.91
Other cash paid concerning operating activities	46,163,081.37	14,812,259.31
Subtotal of cash outflow arising from operating activities	113,154,621.05	23,820,405.18
Net cash flows arising from operating activities	-68,176,381.65	-2,418,839.69
II. Cash flows arising from investing activities:		
Cash received from recovering investment	307,000,000.00	500,000,000.00
Cash received from investment income	10,641,433.09	3,996,094.69
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		20,870,000.00
Subtotal of cash inflow from investing activities	317,641,433.09	524,866,094.69
Cash paid for purchasing fixed, intangible and other long-term assets	17,257,856.83	7,675,914.33
Cash paid for investment	267,000,000.00	487,000,000.00
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	284,257,856.83	494,675,914.33
Net cash flows arising from investing	33,383,576.26	30,190,180.36

activities		
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans		143,000,000.00
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		143,000,000.00
Cash paid for settling debts		143,000,000.00
Cash paid for dividend and profit distributing or interest paying	18,104,449.44	3,670,662.11
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	18,104,449.44	146,670,662.11
Net cash flows arising from financing activities	-18,104,449.44	-3,670,662.11
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	-52,897,254.83	24,100,678.56
Add: Balance of cash and cash equivalents at the period -begin	173,702,343.04	62,172,486.14
VI. Balance of cash and cash equivalents at the period -end	120,805,088.21	86,273,164.70

7. Statement of Changes in Owners' Equity (Consolidated)

Current period

In RMB

Item	2020 semi-annual														
	Owners' equity attributable to the parent Company												Minority interests	Total owners' equity	
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surpluses reserve	Provision of general risk	Retained profit	Other			Subtotal
		Preferred stock	Perpetual capital	Other											

			al secur ities				e								
I. Balance at the end of the last year	431,058,320.00				431,449,554.51		26,422.00		21,007,488.73		387,423,510.78		1,270,965,296.02	68,247,700.77	1,339,212,996.79
Add: Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. Balance at the beginning of this year	431,058,320.00				431,449,554.51		26,422.00		21,007,488.73		387,423,510.78		1,270,965,296.02	68,247,700.77	1,339,212,996.79
III. Increase/Decrease in this year (Decrease is listed with "-")											7,490,536.34		7,490,536.34	-2,545,707.32	4,944,829.02
(i) Total comprehensive income											25,594,985.78		25,594,985.78	1,175,672.48	26,770,658.26
(ii) Owners' devoted and decreased capital															
1.Common shares invested by shareholders															
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other															

(III) Profit distribution											-18,104,449.44		-18,104,449.44	-3,721,379.80	-21,825,829.24
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)											-18,104,449.44		-18,104,449.44	-3,721,379.80	-21,825,829.24
4. Other															
(IV) Carrying forward internal owners' equity															
1. Capital reserves conversed to capital (share capital)															
2. Surplus reserves conversed to capital (share capital)															
3. Remedying loss with surplus reserve															
4. Carry-over retained earnings from the defined benefit plans															
5. Carry-over retained earnings from other comprehensive income															
6. Other															
(V) Reasonable reserve															
1. Withdrawal in the report period															
2. Usage in the report period															

(VI)Others															
IV. Balance at the end of the report period	431,058,320.00				431,449,554.51		26,422.00		21,007,488.73		394,914,047.12		1,278,455,832.36	65,701,993.45	1,344,157,825.81

Last period

In RMB

Item	2019 semi-annual														
	Owners' equity attributable to the parent Company												Minorit y interest s	Total owners', equity	
	Share capita l	Other equity instrument			Capital reserve	Less: Invent ory shares	Other compr ehensi ve incom e	Reaso nable reserve	Surplu s reserve	Provisi on of genera l risk	Retain ed profit	Other			Subtot al
		Prefe rred stock	Perp etual capit al secur ities	Other											
I. Balance at the end of the last year	297,281,600.00				565,226,274.51		26,422.00		3,139,918.14		184,535,322.70		1,050,209,537.35	49,072,678.52	1,099,282,215.87
Add: Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. Balance at the beginning of this year	297,281,600.00				565,226,274.51		26,422.00		3,139,918.14		184,535,322.70		1,050,209,537.35	49,072,678.52	1,099,282,215.87
III. Increase/ Decrease in this year (Decrease is listed with “-”)	133,776,720.00				-133,776,720.00						44,779,948.60		44,779,948.60	20,202,550.66	64,982,499.26
(i) Total comprehensive income											44,779,948.60		44,779,948.60	202,550.66	44,982,499.26
(ii) Owners', devoted and decreased														20,000,000.00	20,000,000.00

capital															
1.Common shares invested by shareholders														20,000,000.00	20,000,000.00
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other															
(III) Profit distribution															
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)															
4. Other															
(IV) Carrying forward internal owners' equity	133,776,720.00				-133,776,720.00										
1. Capital reserves conversed to capital (share capital)	133,776,720.00				-133,776,720.00										
2. Surplus reserves conversed to capital (share capital)															
3. Remedying loss with surplus reserve															
4. Carry-over retained earnings from the defined benefit plans															

5. Carry-over retained earnings from other comprehensive income															
6. Other															
(V) Reasonable reserve															
1. Withdrawal in the report period															
2. Usage in the report period															
(VI) Others															
IV. Balance at the end of the report period	431,058,320.00				431,449,554.51		26,422.00		3,139,918.14		229,315,271.30		1,094,989,485.95	69,275,229.18	1,164,264,715.13

8. Statement of Changes in Owners' Equity (Parent Company)

Current period

In RMB

Item	2020 semi-annual											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferr ed stock	Perpet ual capital securiti es	Other								
I. Balance at the end of the last year	431,058,320.00				428,256,131.23				21,007,488.73	179,916,021.60		1,060,237,961.56
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	431,058,320.00				428,256,131.23				21,007,488.73	179,916,021.60		1,060,237,961.56
III. Increase/										-3,089,		-3,089,715

Decrease in this year (Decrease is listed with “-”)										715.57		.57
(i) Total comprehensive income										15,014,733.87		15,014,733.87
(ii) Owners’ devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit distribution										-18,104,449.44		-18,104,449.44
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-18,104,449.44		-18,104,449.44
3. Other												
(IV) Carrying forward internal owners’ equity												
1. Capital reserves conversed to capital (share capital)												
2. Surplus reserves conversed to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												

5. Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI) Others												
IV. Balance at the end of the report period	431,058,320.00				428,256,131.23				21,007,488.73	176,826,306.03		1,057,148,245.99

Last period

In RMB

Item	2019 semi-annual											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventor y shares	Other compre hensive income	Reasonab le reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferr ed stock	Perpet ual capital securit ies	Other								
I. Balance at the end of the last year	297,281,600.00				562,032,851.23				3,139,918.14	18,545,850.31		881,000,219.68
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	297,281,600.00				562,032,851.23				3,139,918.14	18,545,850.31		881,000,219.68
III. Increase/ Decrease in this year (Decrease is listed with "-")	133,776,720.00				-133,776,720.00					16,298,449.15		16,298,449.15

(i) Total comprehensive income										16,298,449.15		16,298,449.15
(ii) Owners' devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)												
3. Other												
(IV) Carrying forward internal owners' equity	133,776,720.00				-133,776,720.00							
1. Capital reserves conversed to capital (share capital)	133,776,720.00				-133,776,720.00							
2. Surplus reserves conversed to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined												

benefit plans												
5 . Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI)Others												
IV. Balance at the end of the report period	431,058,320.00				428,256,131.23				3,139,918.14	34,844,299.46		897,298,668.83

Shenzhen Tellus Holding Co., Ltd.

Notes to Financial Statements (Jan.-Jun. 2020)

(The unit is RMB unless otherwise specified)

I. Company profiles

1. Company profile

Chinese name of the Company: 深圳市特力(集团)股份有限公司

Foreign name of the Company: ShenZhen Tellus Holding Co.,Ltd

Registered address of the Company: 3/F, Tellus Building, No.56, Shui Bei Er Road, Luohu District, Shenzhen

Office address of the Company: 3/F, 4/F, Tellus Building, No.56, Shui Bei Er Road, Luohu District, Shenzhen

Stock exchange for listing: Shenzhen Stock Exchange

Short form of the stock and Stock code: Tellus-A(000025),Tellus-B(200025)

Registered capital: RMB 431,058,300

Legal representative: Fu Chunlong

Unified social credit code: 91440300192192210U

2. Business scope and major products and services of the Company

Business scope: Investment in industries (a separate application would be made for specific project); domestic commerce, supply and distribution of materials (excluding those commodities subject to exclusive operation, control and sale); rental and management of independently-owned properties. Operation of the products produced by the Company and its subsidiaries, productive materials used by us, and import and export of metal proceeding machinery and general components; the import and export business is subject to the foreign trade certificate Shen Mao Guan Zheng Zi No. 098.

Major products and services: automobile sales, auto maintenance and inspection, sales of jewelry, property leasing and service.

3. History of the Company

Shenzhen Testrite Group Co., Ltd. (hereinafter referred to as the Company), previously known as Shenzhen Machinery Industry Company, was incorporated on 10 November 1986. In 1992, as authorized by the reply relating to Shenzhen Machinery Industry Company transforming to Shenzhen Testrite Machinery Co., Ltd.(SFBF[1991]1012) issued by the Office of Shenzhen People Government, Shenzhen Machinery Industry Company was transformed to Shenzhen Testrite Machinery Co., Ltd. in 1993, as authorized by the reply relating to Shenzhen Testrite Machinery Co., Ltd. transforming to a public company (SFBF[1992]1850) issued by the

Office of Shenzhen People Government and the reply relating to issuance of stocks by Shenzhen Testrite Machinery and Electric Co., Ltd. (SRYFZ[1993]092) issued by Shenzhen branch of People's Bank of China, Shenzhen Testrite Machinery Co., Ltd. changed to be a public company and made the initial public offering. The name of the Company changed to Shenzhen Testrite Machinery and Electric Co., Ltd., with a total share capital of 166,880,000 shares, among which, 120,900,000 shares were converted from the original assets and 45,980,000 shares were newly issued. The newly issued shares comprises of 25,980,000 RMB ordinary shares (A shares) and 20,000,000 RMB special shares (B shares). In June 1993, as approved by the reply relating to listing of Shenzhen Testrite Machinery and Electric Co., Ltd. (SZBF[1993]34) issued by Shenzhen Securities Management Office and the Listing Grant issued by Shenzhen Stock Exchange(SZSZ[1993]22), Shenzhen Testrite Machinery and Electric Co., Ltd. was listed on Shenzhen Stock Exchange. On 15 March 1993, being approved by branch of Shenzhen Special Economic Zone of People's Bank of China "Shen Ren Yin Fu Zi (1993) No.: 092", the Company released 25.98 million registered common A shares with RMB 1.00 par value as well as 20 million B shares. And the Company renamed as Shenzhen Tellus Holding Co., Ltd. instead of Shenzhen Testrite Machinery Co., Ltd. dated 30 June 1994 after approval from the Shenzhen Administration for Industry and commerce. As of 30 June 2020, the Company has 431,058,300 shares issued in total.

There are 16 subsidiaries including Shenzhen Zhongtian Industrial Co., Ltd., Sichuan Tellus Jewelry Tech. Co., Ltd and Shenzhen Huari Toyota Auto Sales Service Co., Ltd included in the consolidate scope of the Company in the Period, found more in the explanation carry in Note VII and Note VIII.

This financial statement is approved for disclosure by resolution from the Board dated 26 August 2020.

II. Basis Preparation of the Financial Statements

1.Preparation base

Financial statement of the Company is prepared on a going concern basis.

2. Going concern

The Company does not have any events or circumstances that would cause significant doubt about its ability to continue as a going concern within 12 months from the end of the reporting period.

III. Important accounting policy & accounting estimation

Specific accounting policies and estimation attention:

Important tips: according to the characteristics of the actual production and operation, the Company formulated specific accounting policies and estimation for transactions or events such as impairment of financial instruments, depreciation of fixed assets, amortization of intangible assets and revenue recognition.

1. Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company are in accordance to requirements of Accounting Standard for Business Enterprise, which truly and completely reflect the financial status of the Company, as well as the operation results and cash flows.

2. Accounting period

Accounting period of the Company is falls to the range starting from 1 January to 31 December.

3. Operating cycle

Operating cycle of the Company's business is relatively short, and 12 months is taken as the liquidity division standard of assets and liabilities.

4. Standard currency

The Company and its subsidiaries take RMB as the standard currency for bookkeeping.

5. Accounting treatment method for business combination under the same control and business combination not under the same control

1. Accounting treatment method for business combination under the same control

The assets and liabilities acquired by the company in a business combination shall be measured according to the book value of the combined party in the consolidated financial statements of the ultimate controlling party on the combination date. The company adjusts the capital reserve according to the difference between the book value share of the combined party's owner's equity in the ultimate controlling party's consolidated financial statements and the book value of the combined consideration paid or the total face value of the issued shares; if the capital reserve is insufficient to offset, adjust the retained earnings.

2. Accounting treatment method for business combination not under the same control

The difference between the company's combined cost and the fair value share of the acquiree's identifiable net assets acquired in the combination on the purchase date is recognized as goodwill; if the combination cost is less than the fair value share of the acquiree's identifiable net assets acquired in the combination, review the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the combination cost in the first place. After the review, if the combination cost is still less than the fair value of the acquiree's identifiable net assets obtained in the combination, the difference is included in the current profit and loss.

6. Methods for preparation of consolidated financial statements

All subsidiaries controlled by the parent company are included in the consolidation scope of the consolidated

financial statements. The consolidated financial statements are based on the financial statements of the parent company and its subsidiaries, and prepared by the parent company in accordance with the Accounting Standards for Business Enterprise No.33- Consolidated Financial Statement according to other relevant information.

7. Classification of joint venture arrangement and accounting for joint operations

1. Joint venture arrangements are divided into joint operations and joint ventures.
2. When the Company is a joint venture party of a joint venture arrangement, recognizes its proportion of interests in joint operation as related to the Company:
 - (1) To recognize separately-held assets and jointly-held assets under its proportion;
 - (2) To recognize separately-assumed liabilities and jointly-assumed liabilities under its proportion;
 - (3) To recognize revenue from disposal of the output which the Company is entitled to under the proportion;
 - (4) To recognize revenue from disposal of the output under the proportion;
 - (5) To recognize separately occurred expenses, and to recognize expenses occurred for joint operations under its proportion.

8. Recognition standards for cash and cash equivalents

The cash carry in cash flow statement refers to the stock cash and deposits available for payment at any time. Cash equivalent refers to the investment featuring with the following characters: short term, active liquidity, easy to convert to already-known cash and small value change risks.

9. Foreign currency business and conversion of foreign currency statement

1. Conversion of foreign currency business

When foreign currency transactions are initially recognized, the spot exchange rate on the transaction date shall be used to convert the foreign currency transaction into RMB amount. On the balance sheet date, foreign currency monetary items are converted at the spot exchange rate on the balance sheet date. The exchange difference arising from different exchange rates, except for the exchange difference of the principal and interest of foreign currency special borrowings related to the acquisition and construction of assets that meet the conditions for capitalization, is included in the current profit and loss; as for the foreign currency non-monetary items measured by historical cost, conversion is made with the spot exchange rate as of the business day, with no change in RMB amount; as for the foreign currency non-monetary items measured by fair value, the amount is then converted into RMB according to the spot exchange rate as of the confirmation day for fair value. And the conversion difference occurred is recorded into current gains/losses or other comprehensive income.

2. Conversion of foreign currency financial statement

Spot exchange rate as of the balance sheet date is adopted for conversion of assets and liabilities in the balance sheet; as for the items in statement of owners' equity except for "Retained profit", conversion is made pursuant to the spot exchange rate of business day; items of income and expenses in the profit statement shall be converted at the spot exchange rate on the date of transaction. The balance of foreign currency financial statements generated according to the above transaction shall be included in other comprehensive income.

10. Financial instruments

1. Categories of financial assets and financial liabilities

At initial recognition, financial assets are classified into three types: (1) the financial assets measured at amortized cost; (2) the financial assets measured at fair value and whose changes are included in other comprehensive income; and (3) the financial assets measured at fair value and whose changes are included in current gain/loss.

At the time of initial recognition, financial liabilities are divided into the following four categories: (1) Financial liabilities measured at fair value and whose changes are included in the current profit and loss; (2) Financial liabilities formed as the transfer of financial assets does not meet the conditions for derecognition or continues to be involved in the transferred financial assets; (3) Financial guarantee contracts that do not belong to above-mentioned (1) or (2), and loan commitments that do not belong to above-mentioned (1) and are loaned at a lower-than-market interest rate; (4) Financial liabilities measured at amortized cost.

2. Recognition basis, measurement method and derecognition conditions of financial assets and financial liabilities

(1) Recognition basis and initial measurement method of financial assets and financial liabilities

When a company becomes a party to a financial instrument contract, a financial asset or financial liability is recognized. When financial assets or financial liabilities are initially recognized, they are measured at fair value; for financial assets and financial liabilities that are measured at fair value and whose changes are included in the current profits and losses, the relevant transaction costs are directly included in the current profits and losses; for other types of financial assets or financial liabilities, related transaction costs are included in the initial recognition amount. However, if the account receivable initially recognized by the company does not contain a significant financing component or the company does not consider the financing component in a contract that is less than one year, the initial measurement is made at the transaction price.

(2) Subsequent measurement methods of financial assets

1) Financial assets measured at amortized cost

The subsequent measurement is carried out according to the amortized cost by adopting the effective interest method. The gains or losses arising from financial assets that are measured at amortized costs and are not part of any hedging relationship are included in the current profits and losses when they are derecognized, reclassified, amortized or recognized as impairment in accordance with the effective interest method.

2) Debt instrument investment measured at fair value and whose changes are included in other comprehensive income

Use fair value for subsequent measurement. Interest, impairment losses or gains and exchange gains and losses calculated by using the effective interest rate method are included in the current profits and losses, and other gains or losses are included in other comprehensive income. When derecognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and included in the current profits and losses.

3) Equity instrument investment measured at fair value and whose changes are included in other comprehensive

income

Use fair value for subsequent measurement. Dividends obtained (except those that are part of the recovery of investment costs) are included in the current profits and losses, and other gains or losses are included in other comprehensive income. When derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in retained earnings.

4) Financial assets measured at fair value and whose changes are included in the current profits and losses

Use fair value for subsequent measurement, and the resulting gains or losses (including interest and dividend income) are included in the current profits and losses, unless the financial asset is part of the hedging relationship.

(3) Subsequent measurement methods of financial liabilities

1) Financial liabilities measured at fair value and whose changes are included in the current profits and losses

Such financial liabilities include transactional financial liabilities (including derivative instruments that are financial liabilities) and financial liabilities designated to be measured at fair value and whose changes are included in the current profits and losses. For such financial liabilities, subsequent measurement is made at fair value. Changes in the fair value of financial liabilities designated to be measured at fair value and whose changes are included in the current profits and losses caused by changes in the company's own credit risk are included in other comprehensive income, unless the treatment will cause or enlarge the accounting mismatch in the profits and losses. Other gains or losses arising from such financial liabilities (including interest expenses, except for changes in fair value due to changes in the company's own credit risk) are included in the current profits and losses, unless the financial liabilities are part of the hedging relationship. When derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in retained earnings.

2) The transfer of financial assets does not meet the conditions for derecognition or continues to be involved in financial liabilities formed by the transferred financial assets

Measure in accordance with the relevant provisions of the "Accounting Standards for Business Enterprises No. 23-Transfer of Financial Assets".

3) Financial guarantee contracts that do not belong to 1) or 2) above, and loan commitments that do not belong to 1) above and loan at interest rates lower than market interest rates

After the initial recognition, the subsequent measurement shall be carried out according to the higher of the following two amounts: ① The amount of loss provisions determined in accordance with the impairment provisions of financial instruments; ② The balance after deducting the accumulated amortization determined in accordance with relevant regulations from the initial recognition amount.

4) Financial liabilities measured at amortized cost

Measure at amortized cost by using the effective interest method. The gains or losses arising from financial liabilities that are measured at amortized cost and are not part of any hedging relationship are included in the current profits and losses when they are derecognized and amortized according to the effective interest method.

(4) Derecognition of financial assets and financial liabilities

1) When meeting one of the following conditions, the financial assets are derecognized:

① The contractual right to receive cash flow of financial assets has been terminated;

② The financial assets have been transferred and the transfer meets the requirements of the "Accounting Standards for Business Enterprises No. 23-Transfer of Financial Assets" on the derecognition of financial assets.

2) When the current obligation of the financial liability (or part of it) has been discharged, the financial liability (or part of the financial liability) shall be derecognized accordingly.

3. Recognition basis and measurement method of financial asset transfer

If the company transfers almost all the risks and rewards related to the ownership of a financial asset, derecognize the financial asset, and separately recognize the rights and obligations arising or retained during the transfer as assets or liabilities; if almost all the risks and rewards related to the ownership of the financial assets are retained, continue to recognize the transferred financial assets. If the company neither transfers nor retains almost all the risks and rewards related to the ownership of the financial assets, the following situations shall be dealt with respectively: (1) If the control of the financial assets is not retained, derecognize the financial assets, and the rights and obligations generated or retained during the transfer shall be separately recognized as assets or liabilities; (2) If the control of the financial assets is retained, the relevant financial assets are recognized according to the degree of continued involvement in the transferred financial assets, and the relevant liabilities are recognized accordingly.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts is included in the current profit and loss: (1) the book value of the transferred financial assets on the date of derecognition; (2) the sum of the consideration received due to the transfer of financial assets and the amount corresponding to the derecognized portion of the accumulated amount of fair value changes originally directly included in other comprehensive income (the financial assets involved in transfer are investments in debt instruments that are measured at fair value and whose changes are included in other comprehensive income). If a part of the financial asset is transferred, and the entire transferred part meets the conditions for derecognition, the book value of the entire financial asset before the transfer will be allocated between the derecognition part and the part continuing to recognize according to their respective relative fair values on the transfer date, and include the difference between the following two amounts in the current profits and losses: (1) the book value of the derecognized part; (2) the sum of the consideration of the derecognized part and the amount corresponding to the derecognized portion of the accumulated amount of fair value changes originally directly included in other comprehensive income (the financial assets involved in transfer are investments in debt instruments that are measured at fair value and whose changes are included in other comprehensive income)..

4. Methods for determining the fair value of financial assets and financial liabilities

The company uses valuation techniques that are applicable under current circumstances and have sufficient data and other supporting information to determine the fair value of relevant financial assets and financial liabilities. The company divides the input values used by valuation techniques into the following levels and uses them in sequence:

(1) The first-level input value is the unadjusted quotation of the same asset or liability in the active market that can be obtained on the measurement date;

(2) The second-level input value is the directly or indirectly observable input value of related assets or liabilities

other than the first-level input value, including the quotes of similar assets or liabilities in the active market; the quotes of the same or similar assets or liabilities in the inactive market; other observable input values other than quotes, such as interest rates and yield curves that are observable during the normal quote interval; market-validated input values, etc.;

(3) The third-level input value is the unobservable input value of the relevant asset or liability, including interest rates that cannot be directly observed or verified by observable market data, stock volatility, future cash flows of abandoned obligations assumed in business combinations, financial forecasts made by using own data, etc.

5. Impairment of financial instruments

(1) Impairment measurement and accounting treatment of financial instruments

The company uses expected credit losses as the basis, and makes impairment and recognizes loss provisions for financial assets measured at amortized cost, investment in debt instruments measured at fair value with changes included in other comprehensive income, lease receivables, loan commitments other than financial liabilities that are classified as financial liabilities measured at fair value with changes included in the current profits and losses, financial liabilities that are not measured at fair value and whose changes are included in the current profits and losses, or financial guarantee contracts of financial liabilities that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets.

Expected credit loss refers to the weighted average of the credit losses of financial instruments weighted on the risk of default. Credit loss refers to the difference between all contractual cash flows discounted by the company at the original actual interest rate and receivable under the contract and all cash flows expected to be received, that is, the present value of all cash shortages. Among them, for the financial assets purchased or originated by the company that have been credit-impaired, they are discounted according to the credit-adjusted actual interest rate of the financial assets.

For purchased or derived financial assets that have been credit-impaired, the company only recognizes the cumulative changes in expected credit losses during the entire duration after initial recognition as loss provisions on the balance sheet date.

For accounts receivable that do not contain a significant financing component or the company does not consider the financing component of a contract that does not exceed one year, the company uses the simplified measurement method to measure the loss provisions at the amount equivalent to the expected credit losses during the entire duration.

For lease receivables and accounts receivable that contain major financing components, the company uses the simplified measurement method to measure loss provisions at the amount equivalent to expected credit losses during the entire duration.

For a financial asset other than the above measurement methods, the company assesses on each balance sheet date whether its credit risk has increased significantly since the initial recognition. If the credit risk has increased significantly since the initial recognition, the company measures the loss provisions at the amount of expected credit losses during the entire duration; if the credit risk has not increased significantly since the initial recognition, the company measures the loss provisions based on the amount of expected credit loss of the financial instrument in the next 12 months.

The company uses available reasonable and evidence-based information, including forward-looking information, and determines whether the credit risks of financial instruments have increased significantly since the initial recognition by comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the date of initial recognition.

On the balance sheet date, if the company judges that a financial instrument only has a low credit risk, it is assumed that the credit risk of the financial instrument has not increased significantly since the initial recognition.

The company assesses expected credit risks and measures expected credit losses based on individual financial instrument or a combination of financial instruments. When based on a combination of financial instruments, the company divides financial instruments into different combinations based on common risk characteristics.

The company re-measures expected credit losses on each balance sheet date, and the resulting increase in loss reserves or the amount reversed is included in the current profits and losses as impairment losses or gains. For a financial asset measured at amortized cost, the loss provisions offset against the book value of the financial asset listed in the balance sheet; for debt investments measured at fair value and whose changes are included in other comprehensive income, the company recognizes the loss provisions in other comprehensive income, and does not deduct the book value of the financial asset.

(2) Financial instrument that assesses expected credit risks and measures expected credit losses by portfolio

Item	Basis for determining the portfolio	Measuring methods for expected credit losses
Other account receivable - related transaction receivable in consolidate scope	Nature of the account	With reference to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, the expected credit loss is calculated through the default risk exposure and the expected credit loss rate within the next 12 months or the entire duration
Other account receivable - dividend receivable		
Other account receivable - account age	Account age	

(3) Account receivable with expected credit loss measured at portfolio

1) Specific portfolio and methods on measuring the expected credit losses

Item	Basis for determining the portfolio	Measuring methods for expected credit losses
Account receivable—account age	account age	With reference to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, the expected credit loss is calculated by the comparison table prepared between the account age of receivable and the expected credit loss rate within the entire duration
Account receivable - Jewelry sales business	Account receivable with sales of jewelry	With reference to historical credit loss

	concerned	experience, combined with current conditions and forecasts of future economic conditions, the expected credit loss is calculated through the default risk exposure and the expected credit loss rate within the entire duration
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2) Account receivable—comparison table between the account age (in portfolio) and expected credit loss rate for the whole duration

Account age	Expected credit loss rate of account receivable (%)
Within one year (inclusive, the same below)	1
1-2 years	5
2-3 years	20
Over 3 years	50

6. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are listed separately in the balance sheet and do not offset each other. However, if the following conditions are met at the same time, the company will list the net amount after offsetting each other in the balance sheet: (1) The company has the statutory right to offset the recognized amount, and this statutory right is currently enforceable; 2) The company plans to settle on a net amount, or realize the financial assets and liquidate the financial liabilities at the same time.

For the transfer of financial assets that does not meet the conditions for derecognition, the company does not offset the transferred financial assets and related liabilities.

11.Note receivable

Not applicable

12.Account receivable

1. Account receivable with bad debt provision accrual on a single basis

Provision for bad debts on single basis:	Bad debt provision shall be made on a single basis when there is evidence that the credit risk of a single item of account receivable is large.
Accrual method for bad debt provision:	Conduct impairment tests separately, and make provision for bad debts according to the difference between the present value of its future cash flow and its book value

2. Accounts receivable with provision for bad debts according to the combination of expected credit risk characteristics

Except for the accounts receivable with bad debt provision accrual on a single basis, the accounts receivable are grouped according to the similarity and correlation of credit risk characteristics. These credit risks usually reflect the debtor's ability to repay all due amounts in accordance with the contractual terms of the assets, and are related to the calculation of the future cash flow of the asset under inspection. The Group uses the aging of accounts receivable as the combination of expected credit risk characteristics to make provisions for bad debts based on the actual credit losses of previous years and the forward-looking information of the current year. The accounting policies for bad debt provisions are as follows:

Account age	Expected credit loss rate of account receivable (%)
Within one year	1
1-2 years	5
2-3 years	20
Over 3 years	50

13. Account receivable financing

Not applicable

14. Other account receivable

Determining method and accounting treatment on the expected credit loss of other account receivable

1. Other account receivable with bad debt provision accrual on a single basis

Provision for bad debts on single basis:	Bad debt provision shall be made on a single basis when there is evidence that the credit risk of a single item of other account receivable is large.
Accrual method for bad debt provision:	Conduct impairment tests separately, and make provision for bad debts according to the difference between the present value of its future cash flow and its book value

2. Other accounts receivable with provision for bad debts according to the combination of expected credit risk characteristics

Except for the other accounts receivable with single provision for bad debts, the other receivable are grouped according to the similarity and correlation of credit risk characteristics. These credit risks usually reflect the debtor's ability to repay all due amounts in accordance with the contractual terms of the assets, and are related to the calculation of the future cash flow of the asset under inspection. The Group uses the aging of other accounts receivable as the combination of expected credit risk characteristics to make provisions for bad debts based on the actual credit losses of previous years and the forward-looking information of the current year. The accounting policies for bad debt provisions are as follows:

Account age	Expected credit loss rate of other account receivable (%)
Within one year	1

1-2 years	5
2-3 years	20
Over 3 years	50

15. Inventory

1. Classification

Inventory includes finished products or commodities held for sale in daily activities, products in the production process, materials and supplies consumed in the production process or the process of providing labor services, etc.

2. Valuation methods for delivery of inventory

The delivery of inventory shall be priced individually on a first-in, first-out basis.

3. Recognition standards of the net realizable value for inventory

On the balance sheet date, inventories are measured at the lower of cost and net realizable value, and provision for impairment of inventories is made based on the difference between the cost of a single inventory/inventory category and the net realizable value. The net realizable value of the inventory directly used for sale is determined in the normal production and operation process at the estimated selling price of the inventory minus the estimated sales expenses and related taxes. The net realizable value of the inventory that needs to be processed is determined by the estimated selling price of the finished product produced after subtracting the estimated cost, estimated sales expenses and related taxes and fees at the time of completion in the normal production and operation process. On the balance sheet date, for part of the same inventory has a contract price agreement while the other part does not have a contract price, the net realizable value shall be determined separately, and the corresponding cost shall be compared to respectively determine the amount of provision or reversal for inventory falling price reserves.

4. Inventory system

Inventory system is the perpetual inventory system.

5. Amortization of low-value consumables and packaging materials

(1) Low-value consumables

Amortization is carried out according to the number of times of use.

(2) Wrappage

Amortization is carried out according to the number of times of use.

16. Contractual asset

Not applicable

17. Contract cost

Not applicable

18. Assets held for sale

1. Classification of non-current assets or disposal groups held for sale

The Company classifies non-current assets or disposal groups that meet all of the following conditions as held-for-sale: 1) according to the practice of selling this type of assets or disposal groups in a similar transaction, the non-current assets or disposal group can be sold immediately at its current condition; 2) The sale is likely to occur, that is, the Company has made resolution on the selling plan and obtained definite purchase commitment, the selling is estimated to be completed within one year.

The non-current assets or disposal group acquired by the company specifically for resale shall be classified as held for sale on the date of acquisition if meets the condition of “expected to complete the sale within one year” on the acquisition date, and is likely to meet other classification conditions of held for sale in the short term (usually 3 months) .

Due to one of the following reasons beyond the company’s control, the transaction among non-related parties cannot be completed within one year, and the company still promises to sell non-current assets or disposal groups, continue to classify non-current assets or disposal groups as held for sale: 1) The buyer or other parties accidentally set the conditions that caused the sale to be delayed. The company has taken timely action against these conditions and is expected to be able to smoothly resolve the delay factors within one year from the setting of the conditions that caused the sale to be delayed; 2) Rare circumstances have caused the non-current assets held for sale or the disposal group to fail to complete the sale within one year. The company has taken necessary measures to address these new situations in the first year and has re-satisfied the classification conditions of the held for sale categories.

2. Measurement of non-current assets or disposal groups held for sale

1) Initial measurement and subsequent measurement

When initially measuring and remeasuring the non-current assets or disposal groups held for sale on the balance sheet date, if the book value is higher than the net value of fair value minus selling expenses, the book value shall be written down to the net amount after deducting selling expenses from fair value, the written-down amount is recognized as asset impairment loss, and included in the current profits and losses, and provision for impairment of assets held for sale is made.

For non-current assets or disposal groups classified as held-for-sale categories on the acquisition date, compare the initial measurement amount assuming that they are not classified as held-for-sale with the net amount after deducting selling expenses from fair value at the initial measurement, and measure the lower of the two. Except for the non-current assets or disposal groups obtained in a business combination, the difference arising from the net amount of the non-current assets or disposal groups after deducting selling expenses from fair value and used as the initial measurement amount is included in the current profit and loss.

For the amount of asset impairment losses confirmed by the disposal group held for sale, the book value of the

goodwill in the disposal group is first offset, and then the book value is offset in proportion based on the proportion of the book value of each non-current asset in the disposal group.

Non-current assets held for sale or non-current assets in the disposal group are not depreciated or amortized, and interest and other expenses on liabilities in the disposal group held for sale continue to be recognized.

2) Accounting treatment of asset impairment loss reversal

If the net amount of the fair value of the non-current assets held for sale increases after subtracting the selling expenses on the subsequent balance sheet date, the previously written-down amount shall be recovered and reversed within the amount of the asset impairment losses recognized after being classified as held for sale, and the reversed amount is included in the current profits and losses. Asset impairment losses recognized before being classified as held for sale shall not be reversed.

On the subsequent balance sheet date, if the net amount of the fair value of the disposal group held for sale increases after subtracting the selling expenses, the previously written-down amount shall be recovered and reversed within the amount of the asset impairment losses recognized as non-current assets after being classified as held for sale, and the reversed amount is included in the current profits and losses. The book value of the deducted goodwill and the asset impairment losses recognized before the non-current assets are classified as held for sale shall not be reversed.

For subsequent reversal of the asset impairment losses confirmed by the disposal group held for sale, its book value is increased in proportion based on the proportion of the book value of each non-current asset in the disposal group except for the goodwill.

3) Accounting treatment no longer being classified as held for sale and being derecognized

When non-current assets or disposal groups no longer continue to be classified as held for sale as they no longer meet the classification conditions of the held for sale category or non-current assets are removed from the held for sale disposal group, measure based on the lower of the following two: a. Book value before being classified as held for sale, the amount adjusted according to the depreciation, amortization, or impairment that should have been recognized under the assumption that it is not classified as held for sale; b. Recoverable amount.

When derecognizing non-current assets or disposal groups held for sale, the unrecognized gains or losses shall be included in the current profits and losses.

19. Creditors' investment

Not applicable

20. Other creditors' investment

Not applicable

21. Long-term account receivable

Based on whether its credit risk has increased significantly since its initial recognition, the Company uses an

amount equivalent to expected credit losses in the next 12 months or the entire duration to measure long-term receivable impairment losses. Except for long-term receivables whose credit risk is assessed individually, impairment losses are accrued based on their credit risk characteristics.

22. Long-term equity investment

1. Judgment of joint control and significant influence

According to the relevant agreement, there is mutual control over an arrangement, and the relevant activities of the arrangement must be agreed by the participants who share the control rights before making decisions, and it is deemed as joint control. Having the power to participate in decision-making on the financial and operating policies of the invested entity, but not being able to control or jointly control the formulation of these policies with other parties, it is deemed as a significant influence.

2. Determination of investment cost

(1) In the case of a business combination under the same control, if the combining party pays cash, transfers non-cash assets, assumes debts, or issues equity securities as the merger consideration, the share of the book value of the acquired owner's equity of the combined party in the consolidated financial statements of the ultimate controlling party shall be used as its initial investment cost. The difference between the initial investment cost of long-term equity investment and the book value of the combined consideration paid or the total face value of the issued shares shall adjust the capital reserve; if the capital reserve is insufficient to offset, adjust the retained earnings.

The company realizes the long-term equity investment formed by the business combination under the same control step by step through multiple transactions, and judges whether it is a "package deal". If it is a "package deal", each transaction shall be accounted for as a transaction to obtain control for accounting treatment. If it is not a "package deal", on the combining date, the initial investment cost shall be determined based on the share of the book value of the combined party's net assets in the ultimate controlling party's consolidated financial statements after the combination. The difference between the initial investment cost of the long-term equity investment on the combining date and the book value of the long-term equity investment before the combination plus the sum of the book value of the consideration newly paid for further obtaining shares on the combining date shall adjust the capital reserve; if the capital reserve is insufficient to offset, adjust the retained earnings.

(2) In the case of a business combination not under the same control, the fair value of the combined consideration paid on the purchase date shall be the initial investment cost.

The company realizes the long-term equity investment formed by business combination not under the same control step by step through multiple transactions, and separates individual financial statements and consolidated financial statements for relevant accounting treatment:

1) In individual financial statements, the sum of the book value of the equity investment originally held plus the cost of the newly increased investment is used as the initial investment cost calculated by the cost method.

2) In the consolidated financial statements, judge whether it is a "package deal". If it is a "package deal", each transaction shall be accounted for as a transaction to obtain control for accounting treatment. If it is not a "package

deal", the equity of the acquiree held before the purchase date shall be remeasured at the fair value of the equity on the purchase date, and the difference between the fair value and its book value shall be included in the current investment income.

If the equity held by the acquiree before the purchase date involves other comprehensive income calculated by the equity method, the other comprehensive income related to it shall be converted to the current income on the purchase date, except for other comprehensive income arising from changes in net liabilities or net assets of defined benefit plans remeasured by the investee.

(3) Except for the formation of a business combination, for those obtained by paying cash, the actual purchase price paid shall be its initial investment cost; for those obtained by issuing equity securities, the fair value of the issued equity securities shall be its initial investment cost; for those acquired through debt restructuring, the initial investment cost shall be determined according to "Accounting Standards for Business Enterprises No. 12 - Debt Restructuring"; for those acquired through non-monetary asset exchanges, the initial investment cost shall be determined in accordance with "Accounting Standards for Business Enterprises No. 7 - Non-monetary Asset Exchanges".

3. Subsequent measurement and profit and loss confirmation methods

The long-term equity investment that controls the investee is accounted for by the cost method; the long-term equity investment for associates and joint ventures is accounted for by the equity method.

4. Handling method of disposing investments in subsidiaries step by step through multiple transactions until they lose control

(1) Individual financial statements

For the disposed equity, the difference between its book value and the actual purchase price shall be included in the current profit and loss. For the remaining equity, if it still has a significant impact on the invested entity or performs joint control with other parties, it shall be converted to equity method accounting; if the invested entity can no longer be controlled, jointly controlled or significantly affected, it shall be calculated in accordance with relevant regulations of the "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments".

(2) Consolidated financial statements

1) Step-by-step disposal of investments in subsidiaries through multiple transactions to the loss of control, and not belonging to a "package deal"

Before the loss of control, the difference between the disposal cost and the net asset share continuing to be calculated from the date of purchase or combination by the subsidiary corresponding to the disposal of long-term equity investment shall adjust the capital reserve (capital premium), if the capital reserve is insufficient to offset , adjust the retained earnings.

When losing the control to the original subsidiary, the remaining equity shall be remeasured at its fair value on the date of loss of control. The difference between the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity and the share of the original subsidiary's net assets calculated continuously from the date of purchase or merger according to the original shareholding ratio is included in the current investment income when the control is lost, while offsets goodwill. Other comprehensive income related

to the equity investment of the original subsidiary shall be transferred to the current investment income when losing the control.

2) Step-by-step disposal of investments in subsidiaries through multiple transactions to the loss of control, and belonging to a "package deal"

Take each transaction as a transaction that disposes of a subsidiary and loses control for accounting treatment. However, before the loss of control, the difference between each disposal cost and the share of the subsidiary's net assets corresponding to the disposal investment shall be recognized as other comprehensive income in the consolidated financial statements, and shall be transferred to the profit and loss of current period when losing the control.

23. Investment real estate

1. The investment real estate includes the rented land use rights, the land use rights which are held and prepared for transfer after appreciation and the rented buildings.

2. Initial measurement of an investment real estate is based on the cost, the subsequent measurement is based on cost model, and adopt the same method of depreciation or amortization as fixed assets and intangible assets.

24. Fixed asset

(1) Recognition

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation & management, and have more than one year of service life. Fixed assets should be recognized for qualified the followed conditions at the same time: 1) It is probable that the economic benefits associated with the assets will flow into the Company; and 2) The cost of the assets can be measured reliably.

(2) Depreciation methods

Category	Method	Years of depreciation	Scrap value rate	Yearly depreciation rate
House and buildings	Straight-line depreciation	35-40	3	2.77-2.43
Machinery equipment	Straight-line depreciation	12	3	8.08
Transport equipment	Straight-line depreciation	7	3	13.86
Electronic equipment	Straight-line depreciation	5-7	3	33.33-13.86
Office and other equipment	Straight-line depreciation	7	3	13.86
Decoration fee for the self-owned house	Straight-line depreciation	10	0	10.00

(3) Recognition, measurement and depreciation of fixed assets held under finance lease

Not applicable

25. Construction in progress

1. The construction in progress is recognized when meet the follow conditions at the same time, that is the economic benefits are likely to flow in and the cost can be measured reliably. Construction in progress shall be measured in terms of the actual cost incurred prior to the construction of such asset to its intended serviceable state.

2. When the construction in progress reaches the expected serviceable state, it will be transferred into fixed asses according to the actual cost of the construction. Those who have reached the expected serviceable status but have not yet processed the final account on completion, shall be transferred to fixed assets according to the estimated value first. The original temporary estimated value shall be adjusted according to the actual cost after the final accounts for the completion have been processed, but the previously accrued depreciation shall not be adjusted.

26. Borrowing expense

1. Recognition of capitalization of borrowing expenses

Borrowing expenses that attributed for purchasing or construction of assets that are complying start to be capitalized and counted as relevant assets cost; other borrowing expenses, reckoned into current gains and losses after expenses recognized while occurred.

2. Period of capitalization

(1) Borrowing expenses start to be capitalized when all of the following conditions are met: 1) capital expenditure has been occurred; 2) borrowing expenses have been occurred and 3) acquisition or construction necessary for the assets to come into an expected serviceable state has been carried out.

(2) If an asset that meets the capitalization conditions is abnormally interrupted during the acquisition or construction or in the production process, and the interruption time exceeds 3 consecutive months, the capitalization of borrowing costs shall be suspended; the borrowing costs incurred during the suspension shall be recognized as current expenses until the acquisition, construction or production of assets restarts.

(3) When the purchased, constructed or produced assets that meet the capitalization conditions reach the expected usable or saleable state, the capitalization of borrowing costs shall cease.

3. Capitalization rate and capitalization amount of borrowing costs

If special loans are borrowed for the purpose of purchasing, constructing or producing assets that meet the capitalization conditions, the amount after subtracting the interest income obtained by depositing the unused borrowing funds in the bank or the investment income obtained by making a temporary investment for the unused

borrowing funds from the interest expenses actually incurred during the period of the special loans (including the amortization of discounts or premiums determined in accordance with the actual interest rate method) shall determine the amount of interest that should be capitalized; if the general borrowing is occupied for the purchase, construction or production of assets that meet the capitalization conditions, the amount of interest of general borrowings that should be capitalized shall be calculated and determined by multiplying the weighted average number of accumulated asset expenditures in excess of asset expenditures of special borrowings by the capitalization rate of general borrowings.

27. Biological assets

Not applicable

28. Oil and gas assets

Not applicable

29. Right-of-use assets

Not applicable

30. Intangible assets

(1) Measurement, use of life and impairment testing

1. Intangible assets of the Company including land use rights, trademark and software, which are initially measured at cost.
2. Intangible assets with limited service life shall be amortized systematically and reasonably within their service life in accordance with the expected realization method of the economic benefits related to the intangible assets. If the expected realization method can not be reliably determined, the straight-line method shall be adopted for amortization. Specific year for amortization are as:

Item	Period for amortization (Year)
Land use right	50
Trademark	10
Software	5

(2) Accounting policy of the internal R&D expenditure

Research expenditures for its internal R&D projects shall be recorded into the current gain/loss. Expenses incurred during the development phase that satisfy the following condition at the same time are recognized as intangible assets: 1)it is technically feasible that the intangible asset can be used or sold upon completion; 2)there is intention to complete the intangible asset for use or sale; 3)the intangible asset can produce economic benefits, including

there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there exists usage for the intangible asset; 4) there is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset; and 5) the expenses attributable to the development phase of the intangible asset can be measured reliably.

31. Impairment of long term assets

For long-term equity investments, investment real estate measured by the cost model, fixed assets, construction in progress, intangible assets with limited service life and other long-term assets, if there are signs of impairment on the balance sheet date, estimate the recoverable amount. For goodwill formed by business combinations and intangible assets with uncertain service life, regardless of whether there are signs of impairment, an impairment test is conducted every year. Goodwill is tested for impairment in combination with its related asset groups or combination of asset groups.

If the recoverable amount of the aforementioned long-term assets is lower than its book value, the asset impairment provision shall be recognized according to the difference and included in the current profit and loss.

32. Long-term prepaid expenses

General expenses that the long-term prepaid expenses have been accounted for and the amortization period is more than 1 year (excluding 1 year). Long-term prepaid expenses are accounted for according to the actual amount, and amortized evenly in installments during the benefit period or the prescribed period. If the long-term prepaid expense item cannot benefit the future accounting period, all the amortized value of the item that has not been amortized shall be transferred to the current profit and loss.

33. Contractual liabilities

Not applicable

34. Staff remuneration

(1) Accounting treatment of short term remuneration

In the period of employee services, short-term benefits are actually recognized as liabilities and charged to profit or loss or relevant assets costs.

(2) Accounting treatment for after-service benefits

After-service benefits are divided into defined contribution plan and defined benefit plan.

(1) During the accounting period when employees provide services to the company, the amount of deposits calculated according to the defined contribution plan is recognized as a liability and included in the current profit and loss or the cost of related assets.

(2) The accounting treatment of defined benefit plans usually includes the following steps:

1) According to the expected cumulative welfare unit method, use unbiased and mutually consistent actuarial assumptions to estimate relevant demographic variables and financial variables, measure the obligations arising from the defined benefit plan, and determine the period of the relevant obligations. At the same time, the obligations generated by the defined benefit plan are discounted to determine the present value of the defined benefit plan obligations and current service costs;

2) If there are assets in a defined benefit plan, the deficit or surplus formed by subtracting the fair value of the defined benefit plan's assets from the current value of the defined benefit plan's obligations shall be recognized as a defined benefit plan's net liabilities or net assets. If there is a surplus in the defined benefit plan, the net assets of the defined benefit plan shall be measured at the lower of the surplus of the defined benefit plan and the asset ceiling;

3) At the end of the period, the employee compensation costs generated by the defined benefit plans are recognized as three parts, i.e. service costs, net interest of the net liabilities or net assets of the defined benefit plans, and changes in the remeasured net liabilities or net assets of the defined benefit plans, of which the service costs and the net interest of the net liabilities or net assets of the defined benefit plans are included in the current profits and losses or the cost of related assets, and the changes in the remeasured net liabilities or net assets of the defined benefit plans are included in other comprehensive income and not allowed to switch back to profits or losses in the subsequent accounting period, but the amount recognized in other comprehensive income can be transferred within the scope of equity.

(3) Accounting treatment for dismissal benefit

For dismissal benefit provided to employee, the compensation liability resulting from dismissal benefits shall be recognized as early as possible in the following two conditions, and shall be recorded into current gain/loss:

1) when the company can not unilaterally withdraw severance benefits due to the labor relationship termination plan or layoff proposal; 2) when the company recognizes the costs and expenses associated with a reorganization involving the payment of severance benefits.

(4) Accounting treatment for other long term staff benefits

If other long term benefits provided to the employees meet the conditions of defined contribution plan, accounting treatment shall be conducted in line with relevant provisions of defined contribution plan; the accounting treatment of other long term benefit beyond that shall be conducted in accordance with the relevant provision of defined benefit plan, in order to simplify relevant accounting treatment, the employee compensation costs incurred

are recognized as service costs; the total net amount (includes net interest of the net liability (or net asset) of other long term employee benefits and changes resulting from remeasuring the net liability (or net asset) of the long term employee benefit) shall be recorded into current gain/loss or relevant assets costs.

35. Lease liability

Not applicable

36. Accrual liability

1. when the responsibility relating to contingencies such as guarantee, litigation, product warranties and loss contract etc. are became the current responsibility undertaken by the Company, the fulfilling of such responsibility may lead to financial benefit outflow and such responsibility can be measured reliably for its value, the responsibility shall be recognized as an accrual liability.

2. Accrual liabilities shall conduct initial measurement by best estimation of expenditures needed by fulfillment of current responsibilities, and on balance sheet date, review the book value of the accrual liability.

37. Share-based payment

Not applicable

38. Other financial instrument of preferred stocks and perpetual bond

Not applicable

39. Revenue

Accounting policy applicable for the revenue recognition and measurement

1. Revenue recognition principle

(1) Sale of goods

The income from the sale of goods is recognized when the following conditions are met at the same time: 1) The main risks and rewards of the ownership of the goods are transferred to the purchaser; 2) The company no longer retains the continued management rights normally associated with the ownership, and no longer implements effectively control of the goods sold; 3) The amount of revenue can be reliably measured; 4) The relevant economic benefits are likely to flow in; 5) The related costs that have occurred and will occur can be reliably measured.

(2) Provision of labor services

The result of the provision of labor service transaction can be reliably estimated (at the same time, the amount of income can be reliably measured, the relevant economic benefits are likely to flow in, the completion progress of the transaction can be reliably determined, and the costs that have occurred and will occur in the transaction can

be measured reliably) on the balance sheet date, the percentage of completion method is used to confirm the income from the provision of labor services, and the completion progress of the labor services transaction is determined according to the proportion of the labor services provided to the total labor services to be provided. If the result of the provision of labor service transaction cannot be reliably estimated on the balance sheet date, and the labor costs incurred are expected to be compensated, the labor service income shall be recognized at the amount of labor costs incurred, and the labor costs shall be carried forward at the same amount. If the labor costs incurred are not expected to be compensated, and the labor costs incurred are included in the current profit and losses, and labor income shall not be recognized.

(3) Transfer of assets use rights

The income from the transfer of assets use rights is recognized when the relevant economic benefits are likely to flow in and the amount of income can be reliably measured. Interest income is calculated and determined in accordance with the time for others to use the Company's monetary funds and the actual interest rate; usage fee income is calculated and determined in accordance with the charging time and method agreed in the relevant contract or agreement.

2. Specific methods of revenue recognition

(1) Automobile sales revenue

The Company sells automobiles, and recognizes sales revenue after the automobiles are delivered to customers in accordance with the agreement, and the payment is received or the right to receive payment is obtained.

(2) Jewellery retail and wholesale

The Company's revenue from the sale of jewellery is divided into retail revenue and wholesale revenue according to the sales method. Retail revenue is recognized when the physical goods have been delivered to consumers and the payment has been collected. Wholesale revenue is realized when the physical goods have been delivered to the customer, and the customer has signed for confirmation and received the payment or obtained the proof of claiming payment.

(3) Property rental income

The Company's property rental income is recognized as revenue on an accrual basis, and sales revenue is recognized when the leased assets are delivered to the lessee and the rent has been collected.

40. Government subsidy

1. Government subsidies are recognized when the following conditions are met at the same time: (1) The company can meet the conditions attached to the government subsidies; (2) The company can receive government subsidies. If a government subsidy is a monetary asset, it shall be measured at the amount received or receivable. If a government subsidy is a non-monetary asset, it shall be measured at its fair value; if its fair value cannot be obtained reliably, it shall be measured at its nominal amount.

2. Judgment basis and accounting treatment methods of government subsidies related to assets

Government documents stipulate that government subsidies used for purchase, construction or other forms of long-term assets shall be classified as asset-related government subsidies. If the government document doesn't

stipulate, judgment shall be made on the basis of the basic conditions that must be met to obtain the subsidies, those used for purchase, construction or other forms of long-term assets shall be regarded as government subsidies related to assets. Government subsidies related to assets are used to offset the book value of related assets or are recognized as deferred income. If government subsidies related to assets are recognized as deferred income, they shall be included in profit and loss in installments within the useful life of the relevant assets in a reasonable and systematic way. Government subsidies measured at their nominal amounts are directly included in the current profits and losses. If the relevant asset is sold, transferred, scrapped or damaged before the end of its useful life, the undistributed deferred income balance shall be transferred to the current profits and losses of asset disposal.

3. Judgment basis and accounting treatment methods of government subsidies related to income

Government subsidies other than government subsidies related to assets are classified as government subsidies related to income. For government subsidies that include both asset-related parts and income-related parts, it is difficult to distinguish between assets-related and income-related government subsidies, and they are classified as income-related government subsidies as a whole. If government subsidies related to income are used to compensate related costs or losses in subsequent periods, they are recognized as deferred income, and included in the current profits and losses or offset related costs during the period when related costs or losses are recognized, and they are directly included in the current profits and losses or offset related costs when being used to compensate related costs or losses that have occurred.

4. Government subsidies related to the company's daily operating activities are included in other income or offset related costs in accordance with the nature of the economic business. Government subsidies not related to the company's daily activities are included in non-operating income and expenditure.

41. Deferred income tax assets and deferred income tax liabilities

1. According to the difference between the book value of assets and liabilities and their tax base (the tax base of items that are not recognized as assets and liabilities can be determined in accordance with the tax law, the difference between the tax base and its book amount), the deferred income tax assets or deferred income tax liabilities are calculated and recognized according to the applicable tax rate during the period when the asset is expected to be recovered or the liability is settled.

2. Recognition of deferred income tax assets is limited to the amount of taxable income that is likely to be obtained to offset deductible temporary differences. On the balance sheet date, if there is conclusive evidence showing that sufficient taxable income is likely to be obtained in the future to offset the deductible temporary differences, recognize the deferred income tax assets that have not been recognized in the previous accounting period.

3. On the balance sheet date, review the book value of deferred income tax assets. If it is likely that sufficient taxable income cannot be obtained in the future to offset the benefits of deferred income tax assets, the book value of the deferred income tax assets shall be written down. When it is likely to obtain sufficient taxable income, the write-down amount shall be returned.

4. The company's current income taxes and deferred income taxes are included in the current profits and losses as

income tax expenses or income, but not including income tax arising from the following situations: (1) business combination; (2) transactions or events directly recognized in owner's equity.

42. Leasing

(1) Accounting treatment for operating lease

As a lessee for the Company, rental expense of operating lease is included in the relevant asset costs or current profits and losses through the straight-line method during every period. Initial direct costs shall be included in profit or loss for the current period. Contingent rental shall be recorded in the current profits and losses in which they actually arise.

As a lessor for the Company, rental expense of operating lease is included in current profits and losses through the straight-line method during every period. The initial direct expenses incurred are directly recorded into current profit/loss, except for those with a large amount to be capitalized and recorded into the profit/loss in stages. Contingent rental shall be recorded in the current profits and losses in which they actually arise.

(2) Accounting treatment for financing lease

Not applicable

43. Other important accounting policy and estimation

Segmental (divisional) report

The Company determines operating divisions based on internal organizational structure, management requirements and internal reporting system. Operating divisions of the Company refers to the component that meets the following conditions at the same time:

1. this component can generate income and incur expenses in the course of daily activities;
2. the management can evaluate the operating results of this component regularly to determine resources allocation and evaluate its performance;
3. be able to obtain relevant accounting information such as the financial status, operating results and cash flow of the component through analysis.

44. Changes of important accounting policy and estimation

(1) Changes of important accounting policies

☐Applicable ☒Not applicable

(2) Changes of important accounting estimate

☐Applicable ☒Not applicable

(3)Adjustment on the relevant items of financial statement at beginning of the year when implemented the new revenue standards and new leasing standards since 2020

☐ Applicable ☒ Not applicable

Whether need to adjust the balance sheet items at the beginning of the year

☐ Yes ☒ No

Explain the reasons of no need to adjust the balance sheet items at the beginning of the year

On 5 July 2017, the “Notice Concerning Amendments and Issuance” (Cai Kuai [2017] No.22) (hereinafter referred to as New Revenue Standard) was issued by Ministry of Finance, and requires the enterprises listed in China shall be implemented since 1 Jan. 2020. The Company prepare the disclosure of accounting statement in accordance with the New Revenue Standard since 1 Jan. 2020, and there is no need to retroactively adjust the comparability number in 2019, change of the accounting policy will not affect relevant financial indicators of the Company for 2019.

(4) Retrospective adjustment of early comparison data description when implemented the new revenue standards and new leasing standards since 2020

☐ Applicable ☒ Not applicable

45. Other

IV. Taxes

1. Type of tax and rate for main applicable tax

Taxes	Basis	Rate
VAT	Selling goods or providing taxable services	13%, 11%, 9%, 5%, 6% and 3%
Property tax	Price-based resource tax, 1.2 percent of the remaining value after deducting 30% of the original value of the property;	1.2%
Urban maintenance and construction tax	Turnover tax payable	7%
Educational surtax	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Enterprise income tax	Taxable income	20%, 25%

Rate of income tax for different taxpaying body:

Taxpaying body	Rate of income tax
Shenzhen Xinyongtong Motor Vehicle Testing Equipment Co., Ltd.	20%
Other taxpaying body than the above	25%

2. Tax preferential

According to the “Notice on Implementation of Preferential Tax-reduction & Exemption Policies for Small & Micro Enterprises”(Cai Shui [2019] No.13) issued by SAT (State Administration of Taxation), Shenzhen Xinyongtong Automobile Inspection Equipment Co. Ltd enjoys the preferential tax policies for small & micro enterprises with enterprise income tax at the rate of 20%.

3. Other

V. Annotation to main items of consolidated financial statements

1. Monetary funds

In RMB

Item	Ending balance	Opening balance
Cash on hand	52,095.50	120,351.17
Cash in bank	333,557,214.12	428,731,254.87
Total	333,609,309.62	428,851,606.04
The total amount of money that has restrictions on use due to mortgage, pledge or freezing	28,671,414.00	28,183,348.23

Other explanation:

Up to 30 June 2020, the Company's right to use of currency funds under restrictions is 28,671,414.00 yuan, which is the supervision fund by the Company developed the land plot 03 project of the upgrading project of Tellus-Gman Gold Jewelry Industrial Park.

2. Tradable financial assets

In RMB

Item	Ending balance	Opening balance
Financial assets measured by fair value and with variation reckoned into current gains/losses	115,128,569.86	60,486,575.34
Including:		
Debt instrument investment	115,128,569.86	60,486,575.34
Including:		
Total	115,128,569.86	60,486,575.34

Other explanation:

3. Derivative financial assets

Not applicable

4. Note receivable

Not applicable

5. Account receivable

(1) Category

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt provision accrual on a single basis	49,125,862.29	44.59%	49,125,862.29	100.00%		49,125,862.29	30.16%	49,125,862.29	100.00%	
Including:										
Account receivable with bad debt provision accrual on portfolio	61,057,395.46	55.41%	538,319.76	0.88%	60,519,075.70	113,750,731.59	69.84%	1,137,507.32	1.00%	112,613,224.27
Including:										
Total	110,183,257.75	100.00%	49,664,182.05	45.07%	60,519,075.70	162,876,593.88	100.00%	50,263,369.61	30.86%	112,613,224.27

Bad debt provision accrual on single basis:

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Shenzhen Jinlu Industry and Trade Co., Ltd.	9,846,607.00	9,846,607.00	100.00%	The accounts are more than 10 years old and are not expected to be recovered
Guangdong Zhanjiang Sanxing Auto Service Co., Ltd.	4,060,329.44	4,060,329.44	100.00%	The accounts are more than 10 years old and are not expected to be

				recovered
Wang Changlong	2,370,760.40	2,370,760.40	100.00%	The accounts are more than 10 years old and are not expected to be recovered
Huizhou Jiandacheng Daoqiao Engineering Company	2,021,657.70	2,021,657.70	100.00%	The accounts are more than 10 years old and are not expected to be recovered
Jiangling Automobile Factory	1,191,059.98	1,191,059.98	100.00%	The accounts are more than 10 years old and are not expected to be recovered
Yangjiang Auto Trade Co., Ltd.	1,150,000.00	1,150,000.00	100.00%	The accounts are more than 10 years old and are not expected to be recovered
Guangdong Materials Group Corp	1,862,000.00	1,862,000.00	100.00%	The accounts are more than 10 years old and are not expected to be recovered
Other	26,623,447.77	26,623,447.77	100.00%	The accounts are more than 10 years old and are not expected to be recovered
Total	49,125,862.29	49,125,862.29		--

Bad debt provision accrual on portfolio:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio
Aging portfolio	19,577,459.23	123,520.40	0.63%
Jewelry sales business portfolio	41,479,936.23	414,799.36	1.00%
Total	61,057,395.46	538,319.76	

Explanation on portfolio determines:

If the provision for bad debts of account receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivables to disclose related information about bad-debt provisions:

☐ Applicable ☒ Not applicable

By account age

In RMB

Account age	Ending balance
Within one year (including one year)	61,057,395.46
Over 3 years	49,125,862.29
Over 5 years	49,125,862.29
Total	110,183,257.75

(2) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	
Accounts receivable with single item provision for bad debts	49,125,862.29					49,125,862.29
Accounts receivable with provision for bad debts by combination	1,137,507.32	414,799.36	1,013,986.92			538,319.76
Total	50,263,369.61	414,799.36	1,013,986.92			49,664,182.05

(3) Account receivable actually written-off in the period

Not applicable

(4) Top 5 account receivables at ending balance by arrears party

In RMB

Enterprise	Ending balance of accounts receivable	Proportion in total receivables at ending balance	Bad debt preparation ending balance
Shenzhen Jinlu Industry and Trade Co., Ltd.	9,846,607.00	8.94%	9,846,607.00
Guangdong Zhanjiang Sanxing Auto Service Co., Ltd.	4,060,329.44	3.69%	4,060,329.44
Shenzhen Shangjinyuan	3,246,835.81	2.95%	32,468.36

Jewelry Industry Co., Ltd.			
Tan Changyun	2,969,392.64	2.69%	29,693.93
Wang Changlong	2,370,760.40	2.15%	2,370,760.40
Total	22,493,925.29	20.42%	16,339,859.13

(5) Account receivable derecognition due to financial assets transfer

Not applicable

(6) Assets and liabilities resulted by account receivable transfer and continues involvement

Not applicable

6. Account receivable financing

In RMB

Changes of account receivable financing and change of fair value in the period

☐ Applicable ☒ Not applicable

If the impairment provision of account receivable financing is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivables to disclose related information about impairment provision:

☐ Applicable ☒ Not applicable

7. Accounts paid in advance

(1) By account age

In RMB

Account age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	17,075,615.18	99.93%	12,671,077.95	99.90%
1-2 years	632.00	0.00%	632.00	0.00%
Over 3 years	11,893.94	0.07%	11,893.94	0.09%
Total	17,088,141.12	100.00%	12,683,603.89	100.00%

(2) Top 5 account paid in advance at ending balance by prepayment object

Name	Ending balance	Proportion in prepayment balance at the end of period (%)
FAW Toyota Motor Sales Co., Ltd.	8,794,912.61	51.47%
Beijing Fugong Lide Technology Development	3,114,328.95	18.23%

Co., Ltd.		
Toyota Motor (China) Investment Co., Ltd.	2,033,274.00	11.90%
Shenzhen Dingye Building Decoration Engineering Co., Ltd.	1,198,130.04	7.01%
Alight Automotive Technology Co., Ltd.	702,764.09	4.11%
Total	15,843,409.69	92.72%

8. Other account receivable

In RMB

Item	Ending balance	Opening balance
Dividend receivable	39,647,732.42	39,647,732.42
Other account receivable	5,969,946.53	5,260,813.98
Total	45,617,678.95	44,908,546.40

(1) Interest receivable

Not applicable

(2) Dividend receivable

1) Category

In RMB

Item (or invested unit)	Ending balance	Opening balance
China Pudong Development Machinery Industry Co., Ltd	547,184.35	547,184.35
Shenzhen Dongfeng Motor Co., Ltd.	39,100,548.07	39,100,548.07
Total	39,647,732.42	39,647,732.42

2) Important dividend receivable with account age over one year

Not applicable

3) Accrual of bad debt provision

☐ Applicable ☒ Not applicable

(3) Other account receivable

1) By nature

In RMB

Nature	Ending book balance	Opening book balance
Deposit margin	191,787.80	35,477.21
Reserve fund	195,000.00	43,385.72
Interim payment receivable	57,937,858.58	57,536,664.77
Total	58,324,646.38	57,615,527.70

2) Accrual of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2020	2,515,818.56		49,838,895.16	52,354,713.72
Balance of Jan. 1, 2020 in the period	—	—	—	—
Current accrual	17.90			17.90
Current switch back	31.77			31.77
Balance on Jun. 30, 2020	2,515,804.69		49,838,895.16	52,354,699.85

Change of book balance of loss provision with amount has major changes in the period

☐ Applicable ☒ Not applicable

By account age

In RMB

Account age	Ending balance
Within one year (including one year)	3,383,256.24
1-2 years	110,132.23
2-3 years	116,202.70
Over 3 years	54,715,055.21
3-4 years	25,191.12
4-5 years	251,466.43
Over 5 years	54,438,397.66
Total	58,324,646.38

3) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written off	Other	
Provision for bad debts by combination	52,354,713.72	17.90	31.77			52,354,699.85
Total	52,354,713.72	17.90	31.77			52,354,699.85

4) Other account receivable actually written-off in the period

Not applicable

5) Top 5 other receivables at ending balance by arrears party

In RMB

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other account receivables	Ending balance of bad debt reserve
Zhongqi South China Auto Sales Company	Intercourse funds	9,832,956.37	Over 3 years	16.86%	9,832,956.37
South Industry & TRADE Shenzhen Industrial Company	Intercourse funds	7,359,060.75	Over 3 years	12.62%	7,359,060.75
Shenzhen Zhonghao (Group) Co., Ltd	Intercourse funds	5,000,000.00	Over 3 years	8.57%	5,000,000.00
Shenzhen Kaifeng Special Automobile Industry Co., Ltd.	Intercourse funds	4,413,728.50	Over 3 years	7.57%	4,413,728.50
Gold Beili Electrical Appliances Company	Intercourse funds	2,706,983.51	Over 3 years	4.64%	2,706,983.51
Total	--	29,312,729.13	--	50.26%	29,312,729.13

6) Other account receivables related to government grants

Not applicable

7) Other receivable for termination of confirmation due to the transfer of financial assets

Not applicable

8) The amount of assets and liabilities that are transferred other receivable and continued to be involved

Not applicable

9. Inventories

Does the company need to comply with the disclosure requirements of the real estate industry

No

(1) Category

In RMB

Item	Ending balance			Opening balance		
	Book balance	Provision for inventory depreciation or contract performance cost impairment provision	Book value	Book balance	Provision for inventory depreciation or contract performance cost impairment provision	Book value
Raw materials	15,148,137.86	14,772,382.17	375,755.69	15,079,409.32	14,772,382.17	307,027.15
Inventory	28,859,715.44	14,121,481.67	14,738,233.77	35,204,057.35	14,121,481.67	21,082,575.68
Total	44,007,853.30	28,893,863.84	15,113,989.46	50,283,466.67	28,893,863.84	21,389,602.83

(2) Provision for inventory depreciation or contract performance cost impairment provision

In RMB

Item	Opening balance	Current amount increased		Current amount decreased		Ending balance
		Accrual	Other	Reversal or write-off	Other	
Raw materials	14,772,382.17					14,772,382.17
Inventory	14,121,481.67					14,121,481.67
Total	28,893,863.84					28,893,863.84

(3) Explanation on inventories with capitalization of borrowing costs included at ending balance

Not applicable

(4) Description of the current amortization amount of contract performance costs

Not applicable

10. Contract assets

Not applicable

11. Assets held for sale

Not applicable

12. Non-current asset due within one year

Not applicable

13. Other current assets

In RMB

Item	Ending balance	Opening balance
Input VAT to be deducted	2,970,702.64	3,403,969.23
Total	2,970,702.64	3,403,969.23

14. Creditors' investment

Not applicable

15. Other creditors' investment

Not applicable

16. Long-term account receivable

(1) Long-term account receivable

In RMB

Item	Ending balance			Opening balance			Discount rate interval
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	

Related transactions	2,179,203.68	2,179,203.68		2,179,203.68	2,179,203.68		
Total	2,179,203.68	2,179,203.68		2,179,203.68	2,179,203.68		--

Impairment of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance of Jan. 1, 2020			2,179,203.68	2,179,203.68
Balance of Jan. 1, 2020 in the period	—	—	—	—
Balance of Jun. 30, 2020			2,179,203.68	2,179,203.68

Change of book balance of loss provision with amount has major changes in the period

☐ Applicable ☒ Not applicable

(2) Long-term account receivable derecognition due to financial assets transfer

Not applicable

(3) Assets and liabilities resulted by long-term account receivable transfer and continues involvement

Not applicable

17. Long-term equity investment

In RMB

The invested entity	Opening balance (book value)	Current changes (+,-)								Ending balance (book value)	Ending balance of impairment provision
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Accrual of impairment provision	Other		
I. Joint venture											
Shenzhen Tellus Gman Investment Co.,	70,155,383.50			4,039,637.29						74,195,020.79	

Ltd											
Shenzhen Tellus Hang Investme nt Co., Ltd.	11,845,45 2.17			300,297.7 6						12,145,74 9.93	
Subtotal	82,000,83 5.67			4,339,935 .05						86,340,77 0.72	
II. Associated enterprise											
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	33,313,73 2.20			4,376,011 .38						37,689,74 3.58	
Shenzhen Automobi le Industry Import and Export Co., Ltd.	2,026,407 .98			-345,335. 82						1,681,072 .16	
Shenzhen Dongfeng Motor Co., Ltd.	44,837,56 8.20			151,256.2 3						44,988,82 4.43	
Shenzhen Xinyongt ong Oil Pump Environm ent Protection Co., Ltd.											127,836.5 9
Shenzhen Xinyongt ong Consultan t Co., Ltd.											41,556.83

Shenzhen Tellus Automobile Service Chain Co., Ltd. [Note 3]											
Shenzhen Xinyongtong Auto Service Co., Ltd.[Note 3]											
Shenzhen Xinyongtong Dongxiao Auto Service Co., Ltd.[Note 3]											
Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd.[Note 3]											
Hunan Changyang Industrial Co., Ltd.[Note 1]											1,810,540.70
Shenzhen Jiecheng Electronic Co.,											3,225,000.00

Ltd.[Not e 1]											
Shenzhen Xiandao New Materials Co., Ltd.[Not e 1]											4,751,621.62
China Auto Industrial Shenzhen Trading Company [Note 1]											400,000.00
Shenzhen General Standard Co., Ltd.[Not e 1]											500,000.00
Shenzhen Zhongqi South China Auto Sales Company [Note 1]											2,250,000.00
Shenzhen Bailiyuan Power Supply Co., Ltd.[Not e 1]											1,320,000.00
Shenzhen Yimin Auto Trading Company											200,001.10

[Note 1]											
Shenzhen Torch Spark Plug Industry Company											17,849.20
Shenzhen Hanligao Technology Ceramics Co., Ltd.[Note 2]											1,956,000.00
Shenzhen South Auto Maintenance Center[Note 2]											6,700,000.00
Subtotal	80,177,708.38			4,181,931.79						84,359,640.17	23,300,406.04
Total	162,178,544.05			8,521,866.84						170,700,410.89	23,300,406.04

Other explanation:

[Note 1]: These companies have revoked their industrial and commercial registrations, and the company has made full provision for impairment of such long-term equity investments.

[Note 2]: The operating period of Shenzhen Hanligao Technology Ceramics Co., Ltd was from September 21, 1993 to September 21, 1998, and the operation period of Shenzhen South Auto Maintenance Center was from July 12, 1994 to July 11, 2002, these companies have ceased operations for many years and their business registrations have been revoked because they did not participate in the annual industrial and commercial inspection. The Company has been unable to exercise effective control over these companies, and these companies are not included in the consolidation scope of the Company's consolidated financial statements, the Company's investment in these companies book value is zero.

[Note 3]: Book balance of these long-term equity investment is adjusted for profit and loss in accordance with the equity method, the book balance is 0 yuan.

18. Other equity instrument investment

In RMB

Item	Ending balance	Opening balance
China Pudong Development Machinery Industry Co., Ltd	10,176,617.20	10,176,617.20
Total	10,176,617.20	10,176,617.20

19. Other non-current financial assets

Not applicable

20. Investment real estate

(1) Measured at cost

√ Applicable □ Not applicable

In RMB

Item	House and building	Land use right	Construction in progress	Total
I. Original book value				
1. Opening balance	614,240,458.56	49,079,520.00		663,319,978.56
2. Current amount increased				
(1) Outsourcing				
(2) Inventory\fixed assets\construction in process transfer-in				
(3) Increased by combination				
3. Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	614,240,458.56	49,079,520.00		663,319,978.56
II. Accumulated depreciation and accumulated				

amortization				
1.Opening balance	107,605,031.33	1,115,443.68		108,720,475.01
2.Current amount increased	8,543,675.81	557,518.39		9,101,194.20
(1) Accrual or amortization	8,543,675.81	557,518.39		9,101,194.20
3.Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4.Ending balance	116,148,707.14	1,672,962.07		117,821,669.21
III. Impairment provision				
1.Opening balance				
2.Current amount increased				
(1) Accrual				
3. Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4.Ending balance				
IV. Book value				
1.Ending book value	498,091,751.42	47,406,557.93		545,498,309.35
2. Opening book value	506,635,427.23	47,964,076.32		554,599,503.55

(2) Measure at fair value

☐ Applicable ☒ Not applicable

(3) Investment real estate without property certificate completed

In RMB

Item	Book value	Reasons
------	------------	---------

Shuibei Jewelry Building Phase I (Houses and Buildings)	417,743,515.67	Uncompleted settlement, failure to handle the ownership certificate
12 buildings in Sungang	16,267.01	Failure to handle the ownership certificate for historical reasons
12 building shops in Sungang	50,731.71	Failure to handle the ownership certificate for historical reasons
Total	417,810,514.39	

21. Fixed assets

In RMB

Item	Ending balance	Opening balance
Fixed assets	104,203,903.95	107,119,796.59
Total	104,203,903.95	107,119,796.59

(1) Fixed assets

In RMB

Item	House and buildings	Machinery equipment	Transport equipment	Electronic equipment	Office and other equipment	Self-owned house decoration fee	Total
I. Original book value:							
1. Opening balance	266,262,162.27	11,370,001.49	5,187,935.34	9,732,341.99	3,030,248.40	2,697,711.99	298,280,401.48
2. Current amount increased		115,167.00	219,281.00	301,125.77	848,167.16		1,483,740.93
(1) Purchase		115,167.00	219,281.00	301,125.77	848,167.16		1,483,740.93
(2) Construction in progress transfer-in							
(3) Increased by combination							

3.Current amount decreased		246,687.67		52,940.15			299,627.82
(1) Disposal or scrap		246,687.67		52,940.15			299,627.82
4.Ending balance	266,262,162.27	11,238,480.82	5,407,216.34	9,980,527.61	3,878,415.56	2,697,711.99	299,464,514.59
II. Accumulated depreciation							
1.Opening balance	164,059,471.10	8,364,746.10	3,201,785.74	6,873,351.21	1,999,468.42	2,416,329.26	186,915,151.83
2.Current amount increased	3,554,259.68	179,885.22	207,648.08	301,413.58	126,255.78		4,369,462.34
(1) Accrual	3,554,259.68	179,885.22	207,648.08	301,413.58	126,255.78		4,369,462.34
3.Current amount decreased		222,018.92		47,437.67			269,456.59
(1) Disposal or scrap		222,018.92		47,437.67			269,456.59
4.Ending balance	167,613,730.78	8,322,612.40	3,409,433.82	7,127,327.12	2,125,724.20	2,416,329.26	191,015,157.58
III. Impairment provision							
1.Opening balance	3,555,385.70	319,675.11	6,165.00	17,984.71	64,859.81	281,382.73	4,245,453.06
2.Current amount increased							
(1) Accrual							

3.Current amount decreased							
(1) Disposal or scrap							
4.Ending balance	3,555,385.70	319,675.11	6,165.00	17,984.71	64,859.81	281,382.73	4,245,453.06
IV. Book value							
1.Ending book value	95,093,045.79	2,596,193.31	1,991,617.52	2,835,215.78	1,687,831.55		104,203,903.95
2. Opening book value	98,647,305.47	2,685,580.28	1,979,984.60	2,841,006.07	965,920.17		107,119,796.59

(2) Temporarily idle fixed assets

Not applicable

(3) Fixed assets by financing leased

Not applicable

(4) Fixed assets leased out by operation

Not applicable

(5) Fix assets without property certification held

In RMB

Item	Book value	Reasons for without the property certification
Yongtong Building	32,456,952.25	Failure to handle the ownership certificate for historical reasons
Automotive building	16,023,300.79	Failure to handle the ownership certificate for historical reasons
Tellus Building underground parking	9,248,131.94	Parking lot is un-able to carried out the certificate
Nuclear Office build	4,760,273.67	Failure to handle the ownership certificate for historical reasons

1#,2# and 3-5/F 3# plant of Taoyuan Road	3,650,542.96	Failure to handle the ownership certificate for historical reasons
Tellus Building transformation layer	1,594,452.32	Un-able to carried out the certificate
16# Taohua Garden	1,435,947.00	Failure to handle the ownership certificate for historical reasons
Shuibei Zhongtian comprehensive building	934,803.54	Failure to handle the ownership certificate for historical reasons
First floor of Bao'an commercial-residence build	919,474.29	Failure to handle the ownership certificate for historical reasons
Warehouse	861,346.33	Failure to handle the ownership certificate for historical reasons
Trade department warehouse	74,798.77	Failure to handle the ownership certificate for historical reasons
Songquan Apartment (mixed)	11,203.94	Failure to handle the ownership certificate for historical reasons
Hostel of Renmin North Road	5,902.41	Failure to handle the ownership certificate for historical reasons
Subtotal	71,977,130.21	

Other explanation

(6) Fixed assets disposal

Not applicable

22. Construction in progress

In RMB

Item	Ending balance	Opening balance
Construction in progress	74,408,194.38	47,654,393.55
Total	74,408,194.38	47,654,393.55

(1) Construction in progress

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Tellus Shuibei Jewelry Building	50,643,962.68		50,643,962.68	35,321,704.26		35,321,704.26

Phase II						
421 Factory Reconstruction and Upgrade Item	18,249,388.95		18,249,388.95	8,593,316.07		8,593,316.07
Phase I and Phase II Underground Connection Project	4,679,302.48		4,679,302.48	3,710,247.00		3,710,247.00
Treasure Item	835,540.27		835,540.27	29,126.22		29,126.22
Total	74,408,194.38		74,408,194.38	47,654,393.55		47,654,393.55

(2) Changes of major construction in progress

In RMB

Item Name	Budget	Opening balance	Current amount increased	Transfer-in fixed assets	Other decrease in the Period	Ending balance	Proportion of project investment in budget	Progress	Accumulated capitalization of interest	Including amount of capitalization of interest in Period	Interest capitalization rate in Period
Tellus Shuibei Jewelry Building Phase II	35,321,704.26	15,322,258.42			50,643,962.68	9.83%	9.83%				Other
421 Factory Reconstruction and Upgrade Item	8,593,316.07	9,656,072.88			18,249,388.95	61.01%	61.01%				Other
Phase I and Phase II Underground Connection Project	3,710,247.00	969,055.48			4,679,302.48	94.34%	94.34%				Other

Treasure Item	29,126.22	806,414.05			835,540.27	1.67%	1.67%				Other
Total	47,654,393.55	26,753,800.83			74,408,194.38	--	--				--

(3) The provision for impairment of construction in progress

Not applicable

(4) Engineering material

Not applicable

23. Productive biological asset

(1) Measured by cost

☐ Applicable ☒ Not applicable

(2) Measured by fair value

☐ Applicable ☒ Not applicable

24. Oil and gas asset

☐ Applicable ☒ Not applicable

25. Right-of-use asset

Not applicable

26. Intangible assets

(1) Intangible assets

In RMB

Item	Land use right	Patent	Non-patent technology		Total
I. Original book value					
1. Opening balance	50,661,450.00	128,500.00	1,582,145.00		52,372,095.00
2. Current			46,017.70		46,017.70

amount increased					
(1) Purchase			46,017.70		46,017.70
(2) internal R&D					
(3) Increased by combination					
3.Current amount decreased					
(1) Disposal					
4.Ending balance	50,661,450.00	128,500.00	1,628,162.70		52,418,112.70
II. Accumulated depreciation					
1.Opening balance	713,015.84	89,622.68	1,008,230.81		1,810,869.33
2.Current amount increased	538,721.58	2,674.98	97,335.90		638,732.46
(1) Accrual	538,721.58	2,674.98	97,335.90		638,732.46
3.Current amount decreased					
(1) Disposal					
4.Ending balance	1,251,737.42	92,297.66	1,105,566.71		2,449,601.79
III. Impairment provision					
1.Opening balance					
2.Current amount increased					
(1) Accrual					
3.Current					

amount decreased					
(1) Disposal					
4. Ending balance					
IV. Book value					
1. Ending book value	49,409,712.58	36,202.34	522,595.99		49,968,510.91
2. Opening book value	49,948,434.16	38,877.32	573,914.19		50,561,225.67

(2) Land use rights without certificate of ownership

Not applicable

27. Expense on Research and Development

Not applicable

28. Goodwill

Not applicable

29. Long-term expenses to be apportioned

In RMB

Item	Opening balance	Current amount increased	Current amortization	Other decreased	Ending balance
Renovation costs	13,606,805.49	337,672.41	1,049,167.62		12,895,310.28
Total	13,606,805.49	337,672.41	1,049,167.62		12,895,310.28

30. Deferred income tax asset /Deferred income tax liabilities

(1) Deferred income tax assets without offset

In RMB

Item	Ending balance		Opening balance	
	Deductible temporary differences	Deferred income tax asset	Deductible temporary differences	Deferred income tax asset
Asset impairment provision	34,557,965.16	8,639,491.29	34,635,849.55	8,658,962.39

Total	34,557,965.16	8,639,491.29	34,635,849.55	8,658,962.39
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(2) Deferred income tax liability without offset

Not applicable

(3) Deferred income tax assets and deferred income tax liabilities listed after off-set

In RMB

Item	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax asset		8,639,491.29		8,658,962.39

(4) Details of uncertain deferred income tax assets

In RMB

Item	Ending balance	Opening balance
Deductible temporary differences	126,645,220.59	127,244,422.02
Deductible loss	19,619,056.75	19,619,056.75
Total	146,264,277.34	146,863,478.77

(5) Deductible losses of un-recognized deferred income tax assets expired on the followed year

In RMB

Year	Ending amount	Opening amount	Note
2020	505,851.30	505,851.30	
2021	1,484,364.61	1,484,364.61	
2022	4,702,701.91	4,702,701.91	
2023	5,499,309.62	5,499,309.62	
2024	7,426,829.31	7,426,829.31	
Total	19,619,056.75	19,619,056.75	--

31. Other non-current asset

In RMB

Item	Ending balance			Opening balance		
	Book balance	Provision for	Book value	Book balance	Provision for	Book value

		impairment			impairment	
Advance payment for engineering equipment	8,483,308.88		8,483,308.88	6,789,167.54		6,789,167.54
Information construction fund	933,740.18		933,740.18			
Other	100,000.00		100,000.00	100,000.00		100,000.00
Total	9,517,049.06		9,517,049.06	6,889,167.54		6,889,167.54

Other explanation:

32. Short-term loans

(1) Category

Not applicable

33. Tradable financial liability

Not applicable

34. Derivative financial liability

Not applicable

35. Note payable

Not applicable

36. Account payable

(1) Account payable

In RMB

Item	Ending balance	Opening balance
Purchase of goods and services	8,863,245.61	5,671,144.03
Engineering equipment	58,728,301.55	63,416,286.39
Total	67,591,547.16	69,087,430.42

(2) Major accounts payable with age over one year

In RMB

Item	Ending balance	Reasons of outstanding or carry-over
Shenzhen Yinglong Jian'an (Group) Co.,	28,503,133.19	Project unsettled

Ltd.		
Shenzhen SDG Real Estate Co., Ltd	6,054,855.46	Unrepayment from related enterprise
Shenzhen YINUO Construction Engineering Co., Ltd.	4,274,022.22	Project unsettled
Total	38,832,010.87	--

37. Accounts received in advance

(1) Accounts received in advance

In RMB

Item	Ending balance	Opening balance
Rent	158,872.79	491,560.38
Payment	14,257,422.49	26,808,262.33
Total	14,416,295.28	27,299,822.71

38. Contractual liabilities

Not applicable

39. Wage payable

(1) Wage payable

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
I. Short-term compensation	30,503,178.16	36,875,035.83	36,555,731.04	30,822,482.95
II. After-service welfare-defined contribution plans	701,616.73	384,408.27	916,481.15	169,543.85
III. Dismissed welfare		360,836.00	360,836.00	
Total	31,204,794.89	37,620,280.10	37,833,048.19	30,992,026.80

(2) Short-term compensation

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Wage, bonus, allowance and subsidy	28,178,495.98	33,551,443.96	32,787,768.34	28,942,171.60

2. Employees' welfare		469,358.91	469,358.91	
3. Social insurance charges	8,358.59	622,767.82	631,126.41	
Including: medical insurance premium	7,172.62	543,280.30	550,452.92	
Industrial injury insurance premiums	513.72	2,473.22	2,986.94	
Maternity insurance premiums	672.25	77,014.30	77,686.55	
4. Housing public reserve	2,041,648.34	1,755,734.00	2,173,133.46	1,624,248.88
5. Trade union fee and education fee	274,675.25	475,731.14	494,343.92	256,062.47
Total	30,503,178.16	36,875,035.83	36,555,731.04	30,822,482.95

(3) Defined contribution plans

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Basic endowment insurance premiums	142,418.85	381,168.57	523,587.42	
2. Unemployment insurance premiums	1,352.03	3,239.70	4,591.73	
3. Enterprise annuity	557,845.85		388,302.00	169,543.85
Total	701,616.73	384,408.27	916,481.15	169,543.85

40. Taxes payable

In RMB

Item	Ending balance	Opening balance
VAT	-358,235.15	551,626.76
Enterprise income tax	6,435,910.05	64,461,051.35
Personal income tax	339,337.61	342,986.08
Urban maintenance and construction tax	137,895.89	134,816.64
Land VAT	5,362,682.64	5,362,682.64
House property tax	811,135.85	266.04
Use tax of land	135,831.92	26,459.98
Educational surtax	83,895.38	82,529.27
Local education surcharges	55,930.25	55,019.51
Stamp tax	143,335.03	407,829.34

Other	11,811.88	
Total	13,159,531.35	71,425,267.61

Other explanation:

41. Other account payable

In RMB

Item	Ending balance	Opening balance
Other account payable	99,453,009.14	101,266,802.49
Total	99,453,009.14	101,266,802.49

(1) Interest payable

Not applicable

(2) Dividend payable

Not applicable

(3) Other account payable

1) By nature

In RMB

Item	Ending balance	Opening balance
Deposit margin	34,097,428.62	29,630,854.41
Related transactions		28,310,337.10
Withholding payments	30,877,029.60	14,218,478.78
Payable interim payment	34,478,550.92	29,107,132.20
Total	99,453,009.14	101,266,802.49

2) Significant other account payable with over one year age

Not applicable

42. Liability held for sale

Not applicable

43. Non-current liabilities due within one year

Not applicable

44. Other current liabilities

Not applicable

45. Long-term loans

Not applicable

46. Bonds payable

Not applicable

47. Lease liability

Not applicable

48. Long-term account payable

In RMB

Item	Ending balance	Opening balance
Long-term account payable	3,920,160.36	3,920,160.36
Total	3,920,160.36	3,920,160.36

(1) By nature

In RMB

Item	Ending balance	Opening balance
Deposit of staff residence	3,908,848.40	3,908,848.40
Allocation for technology innovation projects	11,311.96	11,311.96
Total	3,920,160.36	3,920,160.36

(2) Special account payable

Not applicable

49. Long-term wage payable

Not applicable

50. Accrual liabilities

In RMB

Item	Ending balance	Opening balance	Causes
Pending litigation	2,225,468.76	2,225,468.76	For details, please refer to note XIV 2 (2) of this financial statement
Total	2,225,468.76	2,225,468.76	--

51. Deferred income

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance	Causes
Government subsidies	139,400.00			139,400.00	Receive government subsidies
Total	139,400.00			139,400.00	--

Item with government grants involved:

In RMB

Liability	Opening balance	New grants in the Period	Amount reckoned in non-operation revenue	Amount reckoned in other income	Cost reduction in the period	Other changes	Ending balance	Assets-related/income related
Elevator Renewal Subsidy Fund for Futian District Old Elevator Renovation Working Group	139,400.00						139,400.00	Assets-related

52. Other non-current liabilities

Not applicable

53. Share capital

In RMB

	Opening balance	Increased (decreased) in this period+, -					Ending balance
		New shares issued	Bonus shares	Shares converted from public reserve	Other	Subtotal	
Total shares	431,058,320.00						431,058,320.00

54. Other equity instrument

Not applicable

55. Capital public reserve

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
Capital premium (Share capital premium)	425,768,053.35			425,768,053.35
Other capital reserve	5,681,501.16			5,681,501.16
Total	431,449,554.51			431,449,554.51

56. Treasury stock

Not applicable

57. Other comprehensive income

In RMB

Item	Opening balance	Current Period						Ending balance
		Account before income tax in the period	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less: written in other comprehensive income in previous period and carried forward to retained earnings in	Less : income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	

				current period				
II. Other comprehensive income items which will be reclassified subsequently to profit or loss	26,422.00							26,422.00
Including: Other comprehensive income under equity method that can transfer to gain/loss	26,422.00							26,422.00
Total other comprehensive income	26,422.00							26,422.00

58. Reasonable reserve

Not applicable

59. Surplus public reserve

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
Statutory surplus reserves	21,007,488.73			21,007,488.73
Total	21,007,488.73			21,007,488.73

60. Retained profit

In RMB

Item	Current period	Last period
Retained profit at the end of the previous period before adjustment	387,423,510.78	184,535,322.70
Adjust the total Retained profits at the beginning of the period (Increase +, Decrease -)		1,079,805.36
Total retained profit at the beginning of the previous period before adjustment	387,423,510.78	185,615,128.06
Add: net profit attributable to shareholder of parent company	25,594,985.78	219,669,708.47
Less: withdrawal of legal surplus reserve		17,861,325.75
Common stock dividends payable	18,104,449.44	
Retained profit at period-end	394,914,047.12	387,423,510.78

61. Operating income and operating cost

In RMB

Item	Current period		Last period	
	Income	Cost	Income	Cost
Main business	193,056,348.40	153,545,320.45	274,182,882.36	209,294,422.75
Other business	3,995,441.89	1,229,267.07	4,085,856.97	1,199,589.67
Total	197,051,790.29	154,774,587.52	278,268,739.33	210,494,012.42

Income related information

In RMB

Contract classification	Division 1	Division 2	Total
Including:			
Auto sales			98,797,491.83
Automobile inspection and maintenance and parts sales			19,138,132.58
Property leasing and services			62,152,861.68
Jewelry wholesale and retail			16,963,304.20
Including:			
Shenzhen			180,088,486.09
Sichuan			16,963,304.20

62. Tax and surcharges

In RMB

Item	Current period	Last period
Consumption tax		228,067.46
Urban maintenance and construction tax	273,827.41	395,934.29
Education surcharge	195,109.16	282,810.15
House property tax	554,437.90	1,686,527.43
Use tax of land	365,803.85	218,743.88
Stamp duty	82,782.69	152,809.21
Other taxes	-95,233.44	3,272.64
Total	1,376,727.57	2,968,165.06

63. Sales expenses

In RMB

Item	Current period	Last period
Staff remuneration	4,368,623.68	6,075,124.02
Advertising and exhibition expenses	190,434.21	238,736.65
Depreciation and amortization	762,935.85	710,671.25
Office expenses	266,706.77	283,392.38
Property and utilities	371,102.25	141,178.84
Transportation and business trip cost	6,650.61	147,134.39
Other	809,691.17	1,762,276.76
Total	6,776,144.54	9,358,514.29

64. Administration expenses

In RMB

Item	Current period	Last period
Staff remuneration	13,255,712.63	13,660,961.91
Office expenses	522,602.46	631,367.84
Transportation and business trip cost	105,949.65	159,511.67
Business entertainment expenses	103,117.88	257,293.90
Depreciation and amortization	989,192.76	1,027,310.00
Consulting and service expenses	1,270,520.91	528,616.99
Other	954,904.32	613,566.95
Total	17,202,000.61	16,878,629.26

65. R&D expenses

Not applicable

66. Financial expenses

In RMB

Item	Current period	Last period
Interest expenses	46,986.20	4,765,937.06

Less: Interest income	2,453,494.99	1,152,054.69
Less: interest capitalized amount		
Exchange loss	66,918.38	10,717.33
Other	137,439.86	133,176.06
Total	-2,202,150.55	3,757,775.76

67. Other income

In RMB

Sources	Current period	Last period
VAT input tax deduction		6,611.29
Handling fee refund for withholding personal income tax	36,471.10	
Other	16,375.60	
Total	52,846.70	6,611.29

68. Investment income

In RMB

Item	Current period	Last period
Long-term equity investment income measured by equity	8,521,866.84	10,775,524.54
Investment income of trading financial assets during the holding period	4,359,623.66	5,935,926.39
Total	12,881,490.50	16,711,450.93

69. Net exposure hedge gains

Not applicable

70. Income of fair value changes

In RMB

Sources	Current period	Last period
Tradable financial assets	-356,102.35	
Total	-356,102.35	

71. Credit impairment loss

In RMB

Item	Current period	Last period
Loss of bad debt of other account receivable	599,187.56	-184,419.32
Loss of bad debt of other account receivable	13.87	286,085.46
Total	599,201.43	101,666.14

72. Assets impairment loss

Not applicable

73. Income from assets disposal

In RMB

Sources	Current period	Last period
Income from disposal of non-current assets		103,159.68
Total		103,159.68

74. Non-operating income

In RMB

Item	Current period	Last period	Amount included in the current non-recurring profit and loss
Government grants	230,000.00		230,000.00
Gains from non-current assets damaged/scrap		52,583.13	
Including: Fixed assets		52,583.13	
Other	716,106.92	67,042.31	716,106.92
Total	946,106.92	119,625.44	

Government grants reckoned into current gains/losses:

In RMB

Grants	Issuing subject	Issuing cause	Property type	Whether the impact of subsidies on the current profit and	Whether special subsidies	Amount of this period	Amount of last period	Assets related/Income related
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				loss				
Government grants	Luohu District Industry and Information Technology Bureau					230,000.00		Income related

Other explanation:

Epidemic subsidy

75. Non-operating expenditure

In RMB

Item	Current period	Last period	Amount included in the current non-recurring profit and loss
Other	29,059.48	833,400.00	29,059.48
Total	29,059.48	833,400.00	29,059.48

76. Income tax expense

(1) Income tax expense

In RMB

Item	Current period	Last period
Current income tax expenses	6,407,943.06	5,997,893.76
Deferred income tax expenses	19,471.10	19,471.10
Adjustment for precious period	20,891.90	20,891.90
Total	6,448,306.06	6,038,256.76

(2) Adjustment process of accounting profit and income tax expenses

In RMB

Item	Current period
Total profit	33,218,964.32
Income tax expenses calculated by statutory tax rate	8,304,741.08
Effect of adjusting income tax in the previous period	20,891.90
Impact of non taxable income	-2,130,466.71
Unrecognized impacts of deductible temporary differences or deductible losses on deferred income tax assets in the period	253,139.79

Income tax expenses	6,448,306.06
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77. Other comprehensive income

Found more in annotations

78. Annotation of cash flow statement

(1) Cash received with other operating activities concerned

In RMB

Item	Current period	Last period
Deposit margin	3,272,399.10	23,334,956.48
Interest income	1,643,158.09	565,912.47
Intercourse funds and other	33,302,872.31	6,387,138.07
Total	38,218,429.50	30,288,007.02

Note of cash paid with other operating activities concerned:

(2) Cash paid with other operating activities concerned

In RMB

Item	Current period	Last period
Cash paid	18,510,703.27	13,629,937.63
Deposit margin	734,563.26	15,893,485.00
Intercourse funds and other	29,438,222.21	639,082.23
Total	48,683,488.74	30,162,504.86

(3) Cash received with other investment activities concerned

In RMB

Item	Current period	Last period
Received equity transfer payment		20,870,000.00
Total		20,870,000.00

(4) Cash paid related with investment activities

Not applicable

(5) Cash received with other financing activities concerned

Not applicable

(6) Other cash paid related with financing activities

Not applicable

79. Supplementary information to statement of cash flow**(1) Supplementary information to statement of cash flow**

In RMB

Supplementary information	Current period	Last period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	26,770,658.26	44,982,499.26
Add: Impairment provision for assets	-599,201.43	-101,666.14
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	11,167,637.52	11,806,505.67
Amortization of intangible assets	638,732.46	670,462.14
Amortization of long-term pending expenses	764,042.88	527,299.42
Loss from disposal of fixed assets, intangible assets and other long-term assets (income is listed with "-")		-101,666.14
Losses on scrapping of fixed assets (income is listed with "-")	23,933.75	-52,583.13
Loss from change of fair value (income is listed with "-")	356,102.35	
Financial expenses (income is listed with "-")	46,986.20	4,765,937.06
Investment loss (income is listed with "-")	-12,881,490.50	-16,711,450.93
Decrease of deferred income tax assets (increase is listed with "-")	19,471.10	19,471.10
Decrease of inventory (increase is listed with "-")	6,275,613.37	-4,455,508.57
Decrease of operating receivable accounts (increase is listed with "-")	48,012,932.94	-29,044,227.74
Increase of operating payable accounts	-63,289,096.70	15,128,987.30

(decrease is listed with “-”)		
Net cash flow arising from operating activities	17,306,322.20	27,434,059.30
2. Material investment and financing not involved in cash flow	--	--
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	304,937,895.62	199,241,051.16
Less: Balance of cash at year-begin	400,668,257.81	142,848,120.69
Net increasing of cash and cash equivalents	-95,730,362.19	56,392,930.47

(2) Net cash paid for obtaining subsidiary in the Period

Not applicable

(3) Net cash received by disposing subsidiary in the Period

Not applicable

(4) Constitution of cash and cash equivalent

In RMB

Item	Ending balance	Opening balance
I. Cash	304,937,895.62	400,668,257.81
Including: Cash on hand	52,095.50	120,351.17
Bank deposit available for payment at any time	304,885,800.12	400,547,906.64
III. Balance of cash and cash equivalent at period-end	304,937,895.62	400,668,257.81
Including: Cash and cash equivalent with restriction used by parent company or subsidiary in the Group	28,671,414.00	28,183,348.23

80. Notes of changes of owners' equity

Explain the name and adjusted amount in “Other” at end of last period:

Nil

81. Assets with ownership or use right restricted

In RMB

Item	Ending book value	Reasons for restriction
Monetary fund	28,671,414.00	Upgrading project of the Tellus-Gman Gold & Jewelry Industrial Park - supervision funds for the 03# land
Total	28,671,414.00	--

82. Foreign currency monetary

(1) Foreign currency monetary

In RMB

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted
Monetary funds	--	--	
Including: USD	856.00	7.0795	6,060.05
EURO			
HKD			
Account receivable	--	--	
Including: USD			
EURO			
HKD			
Long-term loans	--	--	
Including: USD			
EURO			
HKD			

Other explanation:

(2) Explanation on foreign operational entity, including as for the major foreign operational entity, disclosed main operation place, book-keeping currency and basis for selection; if the book-keeping currency changed, explain reasons

☐ Applicable ☒ Not applicable

83. Hedging

Disclosed hedging items and relevant hedging instrument based on hedging's category, disclosed qualitative and quantitative

information for the arbitrage risks:

Not applicable

84. Government grants

(1) Government grants

In RMB

Category	Amount	Item	Amount reckoned into current gains/losses
Elevator Renewal Subsidy Fund for Futian District Old Elevator Renovation Working Group	139,400.00	Deferred income	
Epidemic subsidy	230,000.00	Non operating income	230,000.00

(2) Government grants rebate

☐ Applicable ☒ Not applicable

85. Other

VI. Changes of consolidation range

Not applicable

VII. Equity in other entity

1. Equity in subsidiary

(1) Constitue of enterprise group

Subsidiary	Main operation place	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
Shenzhen Tellus Xinyongtong Automobile Development Co. Ltd.	Shenzhen	Shenzhen	Commerce	100.00%		Establishment
Shenzhen Dongchang Yongtong Automobile	Shenzhen	Shenzhen	Commerce		95.00%	Establishment

Inspection Co., Ltd.						
Shenzhen Bao'an Shiquan Industrial Co., Ltd.	Shenzhen	Shenzhen	Commerce		100.00%	Establishment
Shenzhen SDG Tellus Real Estate Co., Ltd.	Shenzhen	Shenzhen	Manufacture	100.00%		Establishment
Shenzhen Tellus Chuangying Technology Co., Ltd.	Shenzhen	Shenzhen	Commerce	100.00%		Establishment
Shenzhen Xinyongtong Automobile Inspection Equipment Co. Ltd.	Shenzhen	Shenzhen	Commerce	51.00%		Establishment
Shenzhen Auto Industry and Trade Corporation	Shenzhen	Shenzhen	Commerce	100.00%		Establishment
Shenzhen Automotive Industry Supply Corporation	Shenzhen	Shenzhen	Commerce		100.00%	Establishment
Shenzhen SDG Huari Auto Enterprise Co., Ltd.	Shenzhen	Shenzhen	Commerce	60.00%		Establishment
Shenzhen Huari Anxin Automobile Inspection Ltd.	Shenzhen	Shenzhen	Commerce		100.00%	Establishment
Shenzhen Zhongtian Industrial Co., Ltd.	Shenzhen	Shenzhen	Commerce	100.00%		Establishment
Shenzhen Huari TOYOTA	Shenzhen	Shenzhen	Commerce	60.00%		Establishment

Automobile Sales Service Co., Ltd.						
Anhui Tellus Starlight Jewelry Investment Co., Ltd.	Hefei	Hefei	Commerce	51.00%		Establishment
Anhui Tellus Starlight Jewelry Investment Co., Ltd.	Hefei	Hefei	Commerce		60.00%	Establishment
Sichuan Tellus Jewelry Tech. Co., Ltd.	Chengdu	Chengdu	Commerce	66.67%		Establishment
Shenzhen Tellus Baoku Supply Chain Technology Co., Ltd.	Shenzhen	Shenzhen	Commerce	100.00%		Establishment

(2) Important non-wholly-owned subsidiary

In RMB

Subsidiary	Share-holding ratio of minority	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
Shenzhen Huari Toyota Auto Sales Co., Ltd	40.00%	-1,572.01		1,676,814.56
Shenzhen SDG Huari Auto Enterprise Co., Ltd.	40.00%	219,946.78		9,921,880.04
Sichuan Tellus Jewelry Tech. Co., Ltd.	33.33%	672,524.17	3,721,379.80	51,457,806.19

(3) Main finance of the important non-wholly-owned subsidiary

In RMB

Subsidiary	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Huari	62,803,894.10	4,564,675.29	67,368,569.39	63,176,532.99		63,176,532.99	66,208,279.12	4,780,912.24	70,989,191.36	66,793,224.94		66,793,224.94

Toyota Auto Sales Co., Ltd												
Shenzhen SDG Huari Auto Enterprise Co., Ltd.	50,621,553.07	23,096,268.59	73,717,821.66	48,763,121.55		48,763,121.55	48,495,244.11	24,078,718.09	72,573,962.20	48,169,129.04		48,169,129.04
Sichuan Tellus Jewelry Tech. Co., Ltd.	153,866,160.08	231,131.84	154,097,291.92	681,426.00		681,426.00	164,965,162.17	255,849.32	165,221,011.49	1,701,033.97		1,701,033.97

In RMB

Subsidiary	Current period				Last period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operation activity	Operating income	Net profit	Total comprehensive income	Cash flow from operation activity
Shenzhen Huari Toyota Auto Sales Co., Ltd	119,178,692.47	-3,930.02	-3,930.02	1,564,040.84	106,372,651.09	133,522.54	133,522.54	3,616,339.12
Shenzhen SDG Huari Auto Enterprise Co., Ltd.	16,003,589.01	549,866.95	549,866.95	-4,077,786.01	18,957,565.71	-58,474.42	-58,474.42	-3,733,976.75
Sichuan Tellus Jewelry Tech. Co., Ltd.	16,963,304.20	2,017,572.52	2,017,572.52	59,442,155.95	92,578,958.77	3,852,200.31	3,852,200.31	-14,716,246.53

(4) Significant restrictions on the use of enterprise group assets and pay off debts of the enterprise group

Nil

(5) Financial or other supporting offers to the structured entity included in consolidated financial statement range

Nil

2. Transaction that has owners equity shares changed in subsidiary but still with controlling rights

Nil

3. Equity in joint venture and associated enterprise

(1) Important joint venture or associated enterprise

Joint venture or Associated enterprise	Main operation place	Registered place	Business nature	Share-holding ratio		Accounting treatment on investment for joint venture and associated enterprise
				Directly	Indirectly	
Shenzhen Tellus Gman Investment Co., Ltd	Shenzhen	Shenzhen	Investment and establishment of industries	50.00%		Equity method accounting
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	Shenzhen	Shenzhen	Sales of Benz	35.00%		Equity method accounting
Shenzhen Dongfeng Motor Co., Ltd.	Shenzhen	Shenzhen	Auto manufacture and maintain		25.00%	Equity method accounting

(2) Main financial information of the important joint venture

In RMB

	Ending balance/Current period	Opening balance/Last period
	Shenzhen Tellus Gman Investment Co., Ltd	Shenzhen Tellus Gman Investment Co., Ltd
Current assets	51,890,128.83	56,022,041.04
Including: Cash and cash equivalent	8,300,876.58	9,770,310.11
Non current assets	364,310,637.32	363,958,852.65
Total Assets	416,200,766.15	419,980,893.69
Current liabilities	33,267,810.35	34,420,126.74
Non current liabilities	234,500,000.00	245,250,000.00

Total liabilities	267,767,810.35	279,670,126.74
Shareholders' equity attributable to the parent company	148,432,955.80	140,310,766.95
Share of net assets calculated by shareholding ratio	74,216,477.90	70,155,383.48
--Others	74,195,020.79	70,155,383.48
Fair value of the equity investment of joint venture with public offers concerned	37,081,024.74	41,866,318.34
Business income	6,840,207.33	7,181,939.67
Financial expenses	2,693,091.50	1,685,627.29
Income tax expenses	8,079,274.57	7,304,384.91
Other comprehensive income	8,079,274.57	7,304,384.91
	51,890,128.83	56,022,041.04
Dividends received from joint venture in the year	8,300,876.58	9,770,310.11

(3) Main financial information of the important associated enterprise

In RMB

	Ending balance/Current period		Opening balance/Last period	
	Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	Shenzhen Dongfeng Motor Co., Ltd.	Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	Shenzhen Dongfeng Motor Co., Ltd.
Current assets	230,248,569.76	435,453,513.27	229,415,509.00	479,352,285.14
Non current assets	38,674,818.99	212,332,449.42	22,735,996.00	214,963,230.31
Total Assets	268,923,388.75	647,785,962.69	252,151,505.00	694,315,515.45
Current liabilities	149,717,250.16	417,995,210.15	156,969,413.00	459,613,457.00
Non current liabilities	16,462,156.27	65,811,471.27		66,941,248.16
Total liabilities	166,179,406.43	483,806,681.42	156,969,413.00	526,554,705.16
		-13,887,156.97		-11,589,462.52
Minority interests	102,743,982.32	177,866,438.24	95,182,092.00	179,350,272.81
Shareholders' equity attributable to the parent company	35,960,393.81	44,466,609.56	33,313,732.20	44,837,568.20
—Unrealized profit of internal trading	37,689,743.58	44,988,824.43	33,313,732.20	44,837,568.20

Book value of equity investment in associated enterprise	542,501,386.62	154,117,515.10	568,266,810.59	219,400,462.98
Fair value of the equity investment of associated enterprise with public offers concerned	12,502,889.67	-345,684.65	12,457,996.18	10,121,106.72
Net profit of the termination of operation	12,502,889.67	-345,684.65	12,457,996.18	10,121,106.72
Other comprehensive income			17,500,000.00	64,100,548.07
Total comprehensive income	230,248,569.76	435,453,513.27	229,415,509.00	479,352,285.14
	38,674,818.99	212,332,449.42	22,735,996.00	214,963,230.31
Dividends received from associated enterprise in the year	268,923,388.75	647,785,962.69	252,151,505.00	694,315,515.45

Other explanation

(4) Financial summary for non-important Joint venture and associated enterprise

In RMB

	Ending balance/Current period	Opening balance/Last period
Joint venture:	--	--
Total book value of investment	12,145,749.93	11,845,452.17
Amount based on share-holding ratio	--	--
-- Net profit	588,819.14	363,981.77
-- Total comprehensive income	588,819.14	363,981.77
Associated enterprise:	--	--
Total book value of investment	1,681,072.16	2,026,407.98
Amount based on share-holding ratio	--	--
-- Net profit	-959,266.17	-409,250.15
-- Total comprehensive income	-959,266.17	-409,250.15

Other explanation:

1. Not important joint venture: Shenzhen Tellus Hang Investment Co., Ltd.

2. Not important associated enterprise: Shenzhen Automobile Industry Import and Export Co., Ltd.

(5) Major limitation on capital transfer ability to the Company from joint venture or associated enterprise

Nil

(6) Excess loss occurred in joint venture or associated enterprise

In RMB

Joint venture/Associated enterprise	Cumulative un-recognized losses	Un-recognized losses not recognized in the Period (or net profit enjoyed in the Period)	Cumulative un-recognized losses at period-end
Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd.	916,937.25	-121,989.68	794,947.57

(7) Unconfirmed commitment with joint venture investment concerned

Nil

(8) Intangible liability with joint venture or affiliates investment concerned

Nil

4. Major conduct joint operation

Nil

5. Structured body excluding in consolidate financial statement

Note of structured body excluding in consolidate financial statement:

Nil

6. Other

VIII. Related party and related transactions

1. Parent company

Parent company	Registration place	Business nature	Registered capital	Ratio of shareholding on the Company	Ratio of voting right on the Company
Shenzhen SDG Co., Ltd.	Shenzhen	Development and operation of real estate and domestic	3582.82 million Yuan	49.09%	49.09%

		commerce			
--	--	----------	--	--	--

Explanation on parent company of the enterprise

Shenzhen SDG Co., Ltd. is invested by the State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government and was established on August 1, 1981. The company now holds a business license with a unified social credit code of 91440300192194195C and a registered capital of 3582.82 million yuan.

Ultimate controller of the Company is Shenzhen Municipal People's Government State-Owned Assets Supervision and Administration Commission.

2. Subsidiary

Subsidiary of the Company found more in Note IX

3. Joint venture and associated enterprise

Joint Venture of the Company found more in Note IX

Other cooperative enterprise and joint venture that have related transaction with the Company in the Period or occurred in previous period:

Joint venture/Associated enterprise	Relationship
Shenzhen Xinyongtong Auto Service Co., Ltd.	Associated company
Shenzhen Tellus Xinyongtong Auto Service Co., Ltd.	Associated company
Shenzhen Tellus Automobile Service Chain Co., Ltd.	Associated company
Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd.	Associated company
Shenzhen Xiandao New Material Co., Ltd.	Associated company
Shenzhen Tellus Hang Investment Co., Ltd.	Joint venture

4. Other related party

Other related party	Relationship with the Enterprise
Shenzhen SD Petty Loan Co., Ltd.	Holding subsidiary of the parent company
Shenzhen SDG Swan Industrial Co., Ltd.	Holding subsidiary of the parent company
Shenzhen Machinery Equipment Imp & Exp. Company	Holding subsidiary of the parent company
Shenzhen SDG Real Estate Co., Ltd	Holding subsidiary of the parent company
Hong Kong Yujia Investment Co, Ltd.	Holding subsidiary of the parent company
Shenzhen SDG Engineering Management Co., Ltd.	Holding subsidiary of the parent company
Shenzhen Tellus Yangchun Real Estate Co., Ltd.	Holding subsidiary of the parent company
Shenzhen Longgang Tellus Real Estate Co., Ltd.	Holding subsidiary of the parent company
Shenzhen SDG Tellus Property Management Co., Ltd.	Holding subsidiary of the parent company

Shenzhen SDG Service Co., Ltd. Jewelry Park Branch	Holding subsidiary of the parent company
Starlight Jewelry Co., Ltd.	Shareholders
Anhui Jinzun Jewelry Co., Ltd.	Shareholders

5. Related transaction

(1) Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

In RMB

Related party	Related transaction content	Current Period	Approved transaction limit	Whether more than the transaction limit (Y/N)	Last Period
Shenzhen SDG Engineering Management Co., Ltd.	Accept labor	637,620.00			504,190.40
Shenzhen SDG Tellus Property Management Co., Ltd.	Accept labor	7,001,541.81			5,816,443.82
Shenzhen SDG Service Co., Ltd. Jewelry Park Branch	Accept labor	199,490.25			

Goods sold/labor service providing

In RMB

Related party	Related transaction content	Current Period	Last Period
Shenzhen SD Petty Loan Co., Ltd.	Providing services	93,615.92	95,167.03

(2) Related trusteeship management/contract & entrust management/ outsourcing

Not applicable

(3) Related lease

As a lessor for the Company:

In RMB

Lessee	Assets type	Lease income in recognized in the Period	Lease income in recognized last the Period
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	House lease	1,694,444.45	2,523,809.60
Shenzhen Xinyongtong Auto Service Co., Ltd.	House lease	231,379.05	327,782.86
Shenzhen Xinyongtong Dongxiao Auto Service Co., Ltd.	House lease	169,714.29	240,428.57
Shenzhen SD Petty Loan Co., Ltd.	House lease	620,733.12	704,631.90
Shenzhen SDG Tellus Property Management Co., Ltd.	House lease	25,402.04	13,288.57
Shenzhen SDG Service Co., Ltd. Jewelry Park Branch	House lease	897,970.47	
Subtotal		3,639,643.41	3,809,941.50

As lessee:

Nil

(4) Related guarantee

As guarantor

In RMB

Secured party	Guarantee amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	3,500,000.00	2007-04-17		No

As secured party

Nil

Explanation on related guarantee

The Company entered into pledge contract with Zung Fu Auto Management (Shenzhen) Co., Ltd. (hereinafter referred to as Zung Fu Shenzhen), pursuant to which, during the period from establishment of our associate company Shenzhen Zung Fu Tellus Auto Service Co., Ltd. (hereinafter referred to as Zung Fu Tellus) to the expiration date of the joint venture contract between the Company and Zung Fu Shenzhen, provided that Zung Fu Shenzhen provides borrowings to Zung Fu Tellus under entrusted loan, Zung Fu Tellus makes borrows from bank or other financial institutions and guaranteed by Zung Fu Shenzhen, and the total borrowings shall not exceed RMB 100 million, the Company bears 35% of the obligations arising from above borrowings according to its shareholding proportion. It was agreed for the Company to pledge 35% equity interests held in Zung Fu Tellus to

Zung Fu Shenzhen as counter guarantee for the above borrowings.

Chengdu HezhiYuan Jewelry Co., Ltd., the related enterprise of Chengdu CaizhiYuan Jewelry Co., Ltd. which is a shareholder of the Company's subsidiary Sichuan Tellus Jewelry Technology Co., Ltd., and the related individual Xiong Yungui, Chengdu Ruihang Jewelry Co., Ltd., a shareholder of Sichuan Tellus Jewelry Technology Co., Ltd., and the related individual Linhang, Chengdu Zhongjin Guifu Jewelry Co., Ltd., a shareholder of Sichuan Tellus Jewelry Technology Co., Ltd., and the related individual Lin Tonggui, Chengdu Hengyue Trading Co., Ltd., a shareholder of Sichuan Tellus Jewelry Technology Co., Ltd., and related company Chengdu Zhongcheng Shubao Jewelry Co., Ltd. set the maximum guarantee by taking Sichuan Tellus Jewelry Technology Co., Ltd. as the creditor, the main creditor's right of guarantee is the accounts receivable of Sichuan Tellus Jewelry Technology Co., Ltd. to the warrantees, Lin Qin, etc., the total amount of guarantees is 41.4799 million Yuan.

(5) Related party's borrowed funds

In RMB

Related party	Borrowing amount	Starting date	Maturity date	Note
Borrowing				
Lending				
Shenzhen Tellus Hang Investment Co., Ltd.	256,363.88	2020-01-01	2020-12-31	Payment of property rights representative salary

(6) Related party's assets transfer and debt reorganization

Nil

(7) Remuneration of key manager

In RMB

Item	Current period	Last period
Remuneration of directors, supervisors and senior executives	2,926,900	2,323,700

(8) Other related transaction

6. Receivable and payable of related party

(1) Receivable item

In RMB

Item Name	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Shenzhen Xinyongtong Auto Service Co., Ltd.	927,602.00	927,602.00	927,602.00	927,602.00
	Shenzhen Xinyongtong Dongxiao Auto Service Co., Ltd.	680,400.00	680,400.00	680,400.00	680,400.00
	Shenzhen SD Petty Loan Co., Ltd.	221,227.49	2,835.84	283,583.81	2,835.84
Subtotal		1,829,229.49	1,610,837.84	1,891,585.81	1,610,837.84
Other receivable	Shenzhen Tellus Automobile Service Chain Co., Ltd.	1,359,297.00	1,359,297.00	1,359,297.00	1,359,297.00
	Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd.	531,882.24	531,882.24	531,882.24	531,882.24
	Shenzhen Xiandao New Material Co., Ltd.	660,790.09	660,790.09	660,790.09	660,790.09
	Shenzhen Tellus Xinyongtong Auto Service Co., Ltd.	114,776.33	114,776.33	114,776.33	114,776.33
	Shenzhen Tellus Hang Investment Co., Ltd.			55,125.04	551.25
	Shenzhen SDG Service Co., Ltd. Jewelry Park Branch	879,119.04			
Subtotal		3,545,864.70	2,666,745.66	2,721,870.70	2,667,296.91
Long-term receivables	Shenzhen Tellus Automobile Service Chain Co., Ltd.	2,179,203.68	2,179,203.68	2,179,203.68	2,179,203.68
Subtotal		2,179,203.68	2,179,203.68	2,179,203.68	2,179,203.68

(2) Payable item

In RMB

Item Name	Related party	Ending book balance	Opening book balance
Accounts payable	Shenzhen SDG Real Estate Co., Ltd	6,054,855.46	6,054,855.46
	Shenzhen Machinery Equipment Import & Export Corporation	45,300.00	45,300.00
	Shenzhen Tellus Gman Investment Co., Ltd	22,360.00	200,000.00
	Shenzhen SDG Engineering Management Co., Ltd.		42,205.66
	Shenzhen SDG Service Co., Ltd. Jewelry Park Branch		36,103.11
	Shenzhen SDG Tellus Property Management Co., Ltd.	3,372,496.27	
Subtotal		9,495,011.73	6,378,464.23
Other payable	Hong Kong Yujia Investment Co, Ltd.	2,158,064.96	2,172,091.54
	Shenzhen SDG Swan Industrial Co., Ltd.	20,703.25	20,703.25
	Shenzhen Machinery Equipment Imp & Exp. Company	1,554,196.80	1,554,196.80
	Shenzhen SDG Co., Ltd.	17,448,724.94	20,378,046.74
	Shenzhen Longgang Tellus Real Estate Co., Ltd.	1,095,742.50	1,095,742.50
	Shenzhen Tellus Yangchun Real Estate Co., Ltd.	476,217.49	476,217.49
	Shenzhen Tellus Hang Investment Co., Ltd.	16,765.12	
	Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd.	29,940.00	29,940.00
	Anhui Jinzun Jewelry Co., Ltd.	1,330,000.00	1,330,000.00
	Shenzhen SDG Tellus Property Management Co., Ltd.	192,227.98	192,227.98
	Shenzhen Zung Fu Tellus Auto	833,334.00	833,334.00

	Service Co., Ltd.		
	Shenzhen SD Petty Loan Co., Ltd.	227,836.80	227,836.80
	Shenzhen SDG Service Co., Ltd. Jewelry Park Branch	6,598.00	
Subtotal		25,390,351.84	28,310,337.10

7. Related party commitment

8. Other

IX. Commitment or contingency

1. Important commitments

Important commitments on balance sheet date

Nil

2. Contingency

(1) Contingency on balance sheet date

Contingent liability and its financial influence formed by pending litigation or arbitration

(1) In October 2005, a lawsuit was brought before Shenzhen Luo Hu District People's Court by the Company, which was the recognizer of Jintian Industrial (Group) Co., Ltd. ("Jintian") to require Jintian to redress RMB 4,081,830 (principal: RMB 3,000,000, interest: RMB 1,051,380, legal fare: RMB 25,160 and executive fare: RMB 5,290). Shenzhen Intermediate People's Court had adjudged that the Company won the lawsuit and the forcible execution had been applied by the Company. As for the deducted amount in previous years, the Company has counted as debt losses.

In April 2006, Shenzhen Development Bank brought an accusation against Jintian's overdue loan two million U.S. dollars and the Company who guaranteed for this loan. The company took on the principal and all interest. After that, the Company appealed to Shenzhen Luohu District People's Court, asking Jintian to repay 2,960,490 U.S. dollars and interest. In 2008, it reached Shen Luo No.937 Civil Reconciliation Agreement (2008) after the mediating action taken by Shenzhen Luohu District People's Court. The agreement is as follows: If Jintian repay 2,960,490 U.S. dollars before October 31, 2008, the company will exempt all the interest. If Jintian can not settle the amount on time, it will pay the penalty in accordance with the People's Bank of China RMB benchmark lending rate over the same period.

Jintian Company in process of debt service for bankruptcy reorganization. On January 29, 2016, Shenzhen Intermediate People's Court ruled that the reorganization plan of Jintian Company was completed and the bankruptcy proceedings were terminated, Jintian Company was re-allocating to the creditors, including the

Company, according to the reorganization plan. Cash of 325,000 yuan, 427,604 A shares and 163,886 B shares of Jintian Company should be distributed to the Company. As of the date of approval of this financial report, the company has not received the distributed property.

After failed to communicate with Jintian Company about the cash and equity that should be allocated to our company after Jintian Company's bankruptcy and reorganization for more than once, the Company filed a lawsuit to the People's Court of the Qianhai Cooperation Zone, requesting the court to order Jintian Company and its shareholders to pay.

On January 9, 2020, the Qianhai Court held a public hearing on the case, and made the first-instance judgment on February 13, 2020, judging that Jintian Company should pay 325,000 yuan to Tellus Group within 5 days from the effective date of the judgment and deliver 427,604 shares of A shares and 163,886 shares of B shares of Jintian Group (if the shares cannot be delivered, the payment can be made after converting into cash according to the stock market price on the last day of the aforementioned performance period). Because some of the defendants in this case cannot be served with the written judgment, and the defendants whose whereabouts are unknown include foreign-related parties, the Qianhai Court has published a delivery announcement for the written judgment on February 14, 2020. As of June 30, 2020, the first-instance judgment of the case has not yet taken effect.

(2) In May 2014, our subsidiary Shenzhen Automobile Industry Trading General Company (hereinafter referred to as Automobile Industry Trading Company) was served with a summon from people's court in Futian district, Shenzhen, pursuant to which, Shenzhen branch of China Huarong Asset Management Co., Ltd. ("Huarong Shenzhen") sued Auto Industrial Trading Company for joint settlement responsibility in respect of the debt disputes between Shenzhen Guangming Watch Co., Ltd. ("Guangming Watch") and its creditors. Including the payment of the debt principal of 350,000.00 yuan and the debt interest during the delayed performance period of 946,697.54 yuan, the Auto Industry and Trade Company calculated the expected litigation loss of 2,225,468.76 yuan based on the bank's borrowing interest rate for the same period of the outstanding principal and corresponding interest. Huarong Shenzhen Company applied to the Futian Court to withdraw the lawsuit on January 20, 2018, Futian Court issued (2014) SFFMECZ No. 4712-2 Civil Ruling Paper on January 30, 2018, allowed to withdraw.

(2) If the Company has no important contingency need to disclosed, explain reasons

The Company has no important contingency that need to disclose.

3. Other

X. Events after balance sheet date

Not applicable

XI. Other important events

1. Previous accounting errors collection

Nil

2. Debt restructuring

Nil

3. Assets exchange

Nil

4. Pension plan

Nil

5. Discontinuing operation

Nil

6. Segment

(1) Recognition basis and accounting policy for reportable segment

The Company determines operating (segment)divisions based on internal organizational structure, management requirements and internal reporting system, and determines the reporting segment based on the industry segment. Respectively assess the operating performance of automobile sales, automobile maintenance and testing, leasing and services, and jewelry wholesale and retail. The assets and liabilities used with each segment are distributed among the different segments in proportion to their size.

(2) Financial information for reportable segment

In RMB

Item	Auto sales	Auto maintenance and inspection	Leasing and services	Wholesale and retail of jewelry	Offset between segment	Total
Main business income	112,524,897.49	19,138,132.58	58,157,419.79	16,963,304.20	-13,727,405.66	193,056,348.40
Main business	109,843,052.17	16,287,281.23	25,058,304.97	16,010,373.45	-13,653,691.37	153,545,320.45

cost						
Total assets	67,368,569.39	22,910,066.56	2,540,076,869.66	154,256,572.67	-1,208,556,813.62	1,576,055,264.66
Total liability	63,176,532.99	14,176,110.25	617,141,672.40	2,069,464.10	-464,666,340.89	231,897,438.85

(3) The Company has no segment, or unable to disclose total assets and liability of the segment, explain reasons

(4) Other explanation

7. Other major transaction and events makes influence on investor's decision

Nil

8. Other

XII. Principle notes of financial statements of parent company

1. Account receivable

(1) Category

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt provision accrual on a single basis	484,803.08	16.30%	484,803.08	100.00%		484,803.08	69.90%	484,803.08	100.00%	
Including:										
Account receivable with bad debt provision accrual on portfolio	2,490,046.10	83.70%	2,087.99	0.08%	2,487,958.11	208,798.75	30.10%	2,087.99	1.00%	206,710.76
Including:										
Total	2,974,849.18	100.00%	486,891.07	16.37%	2,487,958.11	693,601.83	100.00%	486,891.07	70.20%	206,710.76

Bad debt provision accrual on single basis:

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Shenzhen Bijiaoshan Entertainment Company	172,000.00	172,000.00	100.00%	The accounts are more than 10 years old and are not expected to be recovered
Gong Yanqing	97,806.64	97,806.64	100.00%	The accounts are more than 10 years old and are not expected to be recovered
Guangzhou Lemin Computer Center	86,940.00	86,940.00	100.00%	The accounts are more than 10 years old and are not expected to be recovered
Other	128,056.44	128,056.44	100.00%	The accounts are more than 10 years old and are not expected to be recovered
Total	484,803.08	484,803.08	--	--

Bad debt provision accrual on portfolio:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio
Within one year	2,490,046.10	2,087.99	0.08%
Total	2,490,046.10	2,087.99	--

If the provision for bad debts of account receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivables to disclose related information about bad-debt provisions:

√ Applicable □ Not applicable

By account age

In RMB

Account age	Ending balance
Within one year (including one year)	2,490,046.10
Over 3 years	484,803.08
Over 5 years	484,803.08
Total	2,974,849.18

(2) Bad debt provision accrual, collected or reversal in the period

Not applicable

(3) Account receivable actually written-off in the period

Not applicable

(4) Top 5 account receivables at ending balance by arrears party

In RMB

Enterprise	Ending balance of accounts receivable	Proportion in total receivables at ending balance	Bad debt preparation ending balance
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	1,911,906.35	64.27%	
Shenzhen Bijiashan Entertainment Company	172,000.00	5.78%	172,000.00
Shenzhen Jincheng Yinyu Jewelry Co., Ltd.	103,272.00	3.47%	1,032.72
Gong Yanqing	97,806.64	3.29%	97,806.64
Guangzhou Lemin Computer Center	86,940.00	2.92%	86,940.00
Total	2,371,924.99	79.73%	357,779.36

(5) Account receivable derecognition due to financial assets transfer

Not applicable

(6) Assets and liabilities resulted by account receivable transfer and continues involvement

Not applicable

2. Other account receivable

In RMB

Item	Ending balance	Opening balance
Dividends receivable	547,184.35	547,184.35
Other account receivable	135,492,262.28	115,490,588.74
Total	136,039,446.63	116,037,773.09

(1) Interest receivable

Not applicable

(2) Dividend receivable

1) Category

In RMB

Item (or invested enterprise)	Ending balance	Opening balance
China Pudong Development Machinery Industry Co., Ltd	547,184.35	547,184.35
Total	547,184.35	547,184.35

2) Important dividend receivable with account age over one year

Nil

3) Accrual of bad debt provision

☐ Applicable ☒ Not applicable

(3) Other account receivable

1) By nature

In RMB

Nature	Ending book balance	Opening book balance
Dividend receivable	547,184.35	547,184.35
Related transactions within the scope of consolidation	135,184,758.23	115,271,769.06
Reserve fund	130,000.00	43,346.12
Interim payment receivable	14,408,900.22	14,406,869.73
Total	150,270,842.80	130,269,169.26

2) Accrual of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12	Expected credit losses for the entire duration (without	Expected credit losses for the entire duration (with	

	months	credit impairment occurred)	credit impairment occurred)	
Balance on Jan. 1, 2020	105,742.91		14,125,653.26	14,231,396.17
Balance of Jan. 1, 2020 in the period	—	—	—	—
Balance on Jun. 30, 2020	105,742.91		14,125,653.26	14,231,396.17

Change of book balance of loss provision with amount has major changes in the period

☐ Applicable ☒ Not applicable

By account age

In RMB

Account age	Ending balance
Within one year (including one year)	135,388,827.06
Over 3 years	14,334,831.39
Over 5 years	14,334,831.39
Total	149,723,658.45

3) Bad debt provision accrual, collected or reversal in the period

Not applicable

4) Other account receivable actually written-off in the period

Not applicable

5) Top 5 other receivables at ending balance by arrears party

In RMB

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other account receivables	Ending balance of bad debt reserve
Shenzhen Zhongtian Industrial Co., Ltd.	Internal intercourse	134,366,644.53	Within one year	89.74%	
Shenzhen Zhonghao (Group) Co., Ltd	Intercourse funds	5,000,000.00	Over 3 years	3.34%	5,000,000.00
Gold Beili Electrical Appliances Company	Intercourse funds	2,706,983.51	Over 3 years	1.81%	2,706,983.51
Shenzhen Petrochemical Group	Intercourse funds	1,923,891.98	Over 3 years	1.28%	1,923,891.98
Shenzhen SDG	Intercourse funds	1,212,373.79	Over 3 years	0.81%	1,212,373.79

Huatong Packaging Industry Co., Ltd.					
Total	--	145,209,893.81	--	96.98%	10,843,249.28

6) Other account receivables related to government grants

Nil

7) Other receivable for termination of confirmation due to the transfer of financial assets

Nil

8) The amount of assets and liabilities that are transferred other receivable and continued to be involved

Nil

Other explanation:

Name	Ending balance			
	Book balance	Bad debt provision	Provision ratio	Reason for provision
Shenzhen Zhonghao (Group) Co., Ltd	5,000,000.00	5,000,000.00	100%	The accounts are more than 10 years old and are not expected to be recovered
Gold Beili Electrical Appliances Company	2,706,983.51	2,706,983.51	100%	The accounts are more than 10 years old and are not expected to be recovered
Shenzhen Petrochemical Group	1,923,891.98	1,923,891.98	100%	The accounts are more than 10 years old and are not expected to be recovered
Shenzhen SDG Huatong Packaging Industry Co., Ltd.	1,212,373.79	1,212,373.79	100%	The accounts are more than 10 years old and are not expected to be recovered
Other	3,491,582.11	3,282,403.98	94%	The accounts are more than 10 years old and are not expected to be recovered
Total	14,334,831.39	14,125,653.26	--	--

3. Long-term equity investment

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment for subsidiary	745,996,472.73	1,956,000.00	744,040,472.73	745,996,472.73	1,956,000.00	744,040,472.73
Investment for associates and joint venture	133,817,676.62	9,787,162.32	124,030,514.30	125,101,730.19	9,787,162.32	115,314,567.87
Total	879,814,149.35	11,743,162.32	868,070,987.03	871,098,202.92	11,743,162.32	859,355,040.60

(1) Investment for subsidiary

In RMB

The invested entity	Opening balance (book value)	Increase and decrease in current period				Ending balance (book value)	Ending balance of impairment provision
		Additional investment	Reduce investment	Provision for impairment	Other		
Shenzhen SDG Tellus Real Estate Co., Ltd.	31,152,888.87					31,152,888.87	
Shenzhen Tellus Chuangying Technology Co., Ltd.	14,000,000.00					14,000,000.00	
Shenzhen Tellus Xinyongtong Automobile Development Co. Ltd.	57,672,885.22					57,672,885.22	
Shenzhen Zhongtian Industrial Co., Ltd.	369,680,522.90					369,680,522.90	
Shenzhen Auto Industry and Trade Corporation	126,251,071.57					126,251,071.57	
Shenzhen SDG	19,224,692.65					19,224,692.65	

Huari Auto Enterprise Co., Ltd.							
Shenzhen Huari TOYOTA Automobile Sales Service Co., Ltd.	1,807,411.52					1,807,411.52	
Shenzhen Xinyongtong Automobile Inspection Equipment Co. Ltd.	10,000,000.00					10,000,000.00	
Anhui Tellus Starlight Jewelry Investment Co., Ltd.	4,998,000.00					4,998,000.00	
Sichuan Tellus Jewelry Tech. Co., Ltd.	100,000,000.00					100,000,000.00	
Shenzhen Tellus Baoku Supply Chain Technology Co., Ltd.	9,253,000.00					9,253,000.00	
Shenzhen Hanligao Technology Ceramics Co., Ltd.						0.00	1,956,000.00
Total	744,040,472.73					744,040,472.73	1,956,000.00

(2) Investment for associates and joint venture

In RMB

investment company	Opening balance (book value)	Current changes (+, -)								Ending balance (book value)	Ending balance of impairment
		Additional	Capital reduction	Investment gains	Other comprehensive	Other equity	Cash dividend	Accrual of	Other		

		investment		recognized under equity	dividends income adjustment	change	or profit announced to issued	impairment provision			nt provision
I. Joint venture											
Shenzhen Tellus Gman Investment Co., Ltd	70,155,383.50			4,039,637.29						74,195,020.79	
Shenzhen Tellus Hang Investment Co., Ltd.	11,845,452.17			300,297.76						12,145,749.93	
Subtotal	82,000,835.67			4,339,935.05						86,340,770.72	
II. Associated enterprise											
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	33,313,732.20			4,376,011.38						37,689,743.58	
Hunan Changyang Industrial Co., Ltd.											1,810,540.70
Shenzhen Jiecheng Electronic Co., Ltd.											3,225,000.00
Shenzhen Xiandao New Materials Co., Ltd.											4,751,621.62
Subtotal	33,313,732.20			4,376,011.38						37,689,743.58	9,787,162.32

	2.20			.38						3.58	.32
Total	115,314,567.87			8,715,946.43						124,030,514.30	9,787,162.32

4. Operating income and operating cost

In RMB

Item	Current period		Last period	
	Income	Cost	Income	Cost
Main business	13,120,854.52	3,857,719.57	19,112,054.55	1,774,557.00
Total	13,120,854.52	3,857,719.57	19,112,054.55	1,774,557.00

Income related information

In RMB

Contract classification	Division 1	Division 2	Total
Including:	-	-	
Property leasing and services			13,120,854.52
Including:	-	-	
Shenzhen			13,120,854.52
Including:	-	-	
Total			13,120,854.52

5. Investment income

In RMB

Item	Current period	Last period
Long-term equity investment income measured by cost	8,400,304.32	
Long-term equity investment income measured by equity	8,715,946.43	8,376,471.67
Investment income of trading financial assets during the holding period	2,114,272.43	3,417,993.78
Total	19,230,523.18	11,794,465.45

XIII. Supplementary information

1. Current non-recurring gains/losses

√ Applicable □ Not applicable

In RMB

Item	Amount	Note
Governmental grants calculated into current gains and losses (while closely related with the normal business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard)	52,846.70	
Except for the effective hedging business related to the normal business of the Company, the fair value changes from holding the tradable financial assets, derivative financial assets, tradable financial liability and derivative financial liability; and investment income from disposal of tradable financial assets, derivative financial assets, tradable financial liability and other creditors investment	4,003,521.31	Income from financial products
Switch back of the impairment provision for account receivable with impairment test on single basis and contract assets	599,201.43	Switch back of bad debt provision
Other non-operating income and expense other than the above mentioned ones	917,047.44	Income from forfeiting the lease deposit after the tenant returns the lease in advance
Less: Impact on income tax	858,601.74	
Impact on minority interests	521,850.19	
Total	4,192,164.95	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

☐ Applicable ☒ Not applicable

2. ROE and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic EPS (Yuan/share)	Diluted EPS (Yuan/share)
Net profits belong to common stock stockholders of the Company	1.99%	0.0594	0.0594
Net profits belong to common stock stockholders of the Company after	1.67%	0.0497	0.0497

deducting nonrecurring gains and losses			
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3. Difference of the accounting data under accounting rules in and out of China

(1) Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)

☐ Applicable ☒ Not applicable

(2) Difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles)

☐ Applicable ☒ Not applicable