

SHENZHEN TELLUS HOLDING CO., LTD

Annual Report 2019

April 2020

Section I. Important Notice, Contents and Interpretation

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

Fu Chunlong, Principal of the Company, Lou Hong, person in charge of accounting works and Liu Yuhong, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of Annual Report 2019 is authentic, accurate and complete.

All directors are attended the Board Meeting for report deliberation.

Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn) are the media for information disclosure appointed by the Company, all information under the name of the Company disclosed on the above said media shall prevail. Concerning the forward-looking statements with future planning involved in the Report, they do not constitute a substantial commitment for investors, and investors are advised to exercise caution of investment risks.

The profit distribution pre-plan deliberated and approved by the Board was: distributed 0.42 Yuan (tax included) for every 10 shares held by whole shareholders of the Company based on 431,058,320 shares in total, 0 share bonus (tax included), and no public reserve transfer into share capital.

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Interpretation

Items	Refers to	Contents
CSRC	Refers to	China Securities Regulatory Commission
SZ Exchange	Refers to	Shenzhen Stock Exchange
Shenzhen Branch of SD&C	Refers to	Shenzhen Branch of China Securities Depository & Clearing Corporation Limited
Company, the Company, our Company, Tellus Group	Refers to	Shenzhen Tellus Holding Co., Ltd.
Reporting period, this reporting period, the year	Refers to	Year of 2019
Auto Industry and Trade Company	Refers to	Shenzhen Auto Industry and Trade Corporation
Zhongtian Company	Refers to	Shenzhen Zhongtian Industrial Co., Ltd.
GAC	Refers to	Gems & Jewelry Trade Association of China
Huari Company	Refers to	Shenzhen Huari Toyota Auto Sales Co., Ltd, Shenzhen SDG Huari Auto Enterprise Co., Ltd.
Zung Fu Tellus	Refers to	Shenzhen Zung Fu Tellus Auto Service Co., Ltd.
Tellus Starlight	Refers to	Anhui Tellus Starlight Jewelry Investment Co., Ltd.
Tellus Starlight Jinzun	Refers to	Anhui Tellus Starlight Jinzun Jewelry Co., Ltd.
Sichuan Channel Platform Company, Sichuan Jewelry Company	Refers to	Sichuan Tellus Jewelry Tech. Co., Ltd.
Xinglong Company	Refers to	Shenzhen Xinglong Machinery Mould Co., Ltd.
Tellus Property	Refers to	Shenzhen SDG Tellus Property Management Co., Ltd.
SDG	Refers to	Shenzhen Special Development Group Co., Ltd.
Xinyongtong Tech. Company	Refers to	Shenzhen Xinyongtong Technology Co., Ltd.
Dongxiao Inspection Company	Refers to	Shenzhen Xinyongtong Dongxiao Auto. Inspection Co., Ltd.
Tellus Treasure Company	Refers to	Shenzhen Tellus Treasure Supply Chain Tech. Co., Ltd.
Dongfeng Company	Refers to	Shenzhen Dongfeng Motor Co., Ltd.

Section II Company Profile and Main Financial Indexes

I. Company information

Short form of the stock	Tellus-A, Tellus-B	Stock code	000025, 200025
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	深圳市特力(集团)股份有限公司		
Short form of the Company (in Chinese)	特力 A		
Foreign name of the Company (if applicable)	Shenzhen Tellus Holding Co.,Ltd		
Legal representative	Fu Chunlong		
Registrations add.	3/F, Tellus Building, Shui Bei Er Road, Luohu District, Shenzhen		
Code for registrations add	518020		
Offices add.	3/F-4/F, Tellus Builsing, Shui Bei Er Road, Luohu District, Shenzhen		
Codes for office add.	518020		
Company's Internet Web Site	www.tellus.cn		
E-mail	ir@tellus.cn		

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Qi Peng	Sun Bolun
Contact add.	3/F, Tellus Building, Shui Bei Er Road, Luohu District, Shenzhen	3/F, Tellus Building, Shui Bei Er Road, Luohu District, Shenzhen
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Fax.	(0755) 83989386	(0755) 83989386
E-mail	ir@tellus.cn	sunbl@tellus.cn

III. Information disclosure and preparation place

Newspaper appointed for information disclosure	Securities Times (Shenzhen) and Hong Kong Commercial Daily(H.K.)
Website for annual report publish appointed by CSRC	http://www.cninfo.com.cn
Preparation place for annual report	Secretariat of the BOD of Shenzhen Tellus Holding Co., Ltd.

IV. Registration changes of the Company

Organization code	91440300192192210U
Changes of main business since listing (if applicable)	No changes during the period
Previous changes for controlling shareholders (if applicable)	1. On 31 March 1997, the 159,588,000 state shares held by Shenzhen Investment Management Co., Ltd., the only non-circulation shareholder, were transfer to SDG; total share capital of the Company was 220,281,600 shares while 159,588,000 state shares held by SDG, a 72.45% in total share capital. 2. On 4 January 2006, the 13,717,440 shares, as the consideration of share merger reform, were transfer to account of A-shareholders from SDG. After share merger reform, SDG holds 66.22% of the total share capital of the Company. 3. On March 27, 2015, the Company has completed the non-public offering of A shares of 77,000,000, of which 6,000,000 shares are issued to the controlling shareholder - SDG, and SDG holds 51.09% of the Company's total shares after the issuance. 4. In 2016, SDG reduced part of the company's unrestricted outstanding shares by means of centralized bidding, the accumulatively reduced shareholdings accounted for 2% of the company's total share capital. As of the end of the reporting period, SDG holds 49.09% of the Company's total shares, and is still the controlling shareholder of the Company.

V. Other relevant information

CPA engaged by the Company

Name of CPA	Pan-China Certified Public Accountants (LLP)
Offices add. for CPA	6/F, No.128 Xixi Rd., Xihu District, Hangzhou, Zhejiang Province
Signing Accountants	Wang Huansen , Qin Changming

Sponsor engaged by the Company for performing continuous supervision duties in reporting period

☐Applicable ☒Not applicable

Financial consultant engaged by the Company for performing continuous supervision duties in reporting period

☐Applicable ☒Not applicable

VI. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data or not

☐ Yes ☒ No

	2019	2018	Changes over last year	2017
Operating income (RMB)	571,072,893.90	414,238,778.96	37.86%	347,237,289.80
Net profit attributable to shareholders of the listed Company(RMB)	219,669,708.47	86,924,058.72	152.71%	66,862,772.68

Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses(RMB)	53,738,507.05	83,286,083.84	-35.48%	54,431,067.47
Net cash flow arising from operating activities(RMB)	78,911,353.03	-6,574,979.97		-2,093,068.05
Basic earnings per share (RMB/Share)	0.5096	0.2017	152.65%	0.2249
Diluted earnings per share (RMB/Share)	0.5096	0.2017	152.65%	0.2249
Weighted average ROE	18.92%	8.63%	10.29%	7.20%
	Year-end of 2019	Year-end of 2018	Changes over end of last year	Year-end of 2017
Total assets (RMB)	1,645,782,144.03	1,658,295,531.00	-0.75%	1,403,314,594.42
Net assets attributable to shareholder of listed Company (RMB)	1,270,965,296.02	1,050,209,537.35	21.02%	963,259,056.63

Total share capital of the Company as of the previous trading day before disclosure:

Total share capital of the Company as of the previous trading day before disclosure(Share)	431,058,320
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Fully diluted earnings per share based on new share capital

Preferred stock dividend paid	0
Fully diluted earnings per share calculated based on new share capital(RMB/Share)	0.5096

VII. 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

3. Reasons for differences in accounting data under domestic and foreign accounting standards

☐ Applicable ☒ Not applicable

VIII. Quarterly main financial index

In RMB

	Q 1	Q 2	Q 3	Q 4
Operating income	119,469,426.49	158,799,312.84	147,368,783.52	145,435,371.05
Net profit attributable to shareholders of the listed Company	18,017,619.19	26,762,329.41	19,261,241.23	155,628,518.64
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses	15,885,705.01	24,707,654.71	17,897,653.01	-4,752,505.68
Net cash flow arising from operating activities	2,986,868.23	24,447,191.07	30,534,366.60	20,942,927.13

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

☐ Yes ☒ No

IX. Items and amounts of non-recurring profit (gain)/loss

☒ Applicable ☐ Not applicable

Item	2019	2018	2017	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	210,897,055.76	-4,424,801.74	5,523,267.93	Income from disposal of Xinglong Equity
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	276,907.09	3,482.07	25,753.22	An Industry support funds received by Sichuan Jewelry Company
Fund possession cost reckoned into current gains/losses charged from non-financial business	47,083.32	76,041.64	76,041.64	
Gains/losses from entrust investment or assets management		9,611,577.38	6,606,218.86	
Gains/losses from contingency without routine business concerned		-2,225,468.76		

Except for effective hedge business relevant to normal operation of the Company, gains and losses arising from fair value change of tradable financial assets, derivative financial liabilities, tradable financial liability and derivative financial liability and investment income from disposal of tradable financial assets, derivative financial liabilities, tradable financial liability, derivative financial liability and other debt investment	10,684,691.16			Financial income
Restoring of receivable and contractual assets impairment provision that tested individually	935,476.72		15,000.00	
Other non-operating income and expenditure except for the aforementioned items	-744,465.10	485,180.13	690,397.76	
Other gain/loss that meet the definition of non-recurring gain/loss	9,378.94			Taxes refund
Less: Impact on income tax	55,755,620.55	-161,206.61	59,964.10	
Impact on minority shareholders' equity (post-tax)	419,305.92	49,242.45	445,010.10	
Total	165,931,201.42	3,637,974.88	12,431,705.21	--

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

Section III. Summary of Company Business

I. Main businesses of the Company in the reporting period

The main business of the Company during the reporting period was auto sales, auto testing, maintenance and accessories sales; resource assets management and jewelry service business.

1. Auto sales, auto testing, maintenance and accessories sales: During the reporting period, the company made personnel structural reforms to Huari Company, a holding subsidiary of the company, through refined management, which alleviated corporate burdens significantly reduced the cost of human resources, and laid a good foundation for future development. At the same time, through a series of measures such as comprehensively strengthening market expansion, insurance-linked drainage, reconstruction of intelligent exhibition halls and customer rest areas, and other infrastructures, the company's performance was actively improved. In terms of car sales, Huari Company launched two new mid-to-high end models this year, i.e. Avalon and Vellfire, which increased sales and achieved car sales revenue of 168.55 million yuan, an increase of 37.89% over the same period last year.

2. Resource assets management: In 2019, due to the slowdown of domestic and foreign economic development and the complex economic situation, the rental prices in overall market of Shenzhen were facing greater downward pressure, especially the commercial and plant rental prices were showing a downward trend. At the same time, due to the continued downturn in the market, the willingness of the jewelry industry operators to open new stores decreased significantly. In addition, a large number of newly developed properties in the Shuibei area have been put into use, the company's investment in properties held in this area faced severe challenges. Facing the unfavorable situation, on the one hand, the company strengthened its management, adopted more meticulous and proactive business methods, strengthened its service efforts, maintained the large customers, and performed lease renewal work in advance to ensure stable rental rates. During the reporting period, the first phase of the Tellus Shuibei Jewelry Building was put into operation, and the investment rate of towers and podiums reached more than 90%, merchants with large influence in the industry were introduced to settle in to ensure high investment quality. On the other hand, the company re-planned the packaging and reconstructed some old properties, enhanced the image and value of old properties, made full use of the advantages of industry clusters, explored the company's business layout, and improved the level of resource assets management. Property leasing and service income reached 161.19 million yuan, an increase of 72.17% over the same period last year.

3. Jewelry service business: In 2019, China's GDP growth slowed down, and the downward pressure on economy increased. Jewelry, as an optional consumer product, has been greatly affected by the economic downturn, the upstream jewelry merchants had a decrease in benefits due to the reduced customer purchases and the slowed capital flow, while in the middle and lower reaches of jewelry, the terminal operators' willingness to open new stores decreased significantly, and stop-loss measures such as closing stores accelerated, and the industry continued to make in-depth adjustments. During the reporting period, the company's jewelry regional channel platform project Sichuan Jewelry Company continued to optimize and improve its existing business model

through in-depth exploration of retailer customers, fully promoted the construction of IT platforms, completed the testing, deployment and trial operation of optimized versions of supply chain systems, retail systems, and wholesale systems, and completed the development of the main body of the operation management system. At the same time, the company strengthened the construction of the big data center's basic work and the data collection and analysis, and continuously improved the company's risk control capabilities through data analysis, and conducted business under the premise of controllable risks. In the context of the overall decline of the jewelry industry, in order to reduce business risks, Sichuan Jewelry Company proactively adopted various measures to ensure stable operation, it achieved jewelry business revenue of 193.38 million yuan throughout the year, an increase of 27.88% over the same period last year.

II. Major changes in main assets

1. Major changes in main assets

Major assets	Note of major changes
Equity assets	Book value of long-term equity investment as of 31 December 2019 amounting to 162,178,500 Yuan, decreased 62,466,200 Yuan over that of period beginning with 27.81% down, mainly due to the profit bonus from shareholding enterprise.
Fixed assets	No major change
Intangible assets	Book value of intangible assets as of 31 December 2019 amounting to 50,561,200 Yuan, decreased 451,100 Yuan over that of period beginning with 0.88% down, mainly due to the declined from land use right (Phase I of Tellus Shuibei Jewelry Building) transfer to investment real estate and the increase of land premium for Tellus Jinzhuan Trading Building (Phase II of Tellus Shuibei Jewelry Building).
Construction in progress	Book value of the construction in progress as of 31 December 2019 amounting to 47,654,400 Yuan, an increase of 34,810,800 Yuan over that of period-begin with 271.04% up. Mainly due to the input for the preliminary project of Tellus Jinzhuan Trading Building (Phase II of Shuibei Jewelry Building).
Monetary fund	Book value of the monetary fund as of 31 December 2019 amounting to 428,851,600 Yuan, an increase of 259,339,300 Yuan over that of period-begin with 152.99% up. Mainly due to the redemption of financial products and collection of equity transfer of Xinglong Company.
Tradable financial assets	Book value of the tradable financial assets as of 31 December 2019 amounting to 60,486,600 Yuan, an increase of 60,486,600 Yuan over that of period-begin with 100.00% up. Mainly due to the adjustment for accounting item of financial products based on new financial instrument standards.

Account receivable	Book value of account receivable as of 31 December 2019 amounting to 112,613,200 Yuan, an increase of 26,508,600 Yuan over that of period-begin with 30.79% up, mainly because the wholesale credit for jewelry from Sichuan Jewelry Company increased in the period
Advance payment	Book value of advance payment as of 31 December 2019 amounting to 12,683,600 Yuan, an increase of 3,571,100 Yuan over that of period-begin with 39.19% up, mainly due to the vehicle and accessories procurement paid in advance to FAW-Toyota from Huari Toyota increased.
Other account receivable	Book value of other account receivable as of 31 December 2019 amounting to 44,908,500 Yuan, increased 30,425,300 Yuan over that of period beginning with 210.07% up, mainly due to the profit bonus from shareholding enterprise Dongfeng Company and Zung Fu Company
Inventory	Book value of inventory as of 31 December 2019 amounting to 21,389,600 Yuan, increased 9,046,700 Yuan over that of period beginning with 73.30% up, mainly due to the stock vehicle of Huari Company increased.
Assets held-for-sale	There are no assets held-for-sale as of 31 December 2019, decreased 85,017,300 Yuan over that of period beginning with 100.00% down, mainly due to the declined from 43% equity of Xinglong Company transfer completed.
Other current assets	Book value of other current assets as of 31 December 2019 amounting to 3,404,000 Yuan, decreased 329,028,500 Yuan over that of period beginning with 98.98% down, mainly due to the redemption of financial products at period-end and decline by the adjustment for accounting item of financial products based on new financial instrument standards
Long-term deferred expenses	Book value of long-term deferred expenses as of 31 December 2019 amounting to 13,606,800 Yuan, increased 7,302,200 Yuan over that of period beginning with 115.82% up, mainly due to the transfer-in from decoration of Innovation & Entrepreneurship Base
Deferred income tax assets	Book value of deferred income tax assets as of 31 December 2019 amounting to 8,659,000 Yuan, decreased 15,696,100 Yuan over that of period beginning with 64.45% down, mainly resulting by the reversal of deductible temporary differences as previous equity investment differences and impairment provision.
Other non-current assets	Book value of other non-current assets as of 31 December 2019 amounting to 6,889,200 Yuan, increased 3,532,200 Yuan over that of period beginning with 105.22% up, mainly due to the account paid in advance for decoration of Tellus Building

2. Main overseas assets

☐ Applicable ☒ Not applicable

III. Core Competitiveness Analysis

1.Owns rich property resources, provides stable business income and cash flow

The output value of Shenzhen jewelry accounts for more than 70% of the national jewelry industry, and

Shuibei-Buxin area is the core gathering area of jewelry industry in Shenzhen, its output value accounts for more than 70% of the jewelry industry in Shenzhen. We have formed the largest cluster of gold jewelry enterprises in the country, covering the entire industry chain including raw material procurement, production and processing, and wholesale sales, and the economic and strategic position and the core aggregation effects of this area in jewelry industry have remained stable for many years.

According to the “13th Five-Year” plan for urban renewal in Luohu District, Shenzhen, Shuibei-Buxin area will be built into the jewellery fashion industrial zone of Luohu District, Shuibei area is the international jewellery art center and Buxin area is the jewellery intelligent high-end manufacturing center so as to form the Shuibei-Buxin international jewellery eco-creative area. The company is the largest owner of the Tellus Gman Gold Jewellery Industrial Park in Shuibei area, Tellus Shuibei Jewellery Building phase I has been put into use, and phase II construction project has also been fully started. At the same time, as the largest owner of land parcels 04 & 05 in the urban renewal unit planning project of Buxin industrial zone, the company will plan and construct an innovative industrial project in line with the city, district and the Company’s overall strategic layout in Buxin area through the renovation method. The company will maintain the status of the largest owner of Shuibei and Buxin areas, and master the physical platform resource advantages of the core area of the jewelry industry.

At the same time, the Company has a lot of property resources in various areas of Shenzhen, on the basis of maintaining the stability of the original leasing business, the company will actively promote the improvement of property quality and transform its old properties from the traditional method of simple lease to the direction of property asset operation so as to fully enhance and tap the added value of the property brand, bring stable business income and cash flow to the company, and provide a solid foundation for the company’s long-term development.

2. Make use of the advantages of status, build industrial platforms, and promote the development of the industry
In 2019, the release of the “Opinions of the State Council on Supporting Shenzhen to Build a Pioneering Socialist Demonstration Zone with Chinese Characteristics” and the approval of the “Pilot Implementation Plan for Shenzhen Regional State-owned Enterprises’ Comprehensive Reform” have created an unprecedented opportunity for Shenzhen. As a state-owned holding enterprise group in Shenzhen, Tellus Group has outstanding resource advantages.

In recent years, due to the economic environment and other unfavorable factors, the growth of the jewelry industry has continued to slow down, and the industry has continued to show a trend of bottom shocks and undergo deep integration and shuffle. Under such circumstances, the company’s identity advantages as a state-owned enterprise and a listed company are highlighted, it has good credit qualifications and credit endorsement ability and also has good relations with government departments and effective communication channels so that it can play the role of a platform enterprise in the jewelry industry, aggregate the upstream and downstream of the jewelry industry chain, act as a bridge and bond among the government and the private jewelry enterprises, the overseas and the domestic suppliers, and the distributors, integrate industry needs, solve industry pain points, and strive for various policy supports such as taxation, trade, and approval for industry enterprises,

improve traditional model of the industry, provide more comprehensive innovative services, promote the healthy development of the industry and achieve a win-win situation for all parties while achieving its own social responsibility and rewarding the company's shareholders.

Section IV Discussion and Analysis of the Operation

I. Introduction

During the reporting period, under the correct leadership of the party committee and the board of directors, and with the concerted efforts of management personnel and the joint efforts of all Tellus people, Tellus Group upheld the spirit of “fair, diligent, struggling, and honest” striver, optimized resource allocation, intensively developed existing businesses, quickly advanced the implementation of various projects, and ensured the smooth implementation of the strategy. Significant results have been achieved in various tasks, the total operating income and profit of the whole year increased significantly on a year-on-year basis, reaching a new high of nearly ten years.

- ① The first phase of Tellus Jewelry Building had a grand opening, the investment rate of the towers and podiums exceeded 90%. The introduction of jewelers with greater influence in the industry has increased the company's popularity in the industry and significantly increased the company's operating income.
- ② Tellus Gold and Diamond Trading Building, namely the second phase project of Tellus Jewelry Building, was successfully put into construction. During the process of advancement, the policy was reasonably controlled and the capacity area was improved. At present, the construction of the foundation pit and the main engineering piles has been completed.
- ③ Sichuan Jewelry Company thoroughly explored retail customers, continuously optimized and improved existing business models, established and improved risk control systems, strengthened data analysis capabilities, used data to control risks, and stabilized business income.
- ④ In order to reduce operating risks, the retail platform project Tellus Xingguang Jinzun Company shut down.
- ⑤ The dual creative base project has landed, and 46 companies, entrepreneurial teams and individuals have settled. Currently, it is still looking for innovative projects and will continue to provide value-added services and cultivate high-quality innovative projects.
- ⑥ Deeply explored the extension of third-party integrated services for jewelry, explored innovative business models in practice, and completed the investment approval of the Tellus Treasury supply chain project. The project will create a third-party value-added service platform of jewelry industry that integrates precious metal storage, gold and diamond supply chain services, and third-party safe deposit boxes, and carries out gold supply chain, diamond supply chain, safe deposit box and other businesses.
- ⑦ The company strengthened the management of the participating companies, urged some of the participating companies to realize the undistributed profit dividends to recover cash, and took an appropriate opportunity to withdraw from the participating company Xinglong Company and received the entire equity transfer payment of Xinglong Company, which laid a solid foundation for the company's key projects.

During the reporting period, the company realized operating income of 571.07 million yuan, increased by 156.83

million yuan compared with 414.24 million yuan in the same period of the previous year, an increase of 37.86%. The main changes in revenue were ① The first phase of the Jewelry Building was comprehensively put into operation this year, and the revenue increased by 67.56 million yuan on a year-on-year basis, an increase of 72.17%. ②Huari Company launched two new mid-to-high end models Avalon and Vellfire this year, the sales volume increased, and the car sales revenue increased by 46.31 million yuan on a year-on-year basis, an increase of 37.89%.③ The scale of jewelry wholesale and retail business expanded this year, and revenue increased by 42.16 million yuan on a year-on-year basis, an increase of 27.88%. The total profit realized was 302.60 million yuan, an increase of 212.04 million yuan compared with 90.55 million yuan in the same period last year, and the net profit attributable to the parent company was 219.67 million yuan, an increase of 132.75 million yuan from 86.92 million yuan in the same period of the previous year, mainly due to the year-on-year increase in equity transfer income. During the reporting period, the company's car sales income, property leasing and service income, and jewelry service income all hit new highs in recent years, and financing costs hit a record low.

II. Main business analysis

1. Introduction

See the "I-Introduction" in "Discussion and Analysis of the Operation"

2. Revenue and cost

(1) Constitute of operation revenue

In RMB

	2019		2018		y-o-y changes (+,-)
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operation revenue	571,072,893.90	100%	414,238,778.96	100%	37.86%
According to industries					
Auto sales	168,551,160.58	29.51%	122,236,609.61	29.51%	37.89%
Auto inspection and maintenance and accessories sales	47,952,488.50	8.40%	47,153,619.46	11.38%	1.69%
Property rental and service	161,185,484.32	28.23%	93,621,443.04	22.60%	72.17%
Jewelry wholesale and retails	193,383,760.50	33.86%	151,227,106.85	36.51%	27.88%
According to products					
Auto sales	168,551,160.58	29.51%	122,236,609.61	29.51%	37.89%

Auto inspection and maintenance and accessories sales	47,952,488.50	8.40%	47,153,619.46	11.38%	1.69%
Property rental and service	161,185,484.32	28.23%	93,621,443.04	22.60%	72.17%
Jewelry wholesale and retails	193,383,760.50	33.86%	151,227,106.85	36.51%	27.88%
According to region					
Shenzhen	377,689,133.40	66.14%	263,011,672.11	63.49%	43.60%
Anhui	4,521,763.87	0.79%	12,849,125.20	3.10%	-64.81%
Sichuan	188,861,996.63	33.07%	138,377,981.65	33.41%	36.48%

(2) About the industries, products, or regions accounting for over 10% of the Company's operating income or operating profit

√Applicable □ Not applicable

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						
Auto sales	168,551,160.58	156,655,616.45	7.06%	37.89%	34.32%	2.47%
Auto inspection and maintenance and accessories sales	46,766,020.98	39,663,299.92	15.19%	-0.82%	9.60%	-8.06%
Property rental and service	153,247,354.66	50,778,065.89	66.87%	78.71%	36.28%	10.81%
Jewelry wholesale and retails	193,383,760.50	181,699,948.40	6.04%	27.88%	30.23%	-1.70%
According to products						
Auto sales	168,551,160.58	156,655,616.45	7.06%	37.89%	34.32%	2.47%
Auto inspection and maintenance and accessories sales	46,766,020.98	39,663,299.92	15.19%	-0.82%	9.60%	-8.06%

Property rental and service	153,247,354.66	50,778,065.89	66.87%	78.71%	36.28%	10.81%
Jewelry wholesale and retails	193,383,760.50	181,699,948.40	6.04%	27.88%	30.23%	-1.70%
According to region						
Shenzhen	368,564,536.22	246,591,834.40	33.09%	44.46%	33.05%	11.20%
Anhui	4,521,763.87	4,858,397.11	-7.44%	-64.81%	-66.69%	6.07%
Sichuan	188,861,996.63	177,346,699.15	6.10%	36.48%	36.75%	-0.18%

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest one year's scope of period-end

☐ Applicable ☒ Not applicable

(3) Income from physical sales larger than income from labors

☒ Yes ☐ No

Industries	Item	Unit	2019	2018	Y-o-y changes (+,-)
Auto sales	Sales volume	Set	1042	745	39.87%
	Storage	Set	108	64	68.75%

Reasons for y-o-y relevant data with over 30% changes

☒ Applicable ☐ Not applicable

Sales volume increased mainly because in 2019, Huari Company launched two new medium and high-end models as Avalon and Vellfire, which have a better response in the market with sales increased.

Storage increase mainly because a large number of people buy cars and register vehicles for the early coming of Spring Festival of 2019, there were many vehicles are not picked up at end of the year for the slow business processing.

(4) Fulfillment of the Company's signed significant sales contracts up to this reporting period

☐ Applicable ☒ Not applicable

(5) Constitute of operation cost

Classification of industries

In RMB

Industries	Item	2019		2018		Y-o-y changes (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Auto sales	Automobile	156,655,616.45	36.35%	116,630,283.37	35.09%	34.32%

Auto inspection and maintenance and accessories sales	Accessory, maintenance and detection	40,564,299.92	9.40%	36,190,699.86	10.89%	12.08%
Property rental and service	Lease, property management and other	52,101,447.87	12.09%	40,006,456.97	12.04%	30.23%
Jewelry operation	Retail and wholesale of jewelry	181,699,948.40	42.16%	139,519,914.92	41.98%	30.23%
Total		431,021,312.64	100.00%	332,347,355.12	100.00%	29.69%

Classification of products

In RMB

Products	Item	2019		2018		Y-o-y changes (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Auto sales	Automobile	156,655,616.45	36.35%	116,630,283.37	35.09%	34.32%
Auto inspection and maintenance and accessories sales	Accessory, maintenance and detection	40,564,299.92	9.40%	36,190,699.86	10.89%	12.08%
Property rental and service	Lease, property management and other	52,101,447.87	12.09%	40,006,456.97	12.04%	30.23%
Jewelry operation	Retail and wholesale of jewelry	181,699,948.40	42.16%	139,519,914.92	41.98%	30.23%
Total		431,021,312.64	100.00%	332,347,355.12	100.00%	29.69%

(6) Whether the changes in the scope of consolidation in Reporting Period

☒ Yes ☐ No

Totally 16 enterprises included in consolidate statement for year of 2019, found more in the VI. Change of Consolidate Scope carry in the annotation of financial statement in Auditing Report 2019 released on Juchao Website on the same date. One enterprise increase in the consolidate statement by comparing with last year.

(7) Major changes or adjustment in business, product or service of the Company in Reporting Period

☐ Applicable ☒ Not applicable

(8) Major sales and main suppliers

Major sales client of the Company

Total top five clients in sales (RMB)	35,362,529.90
Proportion in total annual sales volume for top five clients	6.19%
Ratio of the sales from related parties in total annual sales among the top five clients	0.00%

Information of top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	Client 1	7,987,838.74	1.40%
2	Client 2	7,287,047.67	1.28%
3	Client 3	7,073,415.00	1.24%
4	Client 4	6,585,916.21	1.15%
5	Client 5	6,428,312.28	1.13%
Total	--	35,362,529.90	6.19%

Other situation of main clients

☐ Applicable ☒ Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	403,709,283.18
Proportion in total annual purchase amount for top five suppliers	93.66%
Ratio of the purchase from related parties in total annual purchase among the top five suppliers	0.00%

Information of top five suppliers of the Company

Serial	Suppliers	Procurement (RMB)	Proportion in total annual procurement
1	Supplier 1	195,008,700.18	45.24%
2	Supplier 2	108,172,358.00	25.10%
3	Supplier 3	79,030,857.00	18.34%
4	Supplier 4	16,488,592.00	3.83%
5	Supplier 5	5,008,776.00	1.16%

Total	--	403,709,283.18	93.66%
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Other notes of main suppliers of the Company

☐ Applicable ☒ Not applicable

3. Expenses

In RMB

	2019	2018	Increase/decrease y-o-y	Note of major changes
Sales expense	23,956,102.30	19,987,406.50	19.86%	The costs of remuneration increased for the implementation of market-oriented recruitment from Huari Company
Management expense	43,668,263.92	44,231,376.56	-1.27%	The costs of remuneration declined from a year earlier due to the implementation of market-oriented recruitment of 2018 from the Group
Financial expense	4,982,765.55	6,508,114.19	-23.44%	Repayment of working capital loans by the Company and the interest expenses declined from a year earlier due to the project loans repaid by Zhongtian Company

4. R&D investment

☐ Applicable ☒ Not applicable

5. Cash flow

In RMB

Item	2019	2018	Y-o-y changes (+,-)
Subtotal of cash in-flow from operation activity	668,606,354.87	446,554,238.53	49.73%
Subtotal of cash out-flow from operation activity	589,695,001.84	453,129,218.50	30.14%
Net cash flow arising from operating activities	78,911,353.03	-6,574,979.97	
Subtotal of cash in-flow from investment activity	2,235,119,053.77	1,283,663,305.04	74.12%
Subtotal of cash out-flow from investment activity	1,883,237,512.37	1,261,960,622.90	49.23%

Net cash flow arising from investment activity	351,881,541.40	21,702,682.14	1521.37%
Subtotal of cash in-flow from financing activity	178,020,000.00	163,082,000.00	9.16%
Subtotal of cash out-flow from financing activity	350,992,854.04	177,155,081.66	98.13%
Net cash flow arising from financing activity	-172,972,854.04	-14,073,081.66	
Net increased amount of cash and cash equivalent	257,820,137.12	1,054,902.13	24340.19%

Main reasons for y-o-y major changes in aspect of relevant data

☐Applicable ☒Not applicable

Reasons of major difference between the cash flow of operation activity in report period and net profit of the Company

☒Applicable ☐Not applicable

Item	2019	2018	Y-o-y changes (+,-)	Note
Net cash flow arising from operating activities	78,911,353.03	-6,574,979.97		The first phase of the Jewelry Building was comprehensively put into operation this year
Subtotal of cash in-flow from investment activity	2,235,119,053.77	1,283,663,305.04	74.12%	The redemption of financial products increased in the period, and received the equity transfer amount of Xinglong Company and interest
Subtotal of cash out-flow from investment activity	1,883,237,512.37	1,261,960,622.90	49.23%	Investment for financial products increased and investment for Tellus Jinzhuan Trading Building (Phase II of Tellus Shuibei Jewelry Building). increased
Net cash flow arising from investment activity	351,881,541.40	21,702,682.14	1521.37%	Receiving the equity transfer amount of Xinglong Company and interest
Subtotal of cash in-flow from financing activity	178,020,000.00	163,082,000.00	9.16%	New loans increased year-on-year and minority shareholder's investment from Sichuan Jewelry Company increased
Subtotal of cash out-flow from financing activity	350,992,854.04	177,155,081.66	98.13%	Loan repayments increased, repayment of bank liquidity and fixed loan principal and interest and loans
Net cash flow arising from	-172,972,854.04	-14,073,081.66		bank loan and loan repayment

financing activity				amount increases year on year.
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III. Analysis of the non-main business

√Applicable □ Not applicable

In RMB

	Amount	Ratio in total profit	Note	Whether be sustainable
Investment income	240,569,654.98	79.50%	The 43% equity of Xinglong Company was transferred completed in the year, 210.68 million yuan was recognized as income.	N
Gain/loss of fair value changes	477,394.67	0.16%	Change of the fair value for un-matured financial products	N
Assets impairment	-608,190.07	0.20%	Reversal of bad debt reserves that accrual for Xinglong equity loans, and the bad debt reserves for intercourse funds are reversed for the termination of business from Tellus Starlight Jinzun Company	N
Non-operation revenue	304,620.63	0.10%	Gains from retirement of non-current assets and overdue fine etc.	N
Non-operation expenditure	1,049,085.73	0.35%	Losses from retirement of non-current assets and the lease liquidated damages recognized for off-lease in advance of Tellus Starlight Jinzun Company	N

IV. Assets and liability

1. Major changes of assets composition

In RMB

	Year-end of 2019		Year-begin of 2019		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		

Monetary fund	428,851,606.04	26.06%	170,235,668.19	10.26%	15.80%	
Account receivable	112,613,224.27	6.84%	86,104,660.51	5.19%	1.65%	
Inventory	21,389,602.83	1.30%	12,342,854.40	0.74%	0.56%	
Investment real estate	554,599,503.55	33.70%	503,922,413.70	30.37%	3.33%	
Long-term equity investment	162,178,544.05	9.85%	224,644,766.21	13.54%	-3.69%	
Fix assets	107,119,796.59	6.51%	112,674,017.53	6.79%	-0.28%	
Construction in process	47,654,393.55	2.90%	12,843,571.97	0.77%	2.13%	
Short-term loans			143,232,810.41	8.63%	-8.63%	
Long-term loans			34,934,887.55	2.11%	-2.11%	
Assets held for sale			85,017,251.77	5.13%	-5.13%	
Other current assets	60,486,575.34	3.68%	331,523,546.74	19.98%	-16.3%	
Taxes payable	71,425,267.61	4.34%	9,377,393.57	0.57%	3.77%	
Other account payable	101,266,802.49	6.15%	250,198,878.69	15.08%	-8.93%	

2. Assets and liability measured by fair value

√Applicable □Not applicable

In RMB

Items	Period-beginning	Gains/losses of change of fair value in the period	Accumulative changes of fair value reckoned into equity	Impairment accrual in the period	Amount of purchase in the period	Amount of sale in the period	Other changes	Period-end
Financial assets								
1. Tradable financial assets (excluding derivative financial assets)							60,486,575.34	60,486,575.34
2. Derivative financial assets								

3. Other creditor's rights investment								
4. Other equity instruments Investment							10,176,617.20	10,176,617.20
Subtotal of financial assets								
Investment Real Estate								
Productive biological assets								
Other								
Above total							70,663,192.54	70,663,192.54
Financial liabilities								

Whether there have major changes on measurement attributes for main assets of the Company in report period or not

☐ Yes ☒ No

Explanation of major changes on measurement attributes for main asset and its impacts on operation results and financial status

3. Right of the assets restrained till end of the Period

Not applicable

found more in the V. (IV) An asset whose ownership or use is restricted carry in the annotation of financial statement in Auditing Report 2019 released on Juchao Website on the same date.

V. Investment

1. Overall situation

☒ Applicable ☐ Not applicable

Investment amount in the period (RMB)	Investment amount at same period of last year (RMB)	Changes
169,530,000.00	168,971,900.00	0.33%

2. The major equity investment obtained in the reporting period

☒ Applicable ☐ Not applicable

In RMB

Name of invested company	Principal businesses	Method of investment	Amount of investment	Shareholding	Capital sources	Partners	Term of investment	Type of products	Status as of the balance sheet date	Expected return	Current investment profit and loss	Whether litigation	Date of disclosure (if applicable)	Index of disclosure (if applicable)
Shenzhen Tellus Treasure Supply Chain Tech. Co., Ltd.	Purchase, sales and leasing of gold jewelry and precious metal products, coffer lease and warehousing services	New established	50,000,000.00	100.00%	Own funds	N/A	No fixed deadline	Purchase, sales and leasing of gold jewelry and precious metal products, coffer lease and warehousing services	Registration completed	0.00	-113,396.51	N	2019-08-30	Found more in Notice (No.: 2019-031) released on Securities Times, Hong Kong Commercial Daily and Juchao Website

Shenzhen Tellus Chuangying Tech. Co., Ltd.	Jewelry innovation & entrepreneurship	Capital Increased	12,000,000.00	100.00 %	Own funds	N/A	To 30 June 2021	Jewelry innovation & entrepreneurship	Completed the changes	-870,000.00	-1,070,390.23	N	2018-12-28	Found more in Notice (No.: 2018-068) released on Securities Times, Hong Kong Commercial Daily and Juchao Website
Total	--	--	62,000,000.00	--	--	--	--	--	--	-870,000.00	-1,183,786.74	--	--	--

3. The major non-equity investment doing in the reporting period

√Applicable □Not applicable

In RMB

Project Name	Investment Method	Invested with fixed assets (Y/N)	Industry involved in Investment Projects	Investment Amount in this Reporting Period	Actual Investment Amount up to the End of Reporting Period	Capital Source	Project Schedule	Anticipated Income	Realized Income up to the End of Reporting Period	Reasons for not Reaching the Planned Schedule and Anticipated Income	Date of disclosure (if applicable)	Index of disclosure (if applicable)
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Phase II of Tellus Shuibei Jewelry Building	Self-built	Y	Urban renewal pilot project - upgrading of the gold jewelry industry park	93,530,000	106,090,000	Raised fund by the Company	20.58%	0.00	0.00	Not applicable	2019-05-28	Found more in Notice (No.: 2019-022) released on Securities Times, Hong Kong Commercial Daily and Juchao Website
Transformation & upgrading project of the 421 workshop in Bagualin	Self-built	Y	Redecoration, renovation and upgrading of the workshop	14,000,000	14,000,000	Raised fund by the Company	46.67%	0.00	0.00	Not applicable	2019-03-26	Found more in Notice (No.: 2019-006) released on Securities Times, Hong Kong Commercial Daily and Juchao Website
Total	--	--	--	107,530,000	120,090,000	--	--	0.00	0.00	--	--	--

4. Financial assets investment

(1) Securities investment

☐ Applicable ☒ Not applicable

The Company had no securities investment in the reporting period.

(2) Derivative investment

☐ Applicable ☒ Not applicable

The Company has no derivatives investment in the Period

5. Application of raised proceeds

☐ Applicable ☒ Not applicable

The Company has no application of raised proceeds in the Period

VI. Sales of major assets and equity

1. Sales of major assets

☐ Applicable ☒ Not applicable

The Company had no sales of major assets in the reporting period.

2. Sales of major equity

☒ Applicable ☐ Not applicable

Counter part	Equity sold	Sales day	Trading price (10 thousand Yuan)	Net profit contributed by the sold equity from period-begin to date for sales (in 10 thousand Yuan)	Impact on the Company	Ratio of the net profit from equity sales in total net profit of the Company	Pricing principal	Whether it was a related transaction (Y/N)	Relationship with the counter party	Ownership transferred completely or not (Y/N)	Implemented on schedule (Y/N), explained the reasons and counter measure for not completed on schedule	Disclosure day	Disclosure index
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Shenzhen Runhe United Investment Development Co., Ltd.	43% equity of Shenzhen Xinglong Machinery Mould Co., Ltd.	15 June 2018	28,667	0	The impact on total profit of the Company approximately amounted as 210.54 million Yuan	72.16%	In accordance with the Assets Appraisal Report (Guozhonglian Ping Bao Zi 920170 No. 3-0083 issued by Guozhonglian Land Real Estate Assets Appraisal Co., Ltd.- the enterprise with qualification of exercising securities and futures business, the assessment is adopted asset-based	N	N/A	Y	On schedule	11 Oct. 2019	Notice (No.: 2019-037) released on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn).
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VII. Analysis of main holding Company and stock-jointly companies

√Applicable □Not applicable

Particular about main subsidiaries and stock-jointly companies net profit over 10%

In RMB

Company name	Type	Main business	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Shenzhen Auto Industry and Trade Corporation	Subsidiary	Sales of auto and accessories	RMB 58.96 million	371,059,129.53	332,301,527.18	20,661,635.23	8,693,513.91	3,013,767.96
Shenzhen SDG Huari Auto Enterprise Co., Ltd.	Subsidiary	Auto maintenance and production and sales of accessories	USD 5 million	72,573,962.20	24,404,833.16	38,745,157.90	-881,988.55	-3,089,360.18
Shenzhen Zhongtian Industrial Co., Ltd.	Subsidiary	Property rental	RMB 366.2219 million	609,604,697.52	397,315,112.55	75,637,032.12	35,439,489.79	29,623,234.62
Shenzhen Huari Toyota Automobile Sales Co. Ltd	Subsidiary	Auto sales	RMB 2 million	70,989,191.36	4,195,966.42	219,302,518.27	2,710,262.43	2,099,623.78
Shenzhen Xinyongtong Auto Vehicle Inspection Equipment Co., Ltd.	Subsidiary	Manufacture of inspection equipment for motor vehicle	RMB 19.61 million	12,631,733.23	7,854,433.73	5,372,879.71	2,225,022.79	2,135,660.42
Shenzhen Tellus Xinyongtong Automobile Development Co. Ltd	Subsidiary	Inspection and repair of motor vehicle	RMB 32.90 million	82,373,581.53	62,510,074.57	13,469,910.73	8,031,527.80	6,029,940.85

Anhui Tellus Starlight Jewelry Investment Co., Ltd.	Subsidiary	Jewelry sales	RMB 9.8 million	1,050,070.80	-1,305,792.00	4,521,763.87	-5,164,928.76	-5,998,228.76
Shenzhen Tellus Chuangying Tech. Co., Ltd.	Subsidiary	Property rental	RMB 14 million	17,227,988.23	13,373,224.13	775,506.85	-1,070,265.27	-1,070,390.23
Sichuan Tellus Jewelry Tech. Co., Ltd.	Subsidiary	Jewelry sales	RMB 150 million	165,221,011.49	163,519,977.52	188,861,996.63	10,692,798.70	7,948,058.00
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	Joint stock Company	Car sales and maintenance	RMB 30 million	270,537,114.00	90,241,093.00	1,146,987,875.00	39,768,334.00	30,667,317.00
Shenzhen Dongfeng Motor Co., Ltd.	Joint stock Company	Manufacture and maintenance of automobile	RMB 100 million	694,315,515.45	167,760,810.29	502,282,870.47	20,239,872.88	18,741,639.29
Shenzhen Tellus Gman Investment Co., Ltd.	Joint stock Company	Investment in industry, property management and leasing	RMB 123.70496 million	419,980,893.69	140,310,766.95	91,769,888.39	21,705,785.59	16,232,739.76

Particular about subsidiaries obtained or disposed in report period

√Applicable □Not applicable

Name	Way to obtained and dispose in the Period	Impact on overall operation and performance
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Shenzhen Tellus Treasure Supply Chain Tech. Co., Ltd.	Newly established	An important part of the jewelry third party operation service strategy of the Company, the Tellus Treasure Company is in progress of construction in 2019 and with net profit of -110000 yuan for 2019.
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Notes of holding and shareholding companies

During the reporting period, the company did not disclose the information of important holding companies.

VIII. Structured vehicle controlled by the Company

Not applicable

IX. Future development prospects

(i) Industry pattern & development trend

In 2019, the economic situation at home and abroad was complex, affected by factors such as the rise of trade protectionism and increasing geopolitical uncertainty, the global economic growth has continued to slow down, and growth in major world economic entities has been sluggish. In the domestic economy, the downward pressure on the economy increased due to factors such as Sino-US trade friction, financial deleveraging, and industrial upgrading and transformation. China's GDP increased by 6.1% over the previous year, which was in line with expectations, but its economic growth slowed. At the beginning of 2020, the novel coronavirus pneumonia epidemic spread rapidly across the country, the country has adopted preventive measures such as home isolation and prolonged resumption of labor and production, which caused a significant impact on economic development in the short term, in the long run, China's economy will continue to maintain a stable and good trend.

The gold jewelry industry experienced years of bottom shocks, and the rise of consumption in 2017 brought structural recovery in the industry. After entering 2019, due to the combined effects of the industry cycle and the economic cycle, gold consumption fell on a year-on-year basis, the decline in benefits was obvious, and domestic gold consumption was generally weak. According to the "Operation of the Gold Industry in 2019" announced by the Ministry of Industry and Information Technology, the national gold consumption in 2019 was 1002.8 tons, a year-on-year decrease of 12.9%, of which, the consumption of gold jewelry was 676.2 tons, a year-on-year decrease of 8.2%, the consumption of gold bars and gold coins was 225.8 tons, a year-on-year decrease of 27%, the consumption in industry and other fields was 100.8 tons, a year-on-year decrease of 4.9%. In the beginning of 2020, the outbreak of novel coronavirus pneumonia epidemic made a frontal attack on the Chinese jewelry retail market, the Spring Festival and Valentine's Day were supposed to be the peak sales season of the year, but the sudden outbreak of epidemic caused the jewelry industry to be cold, as an optional consumer product, the jewelry was greatly affected by the economic downturn. However, in the long run, due to the increase in per capita disposable income of urban residents, the growing size of young millennial consumers and emerging middle class groups, and the growth of risk aversion, the gold jewelry industry has entered a recovery phase.

(ii) Development strategy

Since formulated the strategic plan for transforming into a third-party integrated operation service provider in the jewelry industry in 2014, Tellus has been steadily pushing forward its strategy in accordance with the established strategy. In order to make the company bigger and stronger, Tellus actively explored new industry fields while deepening the jewelry's third-party operation and service strategy. Based on its own resource endowment conditions and capabilities, Tellus chose to comply with the strategic development direction of the country and the leading demonstration area, developed relatively mature and stable industries that can make use of their own characteristics and shareholders' resources, and implemented a diversified development strategy.

1. The third party operation service of jewelry**(1) Industry park services**

Shuibei Jewelry Industrial Park Project: The physical platform is the core foundation of the company's overall strategy. As of the end of the reporting period, the company's projects located at the Tellus Gmen Gold Jewelry Industrial Park included: the phase I project of Tellus Shuibei Jewellery Building built by the company's wholly-owned subsidiary and Shuibei Jinzuo Building project constructed by the joint venture are put into operation; the phase II project of Tellus Shuibei Jewellery Building is under construction. Relying on the above-mentioned physical platforms, the company will give full play to its resource advantages, make overall planning for the business format, and innovate the operation and management model, provide basic property services, business butler services, marketing promotion services, talent services, financial services, testing, packaging, catering, innovation and entrepreneurship, design creativity, incubators, warehousing, gold leasing, supplying chain and other industries and services supporting value-added contents by grafting "Jinteli ICON" jewelry business butler services, innovation and entrepreneurship platforms, Tellus treasury supplier chain company projects, create a jewelry industry innovation ecosystem, and energize the transformation and development of the jewelry industry.

In the structural reform strategy and plan of the jewelry industry supply side in the Shuibei-Buxin area planned by the Shenzhen Municipal Government and the Luohu District Government, Buxin area is planned to be the jewelry intelligent manufacturing base of Luohu District. The company has a number of properties in the Buxin industrial zone, and is the largest owner of the 04 and 05 subunits of the Buxin urban renewal unit planning project. The company will actively promote the implementation of the reform project, improve the quality of the company's assets and lay a solid foundation for the company's strategic transformation under the established planning scheme of Luohu District.

(2) Supplying chain services**① Sichuan Tellus Jewelry Tech. Co., Ltd.**

The company co-invested and established Sichuan Tellus Jewelry Tech. Co., Ltd. by cooperating with strong distributors in Sichuan. After two years of operation, Sichuan Jewelry Company has perfected and formed a set of operating procedures and business process systems in line with the industry conditions in the business practice, the supply chain settlement supporting service system and the jewelry industry ERP system are operating, the

company will continue to improve supply chain service management capabilities, and conduct supply chain service business under the premise of controllable risks.

②Shenzhen Tellus Treasure Supply Chain Tech. Co., Ltd.

During the reporting period, the company completed the investment approval of the Tellus Treasury supply chain project, and it would conduct jewelry supply chain services through Shenzhen Tellus Treasure Supply Chain Tech. Co., Ltd., a wholly-owned subsidiary of Tellus, which provides overall supply chain solutions and services for the jewelry industry, activates jewelry assets, and injects vitality into upstream and downstream jewelry transactions based on the real purchase and sales behavior of the jewelry industry chain, and with the help of business data and information resources of professional service platforms, and based on data collection and analysis. By providing supply chain services, the company can get business revenue and industry data, and expand influence.

(3) Innovative and entrepreneurial service

The innovation and entrepreneurship platform is based on the Tellus Jewelry Industrial Park, integrates designers, metalworkers, equipment manufacturers, raw materials suppliers, appraisers and trainers in the industrial chain, innovates flexible production and processing methods, builds a design and entrepreneurship platform, and establish new industry structure to realize the upgrading of the jewelry industry. To this end, Tellus Group has invested in the creation of the “Jewelry Industry Innovation and Entrepreneurship Base”, which is the first batch of only licensed jewelry industry innovation and entrepreneurship base in Shenzhen.

The innovative and entrepreneurial base will take “jewelers”, “Jinchuang Tellus makers service”, “new technology and new materials R&D platform”, “Xinggongchang designer platform” and “jewelry business incubation platform” as five sub-platforms for construction, accelerate the space renovation and upgrading, “Xinggongchang” innovative and entrepreneurial space, jewelry industry financial incubation system, new technology and new materials laboratory, jewelry testing platform and other key projects, build the entire process incubation acceleration system for the small and micro enterprises from makers’ training to entrepreneurship, entrepreneurial support, product marketization to the development and listing of small and micro enterprises, which provides a rooted entrepreneurial platform for the makers so as to enhance the entrepreneurial success rate of the jewelry industry and energize the industry innovation.

(4) Big data basic services

Sichuan Jewelry Company fully promoted the construction of IT platform, completed the testing, deployment and trial operation of optimized versions of the supply chain system, retail system, and wholesale system, and completed the development of the main body of the operation management system. At the same time, it strengthened the construction of big data center basic work and the data collection and analysis, continuously improves data analysis capabilities, and lays the foundation for big data basic services.

As a state-owned enterprise and a listed company, the company has the public credibility and the ability to

effectively communicate and cooperate with government departments, and can play the role of a third-party platform enterprise in the jewelry industry, it can rely on the free circulation concept of goods in the pilot demonstration zone and the Greater Bay Area, as a bridge and bond among the government and the private jewelry enterprises, the overseas and the domestic suppliers, and the distributors, it serves domestic and overseas suppliers, aggregates the upstream and downstream of the jewelry industry chain, integrates industry needs, solves industry pain points, provides bonded, exhibition, warehousing, trading and other basic services for industry and enterprise, and coordinates government agencies to strive for various industry preferential policies to empower the industry. At the same time, transaction data is accumulated through business operations, with the help of the company's IT platform operation management and data analysis capabilities, it can provide a basis for the company to develop big data services.

2. Exploration of new industry fields

Tellus will make use of its own resource advantages, adhere to a diversified development pattern, and seek to create a "sustainable development ecosystem". According to its own resources and management capabilities, seek and absorb industries that are in line with the strategic development direction of the country, the Guangdong-Hong Kong-Macao Greater Bay Area and the leading demonstration areas, whose industry development is relatively mature and stable and has a good industrial foundation, and can make use of the platform of state-owned listed companies, so as to form an interaction with Tellus' original resources or sectors to create new industrial growth points for listed companies. New industries include but are not limited to ICT, big data, emerging information industries, new energy, high-end equipment manufacturing, big health, biological industries, energy conservation and environmental protection and other industries. At present, due to the complex economic situation and slowing economic growth, Tellus will seize the market opportunities brought by the economic cycle, give play to its own resources, management capabilities and capital advantages, cultivate and absorb high-quality assets in related fields through the combination of multiple methods such as directly investing in mergers and acquisitions, initiating or participating in industrial funds and capital operations, merge flows, expand scale, achieve qualitative change, and further strengthen the sustainable profitability of listed companies.

(iii) The company's 2020 annual business plan

2020 is the ending of the "13th Five-Year" strategic planning and the year to start drawing the blueprint of the "14th Five-Year" strategic planning. Affected by the novel coronavirus pneumonia epidemic, 2020 will be a more difficult year. In order to cope with the epidemic, the company has actively responded to the call of the Shenzhen Municipal Government and the State-owned Assets Supervision and Administration Commission, courageously shouldered the social responsibility of state-owned enterprises, shared the difficulties with customers, and made contributions to stable operations in Shuibei area, and it has already waived rents exceeding 25 million yuan in the first quarter, which will have a corresponding impact on net profit in 2020. Facing the complicated situation, the company will face the difficulties, strictly follow the work plan of the board of directors, conscientiously implement the "Double Hundred Actions", ensure the successful completion of the "13th Five-Year Plan", and work hard to advance various tasks.

1. in automobile business: on maintaining the scale of auto sales and service business, actively exploit the incremental new business model for Huari Company

2. Resource assets business: improve the quality of old properties, scientifically design the layout of the business, transform and upgrade the original properties, and improve asset quality and income levels.

3. Jewellery business:

(1) Continue to optimize and improve the business model of Sichuan Tellus Company, clarify the path of informatization construction, face the systemic risks of the industry brought by the complex economic situation, and take risk control as the guide to strengthen risk control on the one hand and strengthen the supports on high quality customers on the other hand to enable them to continue to survive and develop under difficult circumstances, and contribute to the stability of the industry.

(2) The first phase of the Tellus Shuibei Jewelry Building, a key project on the physical platform, has been opened. It strives to maintain a stable and healthy daily operating status as a whole, leverages various resource advantages, and actively explores innovative business models that rely on physical platforms to carry out multiple value-added services so as to improve the comprehensive income of the project.

(3) Actively promote Tellus Gold and Diamond Trading Building, namely, the second phase of Shuibei Jewelry Building, and proceed steadily in accordance with the construction plan to ensure the progress of the project.

(4) Complete the overall construction of the Tellus Treasury supply chain project and pass the acceptance. The safe deposit box business as a whole will be put into operation, and the gold lease and jewelry supply chain business will be developed at an appropriate time.

(5) Combine the formulation of the “14th Five-Year Plan”, make use of its own resource advantages, rely on the industrial core regional advantages of Tellus Jewellery Building and Gold and Diamond Building, and explore the innovative platform project to offer bonded, exhibition, warehousing, and trading functions based on the customs’ innovative bonded policies to empower the industry.

(6) For the urban renewal and transformation of the Buxin industrial zone, strive for a clear industrial planning opinion and submits the plan.

4. Management:

(1) Minimize the impact of the epidemic on operations, firstly, continue to implement various epidemic prevention and control work, “epidemic is the order, prevention and control is the responsibility”, and put the epidemic prevention and control work in the first place; secondly, plan ahead, reverse the timetable and strive to regain the progress of the work that has been affected by the epidemic situation; thirdly, study the anti-epidemic policies issued by the relevant units, strive for subsidy support, and reduce the impact of the epidemic on business operations; fourthly, strictly control general expenses, develop a program to control expenditures, increase income and reduce expenditure.

(2) Actively promote the formulation of the “14th Five-Year Plan”, establish a strategic management and control mechanism, clarify the path of special transformation, thoroughly demonstrate strategic transformation projects, and optimize capital allocation through various methods such as the introduction of strategic investment, the introduction of funds, and refinancing.

- (3) In terms of subordinate enterprise management, continue to improve the management level, optimize and adjust the corporate structure, maximize the value of participating companies, exit loss-making enterprises, clean up zombie enterprises, and improve corporate vitality.
- (4) Establish and improve the talent training system, increase the intensity of talent introduction, deepen the market-based exit mechanism, and optimize the salary and performance management mechanism.
- (5) Implement various tasks of informatization construction, and complete the project construction of Sichuan IT system phase III, group operation decision analysis platform phase I, and Gold Tellus information system in accordance with the company's overall business plan.
- (6) Strengthen the construction of corporate culture, further build the cultural orientation of "fair, diligent, struggling, and honest" striver, and promote the healthy development of enterprises.
- (7) Improve the quality of risk control work, and promote the further normalization, institutionalization and standardization of company management.
- (8) Thoroughly study and implement the spirit of the Nineteenth National Congress of the Communist Party of China, continue to carry out the "two studies, one action" and anti-corruption work in a deep-going way, and strengthen the building of grassroots group organizations.
- (9) Pay close attention to production safety, implement the safety management responsibility system, eliminate hidden safety hazards, and ensure safety without accidents.

(iv) Possible risks and countermeasures

In the process of strategic transformation and project operation, we will objectively and clearly recognize the possible risks and take active and effective measures to prevent them:

1. Risks caused by fluctuations in the macroeconomic situation

Affected by Sino-U.S. trade friction, financial deleveraging and other factors, China's economy has entered a period of speed-shifting, the domestic economic growth has slowed down, and the pressure on industrial restructuring has increased; at the beginning of 2020, the epidemic of novel coronavirus pneumonia quickly spread to the whole country, prevention and control measures such as home isolation and prolonged resumption of work and production have been adopted, which have had a significant impact on economic development. The overall economic environment has brought an uncertain impact on the company's operations.

In response to this risk, the company will actively take various preventive measures. The first is to continue to strengthen management, work hard, improve efficiency through scientific management, tap potential and increase revenue, and comprehensively improve the profitability of the original business; the second is to firmly promote the pace of strategic transformation of the company, promote the transformation of the project through innovative business models, expand the incremental market, expand the scale of business, look for new profit growth points, and provide a good foundation for the company's long-term stable development.

2. Risks brought about by transforming into new areas

In recent year, the Company has made full efforts to promote the strategic goal of transformation, several transformation projects have been implemented successively, however, in the process of deeply ploughing into the jewelry industry, the company has become more and more aware of the difficulties and risks that may be faced in the transformation to a new business area. The new field means a new business model, technical characteristics, supply and demand relationship, customer needs, risk factors, human resources requirements, and how to identify technological development capabilities, how to meet the ever-changing individualized diversified needs of emerging consumer groups, and how to take the path of innovation and development in the more competitive industry environment in the market segment are new challenges that the company needs to solve urgently and put forward higher requirements for the company's resource integration capabilities, project management capabilities and professional talent reserves in the layout of business transformation.

In response to this risk, on the one hand, the company will continue to strengthen the transformation conviction, make full demonstration, prudently make decisions, elaborate management, and carry out market-oriented operation in accordance with the established overall development strategy and business strategy so as to ensure that the transformation projects achieve good investment returns, and actively respond to market competition; on the other hand, the company will steadily promote reform and innovation, and take the opportunity of completing the "Double Hundred Actions" to explore and improve the company's long-term incentive mechanism, mobilize the enthusiasm of all employees, improve the management level and operational efficiency of enterprises, and effectively enhance the core competitiveness of enterprises.

X. Reception of research, communication and interview

1. In the report period, reception of research, communication and interview

☐ Applicable ☒ Not applicable

No reception of research, communication and interview in the Period

Section V. Important Events

I. Profit distribution plan of common stock and capitalizing of common reserves plan

Formulation, Implementation and Adjustment of common stock Profit Distribution Policy Especially Cash Dividend policy during the Reporting Period

√Applicable □Not applicable

The company attaches great importance to the reasonable returns for investors; the Articles of Association clearly defines the standards and proportions of cash dividends, the decision-making procedures and mechanisms, and the form of profit distribution. The company strictly complies with the Articles of Association and the resolutions of the shareholders' general meeting, the dividends standards and proportions are clear, relevant decision-making procedures and mechanisms are complete, the independent directors are responsible and give play to their duties, the medium and small shareholders have the opportunities to express their opinions and demands, and the legitimate rights and interests of medium and small shareholders are fully maintained.

Special description on cash dividend policy	
Whether it meets the requirements of the Article of Association or the Resolution of the General Meeting (Y/N):	Y
Whether the bonus standards and proportion is clear and well-defined (Y/N):	Y
Whether has a completed relevant decision-making procedures and mechanism (Y/N):	Y
Whether independent directors fulfill duties and play a due role (Y/N):	Y
Minority shareholders whether has opportunity of full expression and appeals, the legal interest of the minority are being protected totally (Y/N):	Y
As for the adjustment and change of cash bonus policy, the condition and procedures whether meets regulations and transparent (Y/N):	Y

Distribution plan (pre-plan) for common stock dividends, capitalization scheme of capital reserve (pre-plan) in latest three years (including this period)

As of December 31, 2017, the undistributed profit of the company's consolidated statements was 97,798,595.80 yuan, and the undistributed profit of the parent company was -1,372,862.05 yuan. The only subsidiary that had an impact on the company's consolidated undistributed net profit of more than 10% was Shenzhen Auto Industry and Trade Corporation, the main reason why the company had no dividend was because the company's working capital was tight and there was no enough cash to pay dividends. According to Article 7.6.7 of the "Guidelines for Standardized the Operation of Listed Companies on Main Board of Shenzhen Stock Exchange (2015 Revised),

when a listed company formulates a profit distribution plan, it should be based on the profit available for distribution in the parent company's statements. At the same time, in order to avoid the situation of over-allocation, the company should determine the specific profit distribution ratio based on the lower profit available for distribution either in the consolidated statement or in the parent company's statement. Because the undistributed profit of the parent company was negative, the company did not distribute profits in 2017, nor increased the public reserve fund.

Profit distribution plan for year of 2018 are: carry out 4.5 additional shares for each 10 shares held by shareholders are being converted by the capital reserve, based on total share capital 297,281,600 shares on 31st December 2018. Totally 133,776,720 shares are converted and the share capital of the Company increased to 431,058,320 after this conversion

Profit distribution plan for year of 2019 are: Distributed 0.42 yuan cash bonus (including tax) for every 10 shares held by whole shareholders of the Company based on total share capital 431,058,320 shares on 31st December 2019, total 18,104,449.44 yuan are distributed in cash, no bonus shares and no public reserve transfer into share capital.

Cash dividend of common stock in latest three years (including the reporting period)

In RMB

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to common stock shareholders of listed company in consolidation statement for bonus year	Ratio of the cash bonus in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Proportion for cash bonus by other ways(i.e. share buy-backs)	Ratio of the cash bonus by other ways in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Total cash bonus (including other ways)	Ratio of the total cash bonus (other ways included) in net profit attributable to common stock shareholders of listed company contained in consolidation statement
2019 年	18,104,449.44	219,669,708.47	8.24%	0.00	0.00%	18,104,449.44	8.24%
2018	0.00	86,924,058.72	0.00%	0.00	0.00%	0.00	0.00%
2017	0.00	66,862,772.68	0.00%	0.00	0.00%	0.00	0.00%

The Company gains profits in reporting period and the retained profit of common stock shareholders provided by parent Company is positive but no plan of cash dividend proposed of common stock

☐Applicable ☒Not applicable

II. Profit distribution plan and capitalizing of common reserves plan for the Period

☒Applicable ☐Not applicable

Bonus shares for every 10-share (Share)	0
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Dividends for every 10-share (RMB) (Tax included)	0.42
Shares transferred from every 10 shares (Share)	0
Equity base of distribution plan (Share)	431,058,320
Cash bonus distribution (RMB) (Tax included)	18,104,449.44
Cash bonus distribution in other ways (i.e. share buy-backs) (RMB)	0.00
Total cash bonus (including other ways) (RMB)	18,104,449.44
Distributable profits (RMB)	179,916,021.60
Ratio of total cash dividend (other ways included) in total profit distribution	100%
Cash dividend	
Explanation on profit distribution or capitalizing of capital reserves	
Profit distribution plan for year of 2019 are: Distributed 0.42 yuan cash bonus (including tax) for every 10 shares held by whole shareholders of the Company based on total share capital 431,058,320 shares on 31 st December 2019, total 18,104,449.44yuan are distributed in cash, no bonus shares and no public reserve transfer into share capital.	

III. Implementation of commitment

1. Commitments that the actual controller, shareholders, related party, buyers and the Company have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

√Applicable □Not applicable

Commitments	Commitment party	Type of commitments	Content of commitments	Commitment date	Commitment term	Implementation
Commitments for share merger reform						
Commitments in report of acquisition or equity change						
Commitments in assets reorganization						
Commitments make in initial public offering or	Shenzhen Tellus Holding Co., Ltd.	Other	The commitments to the fulfillment of information disclosure about the Company business development are as follows: except for the information has been	2014-10-17	Long-term	Implementing

re-financing			disclosed publicly, the Company has not had the disclosed information about asset acquisition and business development that has not been disclosed within one year. In the future, the Company shall timely, accurately and adequately disclose the relevant information according to the progress of new business and the related requirements.			
Equity incentive commitment						
Other commitments for medium and small shareholders	Shenzhen Special Development Group Co., Ltd. (SDG)	Horizontal Competition	In order to avoid the horizontal competition, the Company's controlling shareholder, Shenzhen SDG has issued the "commitment letter about the avoidance of horizontal competition" on May 26, 2014. The full commitment letter is as follows: 1. The Company and other enterprises controlled by the Company except Tellus Group haven't occupied in any business that could substantially compete with the main businesses of Tellus Group, and have no horizontal competition relationship with Tellus Group.	2014-05-26	Long-term	Implementing
	Shenzhen Tellus Holding Co., Ltd.	Dividend commitment	From 2017 to 2019, the Company's profits will first be used to cover the losses of previous years; after making up for losses of previous years, in the premise that the Company's profits and cash flow can meet the Company's normal operations and long-term development, reward shareholders, the Company will implement positive profit distribution approaches to reward the shareholders, details are as follows: 1. The Company's profit distribution can adopt cash, stock or the combination of cash and stock or other methods permitted by law. The foreign currency conversion rates of domestically listed foreign shares dividend are calculated according to the standard price of HK dollar against RMB announced by People's Bank of China on the first working day after the resolution date of the shareholders' meeting. The Company prefers to adopt the cash dividends to distribute profits. In order to maintain the adaptability between capital expansion and performance growth, in the premise of ensuring the full cash dividend distributions and the rationality of equity scale and equity structure, the Company can adopt the stock dividend methods to distribute profits. 2. According to the "Company Law" and other relevant laws and the provisions of the Company's "Articles of	2017-05-04	2019-12-31	Implementing

			Association", following conditions should be satisfied when the Company implements cash dividends: (1) the Company's annual distributable profits (i.e. the after-tax profits after making up for losses and withdrawing accumulation funds) are positive value, the implementation of cash dividends will not affect the Company's subsequent continuing operations; (2) the audit institution issues the standard audit report with clean opinion to the Company's annual financial report; (3) the Company has no significant investment plans or significant cash outlay (except for fund-raising projects). Major investment plans or significant cash outlay refer to: the accumulated expenditures the Company plans to used for investments abroad, acquisition of assets, or purchase of equipment within the next 12 months reach or exceed 30% of the net assets audited in the latest period. 3. In the premise of meeting the conditions of cash dividends and ensuring the Company's normal operation and long-term development, the Company makes cash dividends once a year in principle, the Company's board of directors can propose the Company to make interim cash dividends in accordance with the Company's profitability and capital demand conditions. The proportion of cash dividends in profits available for distribution and in distribution of profits should meet the following requirements: (1) in principle, the Company's profits distributed in cash every year should not be less than 10% of profit available for distribution realized in the same year, and the Company's profits accumulatively distributed in cash in the last three years should not be less than 30% of the annual average profit available for distribution realized in the last three years. (2) if the Company's development stage belongs to mature stage and there is no significant capital expenditure arrangement, when distributing profits, the minimum proportion of cash dividends in this profit distribution should be 80%; (3) if the Company's development stage belongs to mature stage and there are significant capital expenditure arrangements, when distributing profits, the minimum proportion of cash dividends in this profit distribution should be 40%; (4) if the Company's development stage belongs to growth stage and there are significant capital expenditure			
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			arrangements, when distributing profits, the minimum proportion of cash dividends in this profit distribution should be 20%; when the Company's development stage is not easy to be differed but there are significant capital expenditure arrangements, please handle according to the preceding provisions. 4. On the condition of meeting the cash dividend distribution, if the Company's operation revenue and net profit grow fast, and the board of directors considers that the Company's equity scale and equity structure are reasonable, the Company can propose and implement the dividend distribution plans except proposing the cash dividend distribution plans. When allocating stock dividend every time, the stock dividend per 10 shares should be no less than 1 share. Stock allocation can be implemented individually or in combination of cash dividends. When confirming the exact amount of profit distribution by stock, the Company should fully consider if the general capital after profit distribution by stock matches with the Company's current operation scale and profit growth rate and consider the impact on future financing so as to make sure the allocation plans meet the overall interests of all shareholders.			
Completed on time(Y/N)	Y					
As for the commitment out of the commitment time, explain the specific reasons and further plans	Not applicable					

2. Concerning assets or project of the Company, which has profit forecast, and reporting period still in forecasting period, explain reasons of reaching the original profit forecast

☐Applicable ☒Not applicable

IV. Non-operational fund occupation from controlling shareholders and its related party

☐ Applicable ☒ Not applicable

No non-operational fund occupation from controlling shareholders and its related party in period.

V. Explanation from Board of Directors, Supervisory Committee and Independent Directors (if applicable) for “Qualified Opinion” that issued by CPA

☐Applicable ☒Not applicable

VI. Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last year

☒Applicable ☐Not applicable

Since January 1, 2019, the Company has implemented the revised Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No.23 - Transfer of Financial Assets, and Accounting Standards for Business Enterprises No.24 - Hedging and Accounting Standards for Business Enterprises No.37 - Presentation of Financial Instruments of the Ministry of Finance, adjusted the depreciation period of buildings and electronic equipment since April 1, 2019, implemented the revised Accounting Standards for Business Enterprises No.7 - Non-Monetary Assets Exchange since June 10, 2019, and implemented the revised Accounting Standards for Business Enterprises No. 12 - Debt Restructuring since June 17, 2019, for details, please refer to the Company's "2019 Annual Audit Report" disclosed on www.cninfo.com.cn on the same day, Note III to the Financial Statements "Major Accounting Policies and Accounting Estimates" (28) "Changes in Important Accounting Policies and Accounting Estimates"

VII. Major accounting errors within reporting period that needs retrospective restatement

☐Applicable ☒Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

VIII. Compare with last year's financial report; explain changes in consolidation statement's scope

Totally 16 enterprises included in consolidate statement for year of 2019, found more in the VI. Change of consolidation scope in the annotation of financial statement in Auditing Report 2019 released on Juchao Website on the same date. One enterprise increase in the consolidate statement by comparing with last year.

IX. Appointment and non-reappointment (dismissal) of CPA

Accounting firm appointed

Name of domestic accounting firm	Pan-China Certified Public Accountants (LLP)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	72
Continuous life of auditing service for domestic accounting firm	0
Name of domestic CPA	Wang Huansen ,Qin changming
Continuous life of auditing service for domestic accounting firm	0

Re-appointed accounting firms in this period

☒ Yes ☐ No

Whether to change the accounting firm during the audit period

☐ Yes ☒ No

Whether the change of accounting firm meets the approval procedure

☒ Yes ☐ No

Detailed description of the re-appointed, change of accounting firm

The company's original auditing firm Ruihua Certified Public Accountants (LLP) (hereinafter referred to as "Ruihua CPA") adhered to the principle of independent auditing in its practice, fairly and independently issued audit opinions, objectively, fairly and accurately reflected the company's financial situations and internal controls, and effectively fulfilled the responsibilities of the audit institution.

In view of the fact that Ruihua CPA has provided audit services to the company for many years, the company intends to no longer hire Ruihua CPA as the company's financial audit institution for 2019, and has communicated with Ruihua CPA in advance regarding termination and related matters. The company expresses its sincere gratitude to Ruihua CPA and its team for their diligence, conscientiousness and good service during the provision of audit services.

According to the company's business development and future audit needs, after careful consideration, the company intends to hire Pan-China Certified Public Accountants (LLP) as the company's financial audit and internal control audit institution for 2019, with a term of one year and the financial audit fee of 500,000 yuan and the internal control audit cost of 220,000 yuan, a total of 720,000 yuan.

Appointment of internal control auditing accounting firm, financial consultant or sponsor

☒ Applicable ☐ Not applicable

The Company appointed Pan-China Certified Public Accountants (LLP) as the internal control audit accounting firm of the Company in 2019, with internal control audit of 220,000 yuan.

X. Particular about suspension and termination of listing after annual report disclosed

☐ Applicable ☒ Not applicable

XI. Bankruptcy reorganization

☐ Applicable ☒ Not applicable

No bankruptcy reorganization for the Company in reporting period

XII. Significant lawsuits and arbitration of the Company

☒ Applicable ☐ Not applicable

found more in the XI. Commitments and contingencies in the annotation of financial statement in Auditing Report 2019 released on Juchao Website on the same date.

XIII. Penalty and rectification

☐ Applicable ☒ Not applicable

No penalty and rectification for the Company in reporting period.

XIV. Integrity of the Company and its controlling shareholders and actual controllers

☒ Applicable ☐ Not applicable

During the reporting period, the Company and the controlling shareholders and the actual controllers have had good reputation, and there is no large amount due un-liquidated debt sentenced by the court.

XV. Implementation of the Company's stock incentive plan, employee stock ownership plan or other employee incentives

☐ Applicable ☒ Not applicable

During the reporting period, the Company has no stock incentive plan, employee stock ownership plan or other employee incentives that have not been implemented.

XVI. Major related transaction**1. Related transaction with routine operation concerned**

☒ Applicable ☐ Not applicable

Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principle	Related transaction price	Related transaction amount (in 10 thousand Yuan)	Proportion in similar transactions	Trading limit approved (in 10 thousand Yuan)	Whether over the approved limited or not (Y/N)	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure
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Shenzhen Zungfu Tellus Auto Service Co., Ltd	Director , supervisor and senior executives of the Company serves director of the enterprise	Routine related transaction	Offering property rental	Reference market pricing	504.76	504.76	3.11%	530	N	Agreed by contract or agreement	504.76	2019-04-02	Notice No.: 2019-011 on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)
Shenzhen SDG Tellus Property Management Co., Ltd.	Subsidiary of the controlling shareholder	Routine related transaction	Accept property management services	Reference market pricing	5.66	5.66	0.03%	10	N	Agreed by contract or agreement	5.66		
Shenzhen SDG Petty Loan Co., Ltd.	Subsidiary of the controlling shareholder	Routine related transaction	Offering property rental and management service	Reference market pricing	157.05	157.05	0.97%	140	Y	Agreed by contract or agreement	157.05		
Jewelry Park Branch of Shenzhen SDG Service Co., Ltd.	Sub-subsidiary of controlling shareholder	Routine related transaction	Offering property rental	Reference market pricing	101.45	101.45	0.62%	117	N	Agreed by contract or agreement	101.45		
Shenzhen SDG Engineering Management Co., Ltd	Subsidiary of the controlling shareholder	Routine related transaction	Accept engineering supervision service	Reference market pricing	35.47	35.47	0.67%	43	N	Agreed by contract or agreement	35.47		

Jewelry Park Branch of Shenzhen SDG Service Co., Ltd.	Sub-sub subsidiary of controlling shareholder	Routine related transaction	Accept services such as clean greening and transformation	Reference market pricing	33.60	33.60	0.63%	36	N		33.60		
Shenzhen SDG Tellus Property Management Co., Ltd.	Subsidiary of the controlling shareholder	Routine related transaction	Accept property management services	Reference market pricing	1,360.96	1,360.96	25.68%	1,370	N	Agreed by contract or agreement	1,360.96		
Total				--	--	2198.95	--	2,220.52	--	--	--	--	--
Detail of sales return with major amount involved				N/A									
Report the actual implementation of the daily related transactions which were projected about their total amount by types during the reporting period (if applicable)				Performing normally									
Reasons for major differences between trading price and market reference price				Not applicable									

2. Related transactions by assets acquisition and sold

☐ Applicable ☒ Not applicable

No related transactions by assets acquisition and sold for the Company in reporting period.

3. Main related transactions of mutual investment outside

☐ Applicable ☒ Not applicable

No main related transactions of mutual investment outside for the Company in reporting period.

4. Contact of related credit and debt

☒ Applicable ☐ Not applicable

Whether the Company had non-operating contact of related credit and debt

√ Yes □ No

Debts payable to related party

Related party	Relationship	Causes	Balance at period-begin (10 thousand Yuan)	Current newly added (10 thousand Yuan)	Current recovery (10 thousand Yuan)	Interest rate	Current interest (10 thousand Yuan)	Balance at period-end (10 thousand Yuan)
Shenzhen Special Development Group Co., Ltd. (SDG)	Controlling shareholders	Loan principal for Hurari Company	1,719	19			19	1738
Shenzhen Special Development Group Co., Ltd. (SDG)	Controlling shareholders	Loan principal for Hurari Company	589		289			300
Impact on operation results and financial status		Total profit decreased 190,000 Yuan due to the interest expenses increased in the Year						

5. Other major related transactions

□ Applicable √ Not applicable

No other major related transaction in Period

XVII. Significant contract and implementations**1. Trusteeship, contract and leasing****(1) Trusteeship**

□ Applicable √ Not applicable

No trusteeship for the Company in reporting period

(2) Contract

□ Applicable √ Not applicable

No contract for the Company in reporting period

(3) Leasing

□ Applicable √ Not applicable

No leasing for the Company in reporting period

2. Major guarantees

√Applicable □Not applicable

(1) Guarantees

In 10 thousand Yuan

Particulars about the external guarantee of the Company and its subsidiary (Barring the guarantee for subsidiaries)								
Name of the Company guaranteed	Related Announce ment disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Implemen ted (Y/N)	Guarante e for related party (Y/N)
Shenzhen Zungfu Tellus Auto Service Co., Ltd	2014-09-30	3,500	2007-04-17	3,500	Pledged	To the expire date of joint venture contract	N	Y
Total approving external guarantee in report period (A1)		0		Total actual occurred external guarantee in report period (A2)		3,500		
Total approved external guarantee at the end of report period (A3)		3,500		Total actual balance of external guarantee at the end of report period (A4)		3,500		
Guarantee of the Company for subsidiaries								
Name of the Company guaranteed	Related Announce ment disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Implemen ted (Y/N)	Guarante e for related party (Y/N)
Total amount of approving guarantee for subsidiaries in report period (B1)		0		Total amount of actual occurred guarantee for subsidiaries in report period (B2)		0		
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		0		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		0		
Guarantee of the subsidiaries for subsidiaries								
Name of the Company guaranteed	Related Announce ment disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Implemen ted (Y/N)	Guarante e for related party (Y/N)

Total amount of approving guarantee for subsidiaries in report period (C1)	0	Total amount of actual occurred guarantee for subsidiaries in report period (C2)	0
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)	0	Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)	0
Total amount of guarantee of the Company (total of three above mentioned guarantee)			
Total amount of approving guarantee in report period (A1+B1+C1)	0	Total amount of actual occurred guarantee in report period (A2+B2+C2)	3,500
Total amount of approved guarantee at the end of report period (A3+B3+C3)	3,500	Total balance of actual guarantee at the end of report period (A4+B4+C4)	3,500
Including:			
Amount of guarantee for shareholders, actual controller and its related parties (D)			0
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)			0
Proportion of total amount of guarantee in net assets of the Company exceed 50% (F)			0
Total amount of the aforesaid three guarantees (D+E+F)			0
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)	N/A		
Explanations on external guarantee against regulated procedures (if applicable)	N/A		

Explanation on guarantee with composite way

(2) Guarantee outside against the regulation

☐Applicable ☒Not applicable

No guarantee outside against the regulation in Period.

3. Entrust others to cash asset management

(1) Trust financing

☒Applicable ☐Not applicable

Trust financing in the reporting period

In 10 thousand Yuan

Type	Capital resources	Amount for entrust	Balance un-expired	Overdue amount
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Bank financing product	Own funds	36,488.27	6,000	0
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Details of the single major amount, or high-risk trust investment with low security, poor fluidity and non-guaranteed

☐Applicable ☒Not applicable

Entrust financial expected to be unable to recover the principal or impairment might be occurred

☐Applicable ☒Not applicable

(2) Entrusted loans

☐ Applicable ☒ Not applicable

The Company had no entrusted loans in the reporting period.

4. Other material contracts

☐ Applicable ☒ Not applicable

No other material contracts for the Company in reporting period

XVIII. Social responsibility

1. Fulfill social responsibility

The Company has always taken the shareholders' return, employees' achievements, and social feedback as its own duty. We adheres to the principle of fairness and actively safeguards the legitimate rights and interests of shareholders; actively advocates achieving the self-worth while realizing the enterprise value, and creates a working environment that the enterprise cares for employees and employees love the enterprise so as to have a harmonious development together; actively returns to the society and the public, and commits itself to achieve the harmonious and sustainable development of the Company and society.

2. Performance of taking targeted measures in poverty alleviation

(1) Targeted measures in poverty alleviation

During the period, the Company participates in the targeted measures in poverty alleviation for Libai Village, Shangguang Town, Dongyuan County, Heyuan City, Guangdong Province.

(2) Annual poverty alleviation in the Year

The Company is concerned about the mountainous areas, takes the initiative to assume social responsibilities for poverty alleviation. According to the arrangement, the Company is responsible for the hard bottoming and widening of village roads and the hard bottoming of roads for transporting of Li Bai village. The project has begun on December 29, 2017, currently, the project has completed. After the project is completed, it will greatly facilitate the production and transportation of Li Bai villagers, and the "difficulties in roads" that have plagued the villagers for many years will be thoroughly resolved.

(3) Follow-up of targeted poverty alleviation

Expansion and repair the road in Li Bai village

3. Environmental protection

The listed Company and its subsidiary whether belongs to the key sewage units released from environmental protection department

No

XIX. Explanation on other significant events

☐ Applicable ☒ Not applicable

The Company had no explanation on other significant events in the reporting period.

XX. Significant event of subsidiary of the Company

☐ Applicable ☒ Not applicable

Section VI. Changes in Shares and Particulars about Shareholder

I. Changes in Share Capital

1. Changes in Share Capital

In Share

	Before change		Increase/decrease in this time (+, -)					After change	
	Amount	Ratio	New shares issued	Bonus share	Capitalization of public reserve	Other	Subtotal	Amount	Ratio
I. Restricted shares	0	0.00%	0	0	0	0	0	0	0.00%
1. State holding	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned corporation shares	0	0.00%	0	0	0	0	0	0	0.00%
3. Other domestic shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: domestic legal person's shares	0	0.00%	0	0	0	0	0	0	0.00%
Domestic natural person's shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Foreigner's shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: foreign corporation shares	0	0.00%	0	0	0	0	0	0	0.00%
Foreign natural person's shares	0	0.00%	0	0	0	0	0	0	0.00%
II. Un-restricted shares	297,281,600	100.00%	0	0	133,776,720	0	133,776,720	431,058,320	100.00%
1. RMB ordinary shares	270,881,600	91.12%	0	0	121,896,720	0	121,896,720	392,778,320	91.12%
2. Domestically listed foreign shares	26,400,000	8.88%	0	0	11,880,000	0	11,880,000	38,280,000	8.88%
2. Foreign shares listed aboard	0	0.00%	0	0	0	0	0	0	0.00%
3. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	297,281,600	100.00%	0	0	133,776,720	0	133,776,720	431,058,320	100.00%

Reasons for share changed

√Applicable □Not applicable

Profit distribution plan for year of 2018 are: carry out 4.5 additional shares for each 10 shares held by shareholders are being

converted by the capital reserve, based on total share capital 297,281,600 shares on 31st December 2018. Totally 133,776,720 shares are converted and the share capital of the Company increased to 431,058,320 after this conversion. The profit distribution plan was implemented on 17 May 2019.

Approval of share changed

☒Applicable ☐Not applicable

On 1 April 2019, the Profit Distribution Plan for year of 2018 was deliberated and approved by 2nd session of 9th BOD and 4th session of 9th Supervisory Committee, that is carry out 4.5 additional shares for each 10 shares held by shareholders are being converted by the capital reserve, based on total share capital 297,281,600 shares on 31st December 2018. totally 133,776,720 shares are converted and the share capital of the Company increased to 431,058,320 after this conversion. The above mentioned Plan has deliberated and approved by Shareholders General Meeting of 2018 and implemented on 17 May 2019.

Ownership transfer of share changed

☒Applicable ☐Not applicable

Total 133,776,720 shares are converted from public reserves, including 121,896,720 A-share which has reckoned into the security account of A-share of shareholders directly on 15 May 2019; and 11,880,000 B-share which has reckoned into the security account of B-share of shareholders directly on 17 May 2019.

Progress of shares buy-back

☐Applicable ☒Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

☒Applicable ☐Not applicable

Influence on the financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

☐Applicable ☒Not applicable

Other information necessary to disclose for the Company or need to disclosed under requirement from security regulators

☐Applicable ☒Not applicable

2. Changes of restricted shares

☐Applicable ☒Not applicable

II. Securities issuance and listing

1. Security offering (without preferred stock) in Reporting Period

☐Applicable ☒Not applicable

2. Changes of total shares and shareholders structure as well as explanation on changes of assets and liability structure

☐Applicable ☒Not applicable

3. Current internal staff shares

☐Applicable ☒Not applicable

III. Particulars about shareholder and actual controller of the Company

1. Amount of shareholders of the Company and particulars about shares holding

In Share

Total common stock shareholders in reporting period-end	52,691	Total common stock shareholders at end of last month before annual report disclosed	48,656	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (found in note 8)	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed (if applicable) (found in note 8)	0	
Particulars about shares held above 5% by shareholders or top ten shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
Shenzhen Special Development Group Co., Ltd. (SDG)	State-owned corporation	49.09%	211,591,621	0	0	211,591,621		0
Shenzhen Capital Fortune Jewelry Industry Investment Enterprise (LP)	Domestic non state-owned corporate	17.89%	77,096,871	-17,155,449	0	77,096,871		0
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	0.41%	1,746,091	10,000	0	1,746,091		0
China CITIC Bank Corporation Limited -Jianxin Securities 500 Index Enhanced Investment Fund	Other	0.26%	1,119,075	922,020	0	1,119,075		0

Agricultural Bank of China Ltd. – CSI 500 ETF	Other	0.23%	1,007,224	-122,095	0	1,007,224		0
Hong Kong Securities Clearing Company Ltd.	Foreign corporation	0.19%	803,348	702,406	0	803,348		0
Zuo Min	Domestic nature person	0.13%	551,500	551,500	0	551,500		0
Li Guangxin	Domestic nature person	0.11%	487,181	-616,502	0	487,181		0
Huang Xinchang	Domestic nature person	0.11%	463,565	463,565	0	463,565		0
He Xing	Domestic nature person	0.10%	444,135	8,990	0	444,135		0
Strategy investors or general corporation comes top 10 shareholders due to rights issue (if applicable) (see note 3)		Not applicable						
Explanation on associated relationship among the top ten shareholders or consistent action		Among the top ten shareholders, there exists no associated relationship between the state-owned legal person’s shareholders SDG, Ltd and other shareholders, and they do not belong to the persons acting in concert regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Companies. For the other shareholders of circulation share, the Company is unknown whether they belong to the persons acting in concert.						
Particular about top ten shareholders with un-restrict shares held								
Shareholders’ name		Amount of un-restrict shares held at Period-end				Type of shares		
						Type	Amount	
Shenzhen Special Development Group Co., Ltd.		211,591,621				RMB ordinary shares	211,591,621	
Shenzhen Capital Fortune Jewelry Industry Investment Enterprise (LP)		77,096,871				RMB ordinary shares	77,096,871	
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED		1,746,091				Domestically listed foreign shares	1,746,091	
China CITIC Bank Corporation Limited -Jianxin Securities 500 Index Enhanced Investment Fund		1,119,075				RMB ordinary shares	1,119,075	

Agricultural Bank of China Ltd. – CSI 500 ETF	1,007,224	RMB ordinary shares	1,007,224
Hong Kong Securities Clearing Company Ltd.	803,348	RMB ordinary shares	803,348
Zuo Min	551,500	RMB ordinary shares	551,500
Li Guangxin	487,181	Domestically listed foreign shares	487,181
Huang Xinchang	463,565	RMB ordinary shares	463,565
He Xing	444,135	Domestically listed foreign shares	444,135
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	Among the top ten shareholders, there exists no associated relationship between the state-owned legal person's shareholders SDG, Ltd and other shareholders, and they do not belong to the persons acting in concert regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Companies. For the other shareholders of circulation share, the Company is unknown whether they belong to the persons acting in concert.		
Explanation on shareholders involving margin business about top ten common shareholders with un-restrict shares held(if applicable) (see note 4)	Shareholder Zuo Min holds 551,500 shares of the Company through security account for credit transactions, and holds 0 share of the Company via common security account, 551,500 shares are held in total by Huang. Shareholder Huang Xinchang holds 463,565 shares of the Company through security account for credit transactions, and holds 0 share of the Company via common security account, 463,565 shares are held in total by Huang.		

Whether top ten common stock shareholders or top ten common stock shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

☐ Yes ☒ No

The top ten common stock shareholders or top ten common stock shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

2. Controlling shareholder of the Company

Nature of controlling shareholders: local state-owned holding

Type of controlling shareholders: legal person

Majority shareholder	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
Shenzhen Special Development Group Co., Ltd.	Zhang Junlin	1982-06-20	91440300192194195C	Investment in industry (specific item should be declaration); investment in tourism industry; development and operation of the real estate; domestic business, material supply and marketing industry (excluding monopolized commodity and commodity under special government control); economic information(excluding restricted projects); import & export business
Equity of listed Company in and out of China control and hold by the majority shareholder in the Period	Except the shares of the Company held by SDG, SDG still holds 253,935,290 shares of Shenzhen SDG Information Co., Ltd. (Stock name: SDGI, Stock code: 000070), a 40.5% takes; holds 7,985,809 shares of Sichuan Jinlu Group Co., Ltd. (Stock name: Jinlu Group, Stock code: 000510), a 1.31% takes; and 9,135,174 shares of Huatai Securities Co., Ltd. (Stock name: Huatai Securities, Stock code: 601688) with 0.13% takes;through Shenzhen Capital Fortune Electronic Information Investment Enterprise (limited partnership), holds 184 million shares of Shenzhen Microgate Technology Co., Ltd. (Stock name: Microgate Technology, securities code: 300319), with 26.44% takes.			

Changes of controlling shareholders in reporting period

☐ Applicable ☒ Not applicable

The Company had no changes of controlling shareholders in reporting period

3. Actual controller of the Company and persons acting in concert

Nature of actual controller: local state-owned assets management

Type of actual controller: legal person

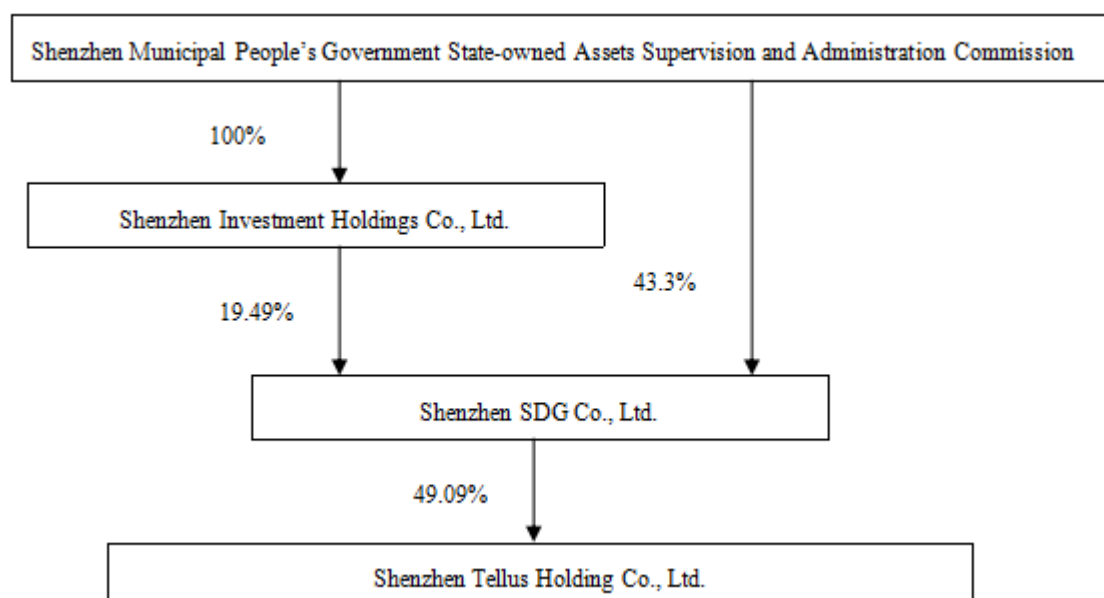
Actual controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission	Yu Gang	2003-07-20	11440300K317280672	Not applicable
Equity of domestic/oversea listed Company control by actual controller in report period	Not applicable			

Changes of actual controller in reporting period

☐ Applicable ☒ Not applicable

No changes of actual controllers for the Company in reporting period.

Property right and controlling relationship between the actual controller and the Company is as follow:



Actual controller controlling the Company by entrust or other assets management

☐ Applicable ☒ Not applicable

4. Particulars about other legal person shareholders with over 10% shares held

☒ Applicable ☐ Not applicable

Corporate shareholders	Legal rep./person in charge of unit	Date of foundation	Register capital	Main business or management activity
Shenzhen Capital Fortune Jewelry Industry Investment Enterprise (LP)	Cheng Houbo	2014-04-18	620 million Yuan	Equity investment

5. Limitation and reducing the holdings of shares of controlling shareholders, actual controllers, restructuring side and other commitment subjects

☐ Applicable ☒ Not applicable

Section VII. Preferred Stock

☐ Applicable ☒ Not applicable

The Company had no preferred stock in the Period.

Section VIII. Convertible Bonds

☐ Applicable ☒ Not applicable

The Company had no convertible bonds in the Period.

Section IX. Particulars about Directors, Supervisors, Senior Executives and Employees

I. Changes of shares held by directors, supervisors and senior executives

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-begin (Share)	Amount of shares increased in this period (Share)	Amount of shares decreased in this period (Share)	Other changes (share)	Shares held at period-end (Share)
Fu Chunlong	Chairman	Currently in office	M	47	2018-09-07	2021-09-06	0	0	0	0	0
Yu Lei	Director	Currently in office	F	52	2012-06-06	2021-09-06	0	0	0	0	0
Zhang Quanxun	Director	Currently in office	M	47	2015-05-20	2021-09-06	0	0	0	0	0
Gu Zhiming	Director	Currently in office	M	49	2018-09-07	2021-09-06	0	0	0	0	0
Lv Hang	Director, GM	Currently in office	M	59	2018-09-07	2021-09-06	0	0	0	0	0
Lou Hong	Director	Currently in office	F	52	2018-02-09	2021-09-06	0	0	0	0	0
Lou Hong	CFO	Currently in office	F	52	2018-01-04	2021-09-06	0	0	0	0	0
Hu Yuming	Independent director	Currently in office	M	55	2018-09-07	2021-09-06	0	0	0	0	0
Jiang Dinghang	Independent director	Currently in office	M	57	2018-09-07	2021-09-06	0	0	0	0	0
Zhang Dong	Independent director	Currently in office	M	46	2018-09-07	2021-09-06	0	0	0	0	0

Guo Xiaodong	Chairman of the Supervisory Committee	Currently in office	M	56	2018-09-07	2021-09-06	0	0	0	0	0
Chen Yangsheng	Supervisor	Currently in office	M	57	2017-05-04	2021-09-06	0	0	0	0	0
Yang Jianping	Supervisor	Currently in office	F	48	2018-09-07	2021-09-06	0	0	0	0	0
Liu Haicheng	Supervisor	Currently in office	F	51	2018-09-07	2021-09-06	0	0	0	0	0
Zhang Zheng	Supervisor	Currently in office	M	36	2018-09-07	2021-09-06	0	0	0	0	0
Tan Zhong	Deputy Party secretary	Currently in office	M	52	2018-09-07	2021-09-06	0	0	0	0	0
Feng Yu	Deputy GM	Currently in office	M	53	2006-06-17	2021-09-06	0	0	0	0	0
Xie Jing	Deputy GM	Currently in office	M	55	2018-10-25	2021-09-06	0	0	0	0	0
Qi Peng	Secretary of the Board	Currently in office	M	47	2015-12-28	2021-09-06	0	0	0	0	0
Total	--	--	--	--	--	--	0	0	0	0	0

II. Changes of directors, supervisors and senior executives

☐Applicable ☒Not applicable

III. Post-holding

Professional background, major working experience and present main responsibilities in Company of directors, supervisors and senior executive

Name	Main work experience and holding the post
Fu Chunlong	Born in 1973, Master degree, senior human resources manager. He ever took the Deputy Team Leader in Work Team of Shenzhen SDG Huatong Packaging Co., Ltd., Business Deputy General Manager /GM and deputy director/director of HR Department of Shenzhen SDG Co., Ltd., and supervisor of the Company. Now, he is Deputy GM of Shenzhen SDG Co., Ltd- controlling shareholder of the Company and Supervisor of Shenzhen State-Owned Dutyfree Commodity (Group) Co., Ltd and Chairman of the Company

Yu Lei	Born in 1968, Master degree, a certified real estate appraiser and real estate economist. She successively served as secretary of the international project cooperation department of Beijing Chaoyan Vocation Education Training Center, deputy chief, chief and deputy director of Luohu Branch, the Bureau of Planning and Land of Shenzhen Municipality, the deputy director and director of State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipality. Now she serves as deputy GM of the controlling shareholder of the Company- SDG and Director of the Company
Zhang Quanzun	Born in 1973, Master degree, he successively served as auditor and project manager in auditing department of Shenzhen Zhixing CPA Office; the GM assistant of Xiamen Xingdao Feilu Investment Co., Ltd., secretary of the Board, GM assistant and staff director of Fujian Logistics Investment Financing Co., Ltd.; deputy director of Xiamen Productivity Promotion Center; director of the plastic business department and strategy development department of Shenzhen Tongchan Package Group and the director of strategy research and merger department of SZ Capital. Now he serves as deputy president and member of the investment committee of Shenzhen Capital Fortune Investment Management Co., Ltd. and Director of the Company
Gu Zhiming	Born in 1971, senior gold investment analyst, once served as an employee of the business department of Guilin Wanya Jewellery Co., Ltd., business director of Shenzhen Chenzhixin Jewellery Co., Ltd., business director of the domestic division of Lukfook Group (International) Co., Ltd., general manager of Shenzhen Jinglon Jewellery Co., Ltd., and Chief Operating Officer of Shenzhen Xingguangda Jewellery Co., Ltd., and currently serves as the deputy general manager of Shenzhen Yuepeng Gold Jewellery & Gold Co., Ltd. and a director of the Company.
Lv Hang	Born in 1961, Master degree, a senior political division. He successively served as lecturer and secretary of the principal of Shenzhen University; the business manager, deputy director and director of the office of the Party Dept. of Shenzhen SDG; chairman and GM of Shenzhen SDG Xiaomeisha Tourism Center; Director and GM of Shenzhen Tellus Holding Co., Ltd; GM of Shenzhen SDG Property Management Co., Ltd and chairman of the Company etc.
Lou Hong	Born in 1968, a Bachelor degree and senior account. Used to worked as staff of the financial dept. in Suzhou Silk Industry Company and in Shenzhen Southeast Silk Co., Ltd.; staff of the accounting & financial dept. of Shenzhen Special Economic Zone Development (Group) Company and worked in accounting management office; also worked as deputy GM of Shenzhen SDG Liancheng Real Estate Development Co., Ltd.; manager of the financial dept. of Shenzhen SDG Investment Co., Ltd.; the business manager and deputy director in accounting & financial dept. of Shenzhen SDG Group Co., Ltd.; CFO of the Shenzhen SDG Real Estate Co., Ltd. and the deputy director of the planning financial dept. Of Shenzhen SDG and Director and CFO of the Shenzhen SDG Xiaomeisha Investment Development Co., Ltd. Currently works as the Director and CFO of the Company.
Hu Yuming	Born in 1965, a doctoral candidate and accounting professor. He successively served as a teaching assistant, lecturer and vice professor of Xiamen University, associate professor of the school of management, vice director and director of accounting department of Jinan University, the deputy dean of the school of international institute and school of management of the Jinan University. Now he serves as the professor and doctoral supervisor of school of management of the Jinan University and Independent director of the Company
Jiang Dinghang	Born in 1963, a master degree and a lawyer. He successively served as the minister of legal consultation department of Shenzhen Social Security Bureau, deputy director of Shenzhen Labor Bureau Office, director of general office of Shenzhen SDG, GM of the Shenzhen SDG Songli Company, GM of the Shenzhen Communications Industry Co., Ltd and apprentice lawyer of Guangdong Zhong An Laws Firm. Now he serves as senior partner of Shanghai ALLBRIGHT (Shenzhen) Law Office and Independent director of the Company.
Zhang Dong	Born in 1974, a doctoral candidate, postdoctoral economics and senior gold investment analyst. He successively served as Deputy GM of Shenzhen Qiang Zhuang Computer Tech. Co., Ltd, Deputy GM of Shenzhen Brain Age Economic and Cultural Co., Ltd, the assistant president of Hong Kong Leader Culture Media Co., Ltd, GM of

	Shenzhen Zhong Shi Advertising Co., Ltd, GM of Heilongjiang Luk Kwai Fook Jewelry Limited and President of Luk Kwai Fook Jewelry Group. No he serves as executive director of Shenzhen Yongtian Shengdao Investment Development Co., Ltd and Independent director of the Company.
Guo Xiaodong	Born in 1964, a bachelor degree and senior economist. He successively served as assistant engineer of Shuangliao Agricultural Machinery Bureau in Jilin Province, engineer of Fourth Research Laboratory of Jilin Institute of Agricultural Machinery, manager of Gaodao industrial (Shenzhen) Co., Ltd., minister of the engineering dept., deputy GM and GM of Shenzhen SDG Development Center Property Management Company, deputy GM of Shenzhen SDG Development Center Construction Supervision Company, Director and GM of Shenzhen SDG Development Center Property Management Company, deputy GM of Shenzhen SDG Property Co., Ltd., Chairman of the Supervisory Committee of Shenzhen SD Real Estate Co., Ltd and Chairman of the Supervisory Committee of Shenzhen SD Xiaomeisha Tourism Development Co., Ltd. Now he serves as Chairman of Supervisory Committee of the Company
Chen Yangsheng	Born in 1963, a postgraduate and senior accountant. He ever served as deputy director/director of the financial dept. in Shenzhen Industrial Products Trade Group Company; deputy director/director/CFO of the financial dept. in Shenzhen Aokangde Group Company; director and CFO of Shenzhen State-owned Duty-Free Commodity (Group) Company; director and CFO of Shenzhen Agricultural Products Co., Ltd. and supervisor of Shenzhen Tagen Group Co., Ltd.; now he serves as director and CFO of Shenzhen SDG Co., Ltd-controlling shareholder of the Company, and Supervisor of the Company.
Yang Jianping	Born in 1972, a postgraduate and certified public accountant. He ever served as Business manager of accounting and finance department of SDGI, financial manager of Taike Branch, financial manager of Guanglan Branch, deputy manager and manager of the accounting & finance dept; Director and CFO of Shenzhen Tellus Holding Co., Ltd. Now he serves as director of the accounting & finance dept of SDG-controlling shareholder of the Company and Supervisor of the Company
Liu Haicheng	Born in 1969, a postgraduate and certified public accountant. She ever served as staff of design dept. of Dongfeng Auto Wheel Co., Ltd., staff of technical dept. of Shenzhen Dongfeng Motor Co., Ltd., staff of the secretariat of Shenzhen Automobile Association, operations dept. staff of the automobile division of the Company, staff of enterprise management dept. and deputy manager of the Company. Now she serves as manager of the enterprise management dept. and supervisor of the Company
Zhang Zheng	Born in 1984, a Bachelor degree. He successively served as senior auditor of Shenzhen Branch of Shenzhen Zhongqin Wanxin Accountant Affairs, the financing commissioner of planning & finance dept. of SDG, deputy manager of the planning & finance dept. of the Company. Now he serves as deputy manager of the audit supervision department and supervisor of the Company
Tan Zhong	Born in 1968, has a bachelor's degree and is qualified as a lawyer and a corporate legal consultant, formerly served as legal counsel and deputy manager of the Enterprise Management Department of Shenzhen Automobile Industry and Trade Corporation, deputy director of the board secretary, legal affairs representative, and manager of the enterprise management department of the Company, general manager and general Party branch secretary of Shenzhen SD Huari Automobile Enterprise Co., Ltd., and currently serves as the full-time deputy secretary of the Party Committee of the Company.
Feng Yu	Born in 1967, bachelor's degree. He ever took the deputy director of Haicheng Foreign Economic and Trade Commission of Liaoning Province, director of liaison department of Youth President Committee of State-owned Assets Administration, Deputy GM of Shenzhen Xianke Real-estate Co., Ltd., Manager of Investment Department of China Sports Group Industry Co., Ltd.; Deputy director and Director to the Office of General Manger of Shenzhen SDG Co., Ltd; and Supervisor of the Company. Now, he acts as Deputy General Manager of the Company

Xie Jing	Born in 1965, a citizenship of Canadian, bachelor's degree, and a senior engineer, national registered supervision engineer. He successively served as structural engineer of Hunan Light Industry Design Institute, engineer of the Hunan Branch of Bank of China, assistant GM of the real estate dept. and GM of Engineering department of SDG, deputy GM of Shenzhen Jincheng Real Estate Group Co., Ltd., the executive president of Shenzhen Jiaanda Group and GM etc. of the land reserve center of Weiye Holding. Currently he serves as Deputy GM of the Company.
Qi Peng	Born in 1973, master's degree, economist, he has obtained the qualification certificate of secretary of the board from Shenzhen Stock Exchange. He successively served as secretary to the president and director in information center of Shenzhen Special Economic Zone Development (Group) Co., Ltd.; deputy director in secretariat of the board, and deputy manager in enterprise development department, and manager in automobile business department and management department of Shenzhen Tellus(Group) Co., Ltd.; general manager of Shenzhen Tellus Automobile Service Chain Co., Ltd.; general manager of Shenzhen Tellus New Yongtong Automobile Development Co., Ltd.; director secretariat of the board of Shenzhen Tellus(Group) Co., Ltd.; and serves as secretary of the board of the Company

Post-holding in shareholder's unit

√Applicable □Not applicable

Name	Name of shareholder's unit	Position in shareholder's unit n	Start dated of office term	End date of office term	Received remuneration from shareholder's unit (Y/N)
Fu Chunlong	Shenzhen Special Development Group Co., Ltd.	Deputy GM	2017-12-01		Y
Yu Lei	Shenzhen Special Development Group Co., Ltd.	Deputy GM	2011-08-01		Y
Chen Yangsheng	Shenzhen Special Development Group Co., Ltd.	CFO	2016-12-01		Y
Yang Jianping	Shenzhen Special Development Group Co., Ltd.	Director of planning & finance dept.	2018-01-01		Y
Post-holding in shareholder's unit	N/A				

Post-holding in other unit

√Applicable □Not applicable

Name	Name of other units	Position in other unit n	Start dated of office term	End date of office term	Received remuneration from other unit (Y/N)
Zhang Quanxun	Shenzhen Capital Fortune Investment Management Co., Ltd.	Deputy President	2013-02-01		Y
Gu Zhiming	Shenzhen Yue Peng Jin Jewelry Co., Ltd.	Deputy GM	2011-05-01		Y

Hu Yuming	Jinan University	professor of school of management and doctoral supervisor	2003-06-01		Y
Jiang Dinghang	Shanghai ALLBRIGHT (Shenzhen) Law Office	Senior partner	2005-04-01		Y
Zhang Dong	Shenzhen Yongtian Shengdao Investment Development Co., Ltd.	Executive Director	2014-04-01		Y
Post-holding in other unit	N/A				

Punishment of securities regulatory authority in recent three years to the Company's current and outgoing directors, supervisors and senior management during the reporting period

☐Applicable ☒Not applicable

IV. Remuneration for directors, supervisors and senior executives

Decision-making procedures, recognition basis and payment for directors, supervisors and senior executives

The Company executes in strict accordance with the "Salary Management System for Headquarters of Shenzhen Tellus(Group) Co., Ltd. ", "Staff Performance Management System for Headquarters of Shenzhen Tellus (Group) Co., Ltd.", "Implementing Rules of Remuneration and Appraisal Committee of the Board of Shenzhen Tellus(Group) Co., Ltd.", "Annual Performance Management Approaches for Leading Group Members of Shenzhen Tellus(Group) Co., Ltd." and other relevant system regulations, strictly implements the performance appraisal, and pay the remuneration in accordance with the assessment results.

Remuneration for directors, supervisors and senior executives in reporting period

In 10 thousand Yuan

Name	Title	Sex	Age	Post-holding status	Total remuneration obtained from the Company (before taxes)	Whether remuneration obtained from related party of the Company
Fu Chunlong	Chairman	M	47	Currently in office	0	Y
Yu Lei	Director	F	52	Currently in office	0	Y
Zhang Quanxun	Director	M	47	Currently in office	0	N
Gu Zhiming	Director	M	49	Currently in office	0	N

Lv Hang	Director, GM	M	59	Currently in office	94.74	N
Lou Hong	Director, CFO	F	52	Currently in office	80.58	N
Hu Yuming	Independent director	M	55	Currently in office	8	N
Jiang Dinghang	Independent director	M	57	Currently in office	8	N
Zhang Dong	Independent director	M	46	Currently in office	8	N
Guo Xiaodong	Chairman of the Supervisory Committee	M	56	Currently in office	74.88	N
Chen Yangsheng	Supervisor	M	57	Currently in office	0	Y
Yang Jianping	Supervisor	F	48	Currently in office	0	Y
Liu Haicheng	Supervisor	F	51	Currently in office	37.08	N
Zhang Zheng	Supervisor	M	36	Currently in office	29.65	N
Tan Zhong	Deputy Party secretary	M	52	Currently in office	58.46	N
Feng Yu	Deputy GM	M	52	Currently in office	101.79	N
Xie Jing	Deputy GM	M	55	Currently in office	102.11	N
Qi Peng	Secretary of the Board	M	47	Currently in office	55.07	N
Total	--	--	--	--	658.36	--

Delegated equity incentive for directors and senior executives in reporting period

☐Applicable ☒Not applicable

V. Particulars of workforce

1. Number of Employees, Professional composition, Education background

Employee in-post of the parent Company (people)	55
Employee in-post of main Subsidiaries (people)	270

The total number of current employees (people)	325
The total number of current employees to receive pay (people)	325
Retired employee' s expenses borne by the parent Company and main Subsidiaries (people)	0
Professional composition	
Category of professional composition	Numbers of professional composition (people)
Production personnel	41
Sales personnel	89
Technician	66
Financial staff	25
Administration staff	104
Total	325
Education background	
Type of education background	Numbers (people)
Master	25
Bachelor degree	86
Junior college	75
Other	139
Total	325

2. Remuneration Policy

The Company executes in strict accordance with the "Salary Management System for Headquarters of Shenzhen Tellus Holding Co., Ltd. ", "Staff Performance Management System for Headquarters of Shenzhen Tellus Holding Co., Ltd. " and other relevant system regulations strictly implement.

3. Training programs

In 2020, the “One Four Five” plan has been implemented, focusing on “one center, four focuses, and five improvements”, that is, “taking corporate transformation and development as the center, taking management skills improvement of managers, new employee induction training, fresh graduate training and internal trainer as the focuses, improving the effectiveness of training implementation, improving the quality of grass-roots employees, improving the skills of professionals, improving the capabilities of middle managers, and improving the horizons of senior managers” as the guiding ideology to formulate the 2020 annual human resources training plan, determine the main training items, improve the training process, strengthen the training management, fully mobilize the enthusiasm of all employees to actively participate in learning, and carry out the training work in an orderly manner.

4. Labor outsourcing

√Applicable □Not applicable

Total hours of labor outsourcing (hours)	2,000
Total remuneration paid for labor outsourcing (RMB)	109,310.59

Section X. Corporate Governance

I. Corporate governance of the Company

During the reporting period, the Company has been observing the laws and regulations as Company Law, Securities Law, Governance Criteria of the Listed Companies, Guidelines for Standardized Operation of Listed Companies on the Main Board of Shenzhen Stock Exchange and relevant rules issued by the CSRC, for the purpose of improving its legal person governance structure, setting up and improving the internal control system, and standardizing its operation level. According to the Articles of Association, Procedure Rules of Shareholders General Meeting, Procedure Rules of Board of Directors, Procedure Rules of Supervisory Committee, Working Rules of Independent Directors, Working Rules of General Manager, working rules of every committee of the Board and a series of rules and regulations, the Company maintained formal procedures, clearly duties and obligations of its general meeting, board of directors, supervisory committee, each specialized committee of the board and senior manager. Each of its directors, supervisors and senior managers can perform their duties earnestly.

In 2019, the Company have convened 4 shareholders general meetings, 8 meetings of the Board, 4 meeting of the Supervisory Committee, 3 meetings of Auditing Committee of the Board, 3 meetings of Strategy Committee of the Board and 2 meetings of Remuneration and Appraisal Committee of the Board; relevant governance documents as Articles of Association, Procedure Rules of Shareholders General Meeting, Procedure Rules of Board of Directors, Working Rules of General Manager and Investment Management Regulations etc. are being revised; in accordance with the principles of professionalization, professionalism, and marketization, the company completed the election of the board of directors, the board of supervisors, and the senior management. In order to establish and improve the company's standardized operation mechanism and improve the company's internal control system, the company promoted the revision, promulgation and abolition of the system in accordance with the established system construction work plan, and revised a number of rules and regulations throughout the year. As of the end of the reporting period, the actual situation of corporate governance was in line with the requirements of the regulatory documents issued by the China Securities Regulatory Commission on the governance of listed companies.

Is there any difference between the actual condition of corporate governance and relevant regulations about corporate governance for listed Company from CSRC?

☐ Yes ☒ No

There are no differences between the actual condition of corporate governance and relevant regulations about corporate governance for listed Company from CSRC.

II. Independent of the Company relative to controlling shareholders' in aspect of businesses, personnel, assets, organization and finance

The Company has been independent from the controlling shareholders in terms of business, personnel, asset, institution and finance. The Company has independent and complete business and is able to operate independently.

(i) Business: the Company belongs to independent legal person entity. Being completely independent from controlling shareholders, it has independent and complete business system and is able to operate independently. The Company has independent production, sales and service systems and its major business. There is no inter-competition between the Company and its controlling shareholders and related parties.

(ii) Personnel: the Company establishes complete labor, human resources and salary management systems. Senior executive as GM, Deputy GM, CFO and Secretary of the Board etc. are receives remuneration from the Company since they are employed by the Company, and no one takes position in the enterprises owned by shareholders.

(iii) Assets: The Company independently and completely owns the business system and underlying assets related to the operation, and independently registers, establishes accounts, adjusts accounts and manages the assets, and the assets are independent of the controlling shareholders and other enterprises controlled by them.

(iv) Finance: the Company has independent financial accounting department which set independent accounting calculation system and finance management system. No controlling shareholder intervenes in the capital application of the Company. The Company opens separate bank accounts. No capital is saved in the financial Company or settlement center account controlled by substantial shareholder or other related parties; the Company does not share bank account with controlling shareholders and other enterprise under their control. And The Company pays taxes by law independently.

(v) Institution: the board, the supervisory committee and other internal institutions of the Company operate independently. All the institutions of the Company are set according to the standards requirements applicable to listed Company and actual business natures of the Company. It has independent office location.

III. Horizontal competition

☐Applicable ☒Not applicable

IV. In the report period, the Company held annual shareholders' general meeting and extraordinary shareholders' general meeting

1. Annual Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Meeting Date	Date of disclosure	Index of disclosure
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First Extraordinary General Meeting of 2019	Extraordinary General Meeting	70.99%	2019-01-14	2019-01-15	”Resolution Notice of First Extraordinary General Meeting of 2019” (No.: 2019-001) published on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn
Annual General Meeting of 2018	Annual General Meeting	69.99%	2019-04-23	2019-04-24	“Resolution Notice of Annual General Meeting of 2018” (No.: 2019-018) published on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)
Second Extraordinary General Meeting of 2019	Extraordinary General Meeting	68.02%	2019-09-17	2019-09-18	”Resolution Notice of Second Extraordinary General Meeting of 2019” (No.: 2019-034) published on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn

Third Extraordinary General Meeting of 2019	Extraordinary General Meeting	67.43%	2019-11-18	2019-11-19	"Resolution Notice of Third Extraordinary General Meeting of 2019" (No.: 2019-044) published on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn
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2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

☐Applicable ☒Not applicable

V. Responsibility performance of independent directors

1. The attending of independent directors to Board meetings and general meeting

The attending of independent directors to Board Meeting and shareholders general meeting							
Name of independent director	Times of Board meeting supposed to attend in the report period	Times of Presence	Times of attending by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)	Times of attending shareholders' meeting
Hu Yuming	8	1	7	0	0	N	2
Jiang Dinghang	8	1	7	0	0	N	2
Zhang Dong	8	1	7	0	0	N	3

Explanation of absent the Board Meeting for the second time in a row

2. Objection for relevant events from independent directors

Independent directors come up with objection about Company's relevant matters

☐Yes ☒No

Independent directors has no objections for relevant events in reporting period

3. Other explanation about responsibility performance of independent directors

The opinions from independent directors have been adopted

☒Yes ☐No

Explanation on advice that accepted/not accepted from independent directors

In accordance with the provisions of the Company Law, the Securities Law, the Stock Listing Rules, the Independent Director System and other relevant laws and regulations, the company's independent directors paid attention to the normalization of the company's operations, performed their duties independently, diligently and conscientiously did their duties, the independent directors issued independent, objective and fair opinions on the funds occupation and external guarantees of related parties of the company, profit distribution matters, self-evaluation of the company's internal control, daily related transactions in 2019, deposit and use of raised funds in 2018, the use of surplus raised funds to permanently supplement working capital, the use of idle self-owned funds to purchase bank wealth management products, changes in accounting estimates and accounting policies, changing audit institutions for 2019, purchase of listed company directors and supervisors high liability insurance, and other matters requiring independent opinions from independent directors during the reporting period, which played an active role in improving the company's supervision mechanism and helping the board of directors make scientific and objective decisions, and played an important role in safeguarding the legitimate rights and interests of the company and all shareholders.

VI. Duty performance of the special committees under the board during the reporting period

Board of Director of the Company have three special committees as strategic committee, auditing committee and remuneration and appraisal committee, and formulated implementation rules for the special committees independently. During the reporting period, all committees had clear responsibilities and the overall operations were good, which ensured efficient operation and scientific decision-making of the board of directors, and there were no other important opinions and suggestions.

1. Duty performance of the strategic committee

The strategic committee of the board is specially set-up according to the regulation of Governance Criteria of the Listed Companies, responsible for study on the long term development strategy and material investment decisions and raising its recommendations. The committee comprised of 5 directors, and the committee is chaired by chairman of the Company. During the reporting period, the committee actively performed its duties, and carry out works strictly in accordance with relevant rules of the CSRC, Shenzhen Stock Exchange and Working Rules of Strategic Committee, with each of its members doing their best to perform the respective duties, provides strategic supports for the sustained and steady development of the Company.

Three meeting was held by strategic committee in 2019, which including:

The first meeting of the board's strategic committee in 2019 was held on March 25, 2019, it reviewed the Proposal on Investing in the Transformation and Upgrade Project of the Plant 421 in Bagualing; on May 21, 2019, the second meeting of the board's strategic committee in 2019 was held on May 21, 2019, the meeting reviewed the Proposal on Investing in the Phase II Project of Tellus Shuibei Jewelry Building; on August 26, 2019, the third meeting of the board's strategic committee in 2019 was held to consider the Proposal on Investing in Tellus Treasury Supply Chain Project; each committee member made research on the investment project and offered proposals, which played an important role in strengthening the scientificity of investment decision and improving the benefits and quality of investment decision..

2. Duty performance of the audit committee

The audit committee of the board of directors is a specialized work organization set up by the board of directors in accordance with the Guidelines for the Governance of Listed Companies, and is mainly responsible for the communication, supervision and verification of internal and external audits of the company. The committee comprised of 5 directors, including 3 independent directors, and the committee is chaired by independent director of the Company. During the reporting period, the committee actively performed its duties, and carry out works strictly in accordance with relevant rules of the CSRC, Shenzhen Stock Exchange and Working Rules of Audit Committee. Pay close attention to the company's management, financing and implementation of internal control standards; strengthen the communication and contact with the company's relevant responsible departments, review the validity assessment of the company's internal control and enterprise risk management through communication, inspection, reporting, etc., and check whether the company's operations, financing and accounting policies comply with laws and regulations, and provide management and audit opinions.

Three meetings were held by audit committee in 2019, which including:

- (1) During the annual audit, the audit committee took active attitude in relevant works. Prior to the official involvement of Ruihua Certified Public Accountants (LLP) (hereinafter referred to as Ruihua) in the annual audit, on 24 January 2019, the audit committee held meeting and determined the working arrangement for annual report after negotiation with Ruihua, reviewed the financial statements prepared by the Company, the committee agreed to submit the financial statements and related information to Ruihua for audit.
- (2) The audit committee held the second meeting of 2019 on 20 March 2019 to re-review the financial statements, and formed written opinions and resolutions in respect of the annual financial statements, audit work summary report.
- (3) The audit committee held the third meeting of 2019 on 24 October 2019 to review the proposal of changing the annual auditing institution, and agreed to submit for deliberation on the Board.

3. Duty performance of the remuneration and appraisal committee

The remuneration and appraisal committee of the board of directors is a specialized working organization set up by the board of directors in accordance with the Guidelines for the Governance of Listed Companies, it is mainly responsible for formulating the assessment criteria for the company's directors and senior management personnel and making the assessment, responsible for formulating and reviewing the pay policy and programs of the company's directors and senior management personnel, and responsible for the board of directors. The committee comprised of 5 directors, including 3 independent directors, and the committee is chaired by independent director of the Company. During the reporting period, the committee actively performed its duties, and carry out works strictly in accordance with relevant rules of the CSRC, Shenzhen Stock Exchange and Working Rules of Audit Committee. The committee comprised of 5 directors, including 3 independent directors, and the committee is chaired by independent director of the Company. During the reporting period, the committee actively performed its duties, and carry out works strictly in accordance with relevant rules of the CSRC, Shenzhen Stock Exchange and Working Rules of Audit Committee.

Two meetings were held by remuneration and appraisal committee in 2019, which including:

The remuneration of the Board held the First meeting of 2019 on 28 April 2019 to review the proposal on Management Methods on Team Member's Remuneration and Performance. On 30 July 2019, the remuneration and appraisal committee of the board of directors held the second meeting of 2019 and reviewed the annual performance appraisal indicators and remuneration of the company's directors, supervisors and senior management personnel. After review, all members of the remuneration and appraisal committee considered that the remuneration payment during the reporting period was in line with the company's performance appraisal system, the remuneration of directors, supervisors and senior executives were determined by the company's relevant system.

VII. Works from Supervisory Committee

The Company has risks in reporting period that found in supervisory activity from supervisory committee

☐ Yes ☒ No

Supervisory committee has no objection about supervision events in reporting period

VIII. Examination and incentives of senior management

In the reporting period, the annual performance of senior executives of the Company have been evaluated by the Board according to the Management Methods on Team Member's Remuneration and Performance, remuneration shall be pay in line with the results.

IX. Internal Control (IC)

1. Details of major defects in IC appraisal report that found in reporting period

☐ Yes ☒ No

2. Appraisal Report of Internal Control

Disclosure date of full internal control evaluation report	2020-04-03	
Disclosure index of full internal control evaluation report	Juchao website for information disclosure appointed by Shenzhen Stock Exchange: http://www.cninfo.com.cn	
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	Significant defects: Individual defects or together with other defects causing the material misstatements in financial reports cannot be timely prevented or found or corrected. It is recognized as a significant defect if following cases happen. ① Fraud of management leading to material misstatements of financial results or false	1. Major deficiencies: ① Great decisions violate the Company’s established procedure, resulting in significant losses to the Company; ② Serious violation of laws and regulations results in significant losses to the Company; ③ Important businesses are lack of system control or

	financial reports, which mislead users of financial statements and result in decision-making mistakes and litigation; ② Ineffective control environment; ③ Major internal control deficiencies found and reported to the management but haven't been corrected after a reasonable time; ④ The decision-making of the Company's major matters has not fulfilled the corresponding decision-making process, resulting in significant losses of the Company; ⑤ Important businesses involving the Company's production and management are lack of effective control; ⑥ Other defects that seriously mislead the correct judgments made by the users of the statements, resulting in the company's major compensation. 1. Important defects: Individual defects or together with other defects causing the misstatements in financial reports cannot be timely prevented or found or corrected, though the misstatements don't reach and exceed the importance level, they should still cause the management's attention. It is recognized as an important defect if following cases happen. ① The selection and application of accounting policies do not follow the generally accepted accounting principles; ② Anti-fraud programs and control measures have been not established; ③ Corresponding control mechanism for accounts handling of unconventional or special transactions has not been established or implemented and has no there is no appropriate compensatory controls; ④ The controls to the period-end financial reporting process have one or more defects and cannot reasonably ensure that the financial statements prepared are true and accurate. 3. General deficiencies refer to the deficiencies except for major and significant deficiencies.	system control fails; ④ Serious brain drain of core management or core technical staff; ⑤ Significant deficiencies in the internal evaluation results have not been corrected. ⑥ The failure of internal control to information disclosure causes the company to be publicly condemned by the regulatory authorities. 2. Significant deficiencies: ① The Company violates the enterprise internal regulations and causes significant losses; ② Serious brain drain of business personnel in the Company's key positions; ③ The Company's significant business systems have deficiencies; ④ The significant deficiencies in the internal control of the Company have not been corrected. 3. General deficiencies refer to deficiencies except for major and significant deficiencies.
Quantitative standard	1. Major deficiencies: misstatement	1. Major deficiencies: loss amount >

	amount > 10% of total profit, and absolute amount > 2 million Yuan; 2. Significant deficiencies: 5% of total profit < misstatement amount ≤ 10% of total profit, and absolute amount > 1 million Yuan; or 1 million Yuan < absolute amount ≤ 2 million Yuan, and misstatement amount > 5% of total profit. 3. General deficiencies: misstatement amount ≤ 5% of total profit, or absolute amount ≤ 1 million Yuan	1.5% of owner's equity attributable to parent Company, and absolute amount > 5 million Yuan; 2. Significant deficiencies: 0.5% of owner's equity attributable to parent Company < loss amount ≤ 1.5% of owner's equity attributable to parent Company, or 1 million Yuan < absolute amount ≤ 5 million Yuan; 3. General deficiencies: loss amount ≤ 0.5% of owner's equity attributable to parent Company, or absolute amount ≤ 1 million Yuan
Amount of significant defects in financial reports		0
Amount of significant defects in non-financial reports		0
Amount of important defects in financial reports		0
Amount of important defects in non-financial reports		0

X. Auditing report of internal control

√Applicable □Not applicable

Deliberations in Internal Control Audit Report	
We consider that: in all major aspects, Shenzhen Tellus Holding Co., Ltd. has efficiency in financial report of internal control dated 31 December 2019 according to Basic Standards of Internal Control for Enterprise and relevant regulations.	
Disclosure details of audit report of internal control	Disclosure
Disclosure date of audit report of internal control (full-text)	2020-04-03
Index of audit report of internal control (full-text)	Juchao website for information disclosure appointed by Shenzhen Stock Exchange: http://www.cninfo.com.cn
Opinion type of auditing report of IC	Standard without reserved reports
whether the non-financial report had major defects	No

Carried out modified opinion for internal control audit report from CPA

☐ Yes ☒ No

The internal control audit report, issued by CPA, has concerted opinion with self-evaluation report, issued from the Board

☒ Yes ☐ No

Section XI. Corporate Bond

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

No

Section XII. Financial Report

一、 Auditor's Report

Type of audit opinion	Standard unqualified opinion
Date of signing of audit report	April 2, 2020
Name of audit institution	Pan-China Certified Public Accountants LLP
Number of audit report	PCCPAAR [2020] No. 7-155
Chinese Certified Public Accountant	Wang Huansen , Qin Changming

Main body of audit report

To the Shareholders of Shenzhen Tellus Holding Co., Ltd.:

I. Audit Opinion

We have audited the accompanying financial statements of Shenzhen Tellus Holding Co., Ltd. (the “Company”), which comprise the consolidated and parent company balance sheets as at December 31, 2019, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, and the consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

In our opinion, the attached financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

II. Basis for Audit Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled other ethical responsibilities. We

believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

(I) Revenue recognition

1. Key audit matters

Please refer to section V(II)1 and XIII of the notes to the financial statements for details.

The Company is mainly engaged in Car sales and repairs, jewelry wholesale and retail, real estate leasing and services. In 2019, the operating revenue amounts to 571,072,893.90 yuan, an increase of 37.86% over the same period last year.

As sales revenue is one of the key performance indicators of the Company, which would probably have inherent risks of being recognized inappropriately to achieve specific target or expectation, and revenue recognition involves complicated information system and significant judgment of the Company's management (the "Management"), we have identified revenue recognition as a key audit matter.

2. Responsive audit procedures

Our main audit procedures for revenue recognition are as follows:

(1) We obtained understandings of key internal controls related to revenue recognition, assessed the design of these controls, determined whether they have been executed, and tested the effectiveness of the operation;

(2) We checked major sale contracts, identified clauses on the transfer of major risks and rewards related to the ownership of goods and assessed whether the revenue recognition policy complied with China Accounting Standards for Business Enterprises;

(3) We performed substantive analysis procedure on operating revenue and gross margin by month, product, client, etc., so as to identify whether there are significant or abnormal fluctuations and find out the reason of fluctuations;

(4) For revenue from domestic sales, we checked supporting documents related to revenue recognition by sampling method, including sales contracts, Real estate lease contracts, orders, invoices, outbound orders, client acceptance receipts, etc.

(5) We performed confirmation procedures on current sales amount by sampling method in combination with confirmation procedure of accounts receivable;

(6) We checked whether information related to operating revenue had been presented appropriately in the financial statements.

(II) Investment income from equity transfer

1. Key audit matters

Please refer to section V(II)7 of the notes to the financial statements for details.

As of December 31, 2019, the book balance of investment income to 240,569,654.98 yuan, which was mainly derived from the investment income from the disposal of long-term equity investments. The company transferred 43% of the equity of Shenzhen Xinglong Machinery Mould Co., Ltd. to Shenzhen Runhe United Investment Development Co., Ltd. at a disposal price of 286,670,000.00 yuan, and recognized an investment income of 210,680,848.23 from the disposal of long-term equity investment. As the amount of investment income from equity transfer is significant involves significant judgment of the Management, we have identified investment income from equity transfer as a key audit matter.

2. Responsive audit procedures

Our main audit procedures for investment income from equity transfer are as follows:

(1) We check the resolutions of shareholders' meetings and asset evaluation reports related to the disposal of equity, and judge whether the relevant decision-making procedures are appropriate;

(2) We checked equity transfer contracts, identified key clauses affecting the accounting treatment such as payment of equity transfer payments, and equity transfers, and checked them with the resolutions of the shareholders meeting and the relevant information of the asset evaluation report;

(3) We check the relevant documents such as the receipt certificate of the equity transfer price, the equity transfer procedures, etc., judge the time when the equity transfer is realized, and evaluate whether the long-term equity investment disposal income is recognized in an appropriate period;

(4) We checked whether information related to investment income from equity transfer had been presented appropriately in the financial statements.

IV. Other Information

The Company's management (the "Management") is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The Management is responsible for preparing and presenting fairly the financial statements in accordance with China Accounting Standards for Business Enterprises, as well as designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and use the going concern basis of accounting unless the Management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Certified Public Accountants' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit performed in accordance with China Standards on Auditing. We also:

- (I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in circumstances.
- (III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (IV) Conclude on the appropriateness of the Management's use of the going concern

basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(V) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(VI) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain sole responsibility for our audit opinion.

We communicate with those charged with governance regarding the planned audit scope, time schedule and significant audit findings, including any deficiencies in internal control of concern that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Shenzhen Tellus Holding Co., Ltd.

Consolidated balance sheet as at December 31, 2019

(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances	1	428,851,606.04	169,512,260.69
Settlement funds			
Loans to other banks			
Held-for-trading financial assets	2	60,486,575.34	
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	3	112,613,224.27	86,104,660.51
Receivables financing			
Advances paid	4	12,683,603.89	9,112,473.27
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	5	44,908,546.40	14,483,208.41
Financial assets under reverse repo			
Inventories	6	21,389,602.83	12,342,854.40
Contract assets			
Assets classified as held for sale	7		85,017,251.77
Non-current assets due within one year			
Other current assets	8	3,403,969.23	332,432,494.44
Total current assets		684,337,128.00	709,005,203.49
Non-current assets:			
Loans and advances paid			
Debt investments			
Available-for-sale financial assets			10,176,617.20
Other debt investments			
Held-to-maturity investments			
Long-term receivable	9		
Long-term equity investments	10	162,178,544.05	224,644,766.21
Other equity instrument investments	11	10,176,617.20	
Other non-current financial assets			
Investment property	12	554,599,503.55	503,922,413.70
Fixed assets	13	107,119,796.59	112,674,017.53
Construction in progress	14	47,654,393.55	12,843,571.97
Productive biological assets			
Oil & gas assets			
Right-of-use assets			
Intangible assets	15	50,561,225.67	51,012,282.25

Development expenditures			
Goodwill			
Long-term prepayments	16	13,606,805.49	6,304,607.22
Deferred tax assets	17	8,658,962.39	24,355,086.71
Other non-current assets	18	6,889,167.54	3,356,964.72
Total non-current assets		961,445,016.03	949,290,327.51
Total assets		1,645,782,144.03	1,658,295,531.00

Shenzhen Tellus Holding Co., Ltd.
Consolidated balance sheet as at December 31, 2019 (continued)
(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	19		143,000,000.00
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable	20	69,087,430.42	73,365,876.09
Advances received	21	27,299,822.71	15,897,763.97
Contract liabilities			
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Employee benefits payable	22	31,204,794.89	25,802,670.36
Taxes and rates payable	23	71,425,267.61	9,377,393.57
Other payables	24	101,266,802.49	250,489,094.47
Handling fee and commission payable			
Reinsurance accounts payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		300,284,118.12	517,932,798.46
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings	25		34,934,887.55
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables	26	3,920,160.36	3,920,160.36
Long-term employee benefits payable			
Provisions	27	2,225,468.76	2,225,468.76
Deferred income	28	139,400.00	
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		6,285,029.12	41,080,516.67
Total liabilities		306,569,147.24	559,013,315.13
Equity:			
Share capital/Paid-in capital	29	431,058,320.00	297,281,600.00
Other equity instruments			
Including: Preferred shares			

Perpetual bonds			
Capital reserve	30	431,449,554.51	565,226,274.51
Less: Treasury shares			
Other comprehensive income	31	26,422.00	26,422.00
Special reserve			
Surplus reserve	32	21,007,488.73	3,139,918.14
General risk reserve			
Undistributed profit	33	387,423,510.78	184,535,322.70
Total equity attributable to the parent company		1,270,965,296.02	1,050,209,537.35
Non-controlling interest		68,247,700.77	49,072,678.52
Total equity		1,339,212,996.79	1,099,282,215.87
Total liabilities & equity		1,645,782,144.03	1,658,295,531.00

Shenzhen Tellus Holding Co., Ltd.

Parent company balance sheet as at December 31, 2019

(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances		201,885,691.27	88,836,626.14
Held-for-trading financial assets		40,324,383.56	
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	1	206,710.76	38,274.00
Receivables financing			
Advances paid		100,000.00	604,800.00
Other receivables	2	116,037,773.09	115,782,944.37
Inventories			
Contract assets			
Assets classified as held for sale			85,017,251.77
Non-current assets due within one year			
Other current assets		1,419,760.18	195,506,958.35
Total current assets		359,974,318.86	485,786,854.63
Non-current assets:			
Debt investments			
Available-for-sale financial assets			10,176,617.20
Other debt investments			
Held-to-maturity investments			
Long-term receivable			
Long-term equity investments	3	859,355,040.60	836,283,491.38
Other equity instrument investments		10,176,617.20	
Other non-current financial assets			
Investment property		39,616,602.02	44,820,151.69
Fixed assets		14,012,830.64	14,824,845.14
Construction in progress		35,321,704.26	12,843,571.97
Productive biological assets			
Oil & gas assets			
Right-of-use assets			
Intangible assets		48,953,266.56	249,731.94
Development expenditures			
Goodwill			
Long-term prepayments		2,639,122.63	2,958,817.65
Deferred tax assets		3,557,849.04	13,830,369.64
Other non-current assets		6,789,167.54	
Total non-current assets		1,020,422,200.49	935,987,596.61

Total assets		1,380,396,519.35	1,421,774,451.24
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Shenzhen Tellus Holding Co., Ltd.

Parent company balance sheet as at December 31, 2019 (continued)

(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings			143,000,000.00
Held-for-trading financial liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable		14,000.00	19,800.00
Advances received			4,742.51
Contract liabilities			
Employee benefits payable		8,199,278.01	4,858,788.51
Taxes and rates payable		54,684,929.01	331,909.65
Other payables		257,260,350.77	392,558,990.89
Liabilities classified as held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		320,158,557.79	540,774,231.56
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities		320,158,557.79	540,774,231.56
Equity:			
Share capital/Paid-in capital		431,058,320.00	297,281,600.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		428,256,131.23	562,032,851.23
Less: treasury shares			
Other comprehensive income			
Special reserve			

Surplus reserve		21,007,488.73	3,139,918.14
Undistributed profit		179,916,021.60	18,545,850.31
Total equity		1,060,237,961.56	881,000,219.68
Total liabilities & equity		1,380,396,519.35	1,421,774,451.24

Shenzhen Tellus Holding Co., Ltd.

Consolidated income statement for the year ended December 31, 2019

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue		571,072,893.90	414,238,778.96
Including: Operating revenue	1	571,072,893.90	414,238,778.96
Interest income			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		509,897,504.26	409,350,865.02
Including: Operating cost	1	431,021,312.64	332,347,355.12
Interest expenses			
Handling charges and commission expenditures			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	2	6,269,059.85	6,276,612.65
Selling expenses	3	23,956,102.30	19,987,406.50
Administrative expenses	4	43,668,263.92	44,231,376.56
R&D expenses			
Financial expenses	5	4,982,765.55	6,508,114.19
Including: Interest expenses		7,000,636.08	8,909,350.20
Interest income		2,317,143.23	2,755,755.76
Add: Other income	6	292,897.32	3,482.07
Investment income (or less: losses)	7	240,569,654.98	88,785,468.69
Including: Investment income from associates and joint ventures		19,134,325.91	83,051,508.70
Gains from derecognition of financial assets at amortized cost			
Gains on foreign exchange (or less: losses)			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)	8	477,394.67	
Credit impairment loss	9	1,270,480.08	
Assets impairment loss	10	-662,290.01	-1,384,716.26
Gains on asset disposal (or less: losses)	11	216,207.53	
III. Operating profit (or less: losses)		303,339,734.21	92,292,148.44
Add: Non-operating revenue	12	304,620.63	1,739,055.65
Less: Non-operating expenditures	13	1,049,085.73	3,479,344.28
IV. Profit before tax (or less: total loss)		302,595,269.11	90,551,859.81
Less: Income tax	14	83,788,034.93	4,411,880.45
V. Net profit (or less: net loss)		218,807,234.18	86,139,979.36
(I) Categorized by the continuity of operations			
1. Net profit from continuing operations (or less: net loss)		218,807,234.18	86,139,979.36
2. Net profit from discontinued operations (or less: net loss)			
(II) Categorized by the portion of equity ownership			
1. Net profit attributable to owners of parent company (or less: net loss)		219,669,708.47	86,924,058.72
2. Net profit attributable to non-controlling shareholders (or less: net loss)		-862,474.29	-784,079.36
VI. Other comprehensive income after tax			26,422.00
Items attributable to the owners of the parent company			26,422.00
(I) Not to be reclassified subsequently to profit or loss			
1.Changes in remeasurement on the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments			

4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or loss			26,422.00
1. Items under equity method that may be reclassified to profit or loss			26,422.00
2. Changes in fair value of other debt investments			
3. Profit or loss from changes in fair value of available-for-sale financial assets			
4. Profit or loss from reclassification of financial assets into other comprehensive income			
5. Profit or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
6. Provision for credit impairment of other debt investments			
7. Cash flow hedging reserve (profit or loss on cash flow hedging)			
8. Translation reserve			
9. Others			
Items attributable to non-controlling shareholders			
VII. Total comprehensive income		218,807,234.18	86,166,401.36
Items attributable to the owners of the parent company		219,669,708.47	86,950,480.72
Items attributable to non-controlling shareholders		-862,474.29	-784,079.36
VIII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)		0.51	0.20
(II) Diluted EPS (yuan per share)		0.51	0.20

Shenzhen Tellus Holding Co., Ltd.

Parent company income statement for the year ended December 31, 2019

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Operating revenue	1	38,042,399.39	42,607,127.11
Less: Operating cost	1	3,772,642.43	12,747,839.01
Taxes and surcharges		1,721,718.43	1,683,760.67
Selling expenses			
Administrative expenses		23,285,817.13	20,609,716.66
R&D expenses			
Financial expenses		4,032,853.71	4,850,337.92
Including: Interest expenses		5,767,035.04	6,902,903.32
Interest income		1,804,555.52	2,179,149.78
Add: Other income			
Investment income (or less: losses)	2	236,551,009.68	16,298,388.00
Including: Investment income from associates and joint ventures		19,318,549.22	14,998,084.49
Gains from derecognition of financial assets at amortized cost			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)		324,383.56	
Gains on asset disposal (or less: losses)			
Credit impairment loss		1,057,870.24	
Assets impairment loss			-117,864.17
Gains on foreign exchange (or less: losses)			
II. Operating profit (or less: losses)		243,162,631.17	18,895,996.68
Add: Non-operating revenue		33,995.79	1,253,151.18
Less: Non-operating expenditures			4,161.48
III. Profit before tax (or less: total loss)		243,196,626.96	20,144,986.38
Less: Income tax		64,583,369.44	38,942.20
IV. Net profit (or less: net loss)		178,613,257.52	20,106,044.18
(I) Net profit from continuing operations (or less: net loss)		178,613,257.52	20,106,044.18
(II) Net profit from discontinued operations (or less: net loss)			
V. Other comprehensive income after tax			
(I) Not to be reclassified subsequently to profit or loss			
1.Changes in remeasurement on the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or loss			
1. Items under equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Profit or loss from changes in fair value of available-for-sale financial assets			
4. Profit or loss from reclassification of financial assets into other comprehensive income			
5. Profit or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
6. Provision for credit impairment of other debt investments			
7. Cash flow hedging reserve (profit or loss on cash flow hedging)			
8. Translation reserve			

9. Others			
VI. Total comprehensive income		178,613,257.52	20,106,044.18
VII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)			
(II) Diluted EPS (yuan per share)			

Shenzhen Tellus Holding Co., Ltd.

Consolidated cash flow statement for the year ended December 31, 2019

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		620,842,167.97	426,869,708.10
Net increase of client deposit and interbank deposit			
Net increase of central bank loans			
Net increase of loans from other financial institutions			
Cash receipts from original insurance contract premium			
Net cash receipts from reinsurance			
Net increase of policy-holder deposit and investment			
Cash receipts from interest, handling charges and commission			
Net increase of loans from others			
Net increase of repurchase			
Net cash receipts from agency security transaction			
Receipts of tax refund		3,181.09	
Other cash receipts related to operating activities	1	47,761,005.81	19,684,530.43
Subtotal of cash inflows from operating activities		668,606,354.87	446,554,238.53
Cash payments for goods purchased and services received		452,350,872.20	335,367,549.57
Net increase of loans and advances to clients			
Net increase of central bank deposit and interbank deposit			
Cash payments for insurance indemnities of original insurance contracts			
Net increase of loans to others			
Cash payments for interest, handling charges and commission			
Cash payments for policy bonus			
Cash paid to and on behalf of employees		62,812,595.93	52,732,468.64
Cash payments for taxes and rates		23,492,145.22	23,689,718.46
Other cash payments related to operating activities	2	51,039,388.49	41,339,481.83
Subtotal of cash outflows from operating activities		589,695,001.84	453,129,218.50
Net cash flows from operating activities		78,911,353.03	-6,574,979.97
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments		2,177,147,001.00	1,106,320,000.00
Cash receipts from investment income		54,752,103.23	68,064,559.78
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		834,100.00	263,520.00
Net cash receipts from the disposal of subsidiaries & other business units			1,504,125.26
Other cash receipts related to investing activities	3	2,385,849.54	107,511,100.00
Subtotal of cash inflows from investing activities		2,235,119,053.77	1,283,663,305.04
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		124,672,512.37	31,343,082.90
Cash payments for investments		1,758,560,000.00	1,224,884,140.00
Net increase of pledged borrowings			
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payments related to investing activities	4	5,000.00	5,733,400.00
Subtotal of cash outflows from investing activities		1,883,237,512.37	1,261,960,622.90
Net cash flows from investing activities		351,881,541.40	21,702,682.14
III. Cash flows from financing activities:			
Cash receipts from absorbing investments		20,000,000.00	15,000,000.00

Items	Note No.	Current period cumulative	Preceding period comparative
Including: Cash received by subsidiaries from non-controlling shareholders as investments	5	20,000,000.00	15,000,000.00
Cash receipts from borrowings		143,000,000.00	148,082,000.00
Other cash receipts related to financing activities		15,020,000.00	
Subtotal of cash inflows from financing activities		178,020,000.00	163,082,000.00
Cash payments for the repayment of borrowings		320,934,887.55	145,943,235.58
Cash payments for distribution of dividends or profits and for interest expenses	6	7,095,966.49	15,066,890.08
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit			
Other cash payments related to financing activities		22,962,000.00	16,144,956.00
Subtotal of cash outflows from financing activities		350,992,854.04	177,155,081.66
Net cash flows from financing activities		-172,972,854.04	-14,073,081.66
IV. Effect of foreign exchange rate changes on cash & cash equivalents		96.73	281.62
V. Net increase in cash and cash equivalents		257,820,137.12	1,054,902.13
Add: Opening balance of cash and cash equivalents		142,848,120.69	141,793,218.56
VI. Closing balance of cash and cash equivalents		400,668,257.81	142,848,120.69

Shenzhen Tellus Holding Co., Ltd.

Parent company cash flow statement for the year ended December 31, 2019

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods and rendering of services		39,784,268.51	42,987,480.31
Receipts of tax refund			
Other cash receipts related to operating activities		28,770,832.18	26,178,276.09
Subtotal of cash inflows from operating activities		68,555,100.69	69,165,756.40
Cash payments for goods purchased and services received			
Cash paid to and on behalf of employees		18,387,927.35	18,738,644.84
Cash payments for taxes and rates		3,527,628.11	4,065,009.38
Other cash payments related to operating activities		19,992,731.75	38,903,678.52
Subtotal of cash outflows from operating activities		41,908,287.21	61,707,332.74
Net cash flows from operating activities		26,646,813.48	7,458,423.66
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments		1,260,187,000.00	733,500,000.00
Cash receipts from investment income		24,870,415.22	59,901,381.01
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets			
Net cash receipts from the disposal of subsidiaries & other business units			
Other cash receipts related to investing activities		2,385,849.54	107,511,100.00
Subtotal of cash inflows from investing activities		1,287,443,264.76	900,912,481.01
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		75,307,375.89	10,556,123.04
Cash payments for investments		978,253,000.00	900,636,040.00
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payments related to investing activities			5,733,400.00
Subtotal of cash outflows from investing activities		1,053,560,375.89	916,925,563.04
Net cash flows from investing activities		233,882,888.87	-16,013,082.03
III. Cash flows from financing activities:			
Cash receipts from absorbing investments			
Cash receipts from borrowings		143,000,000.00	143,000,000.00
Other cash receipts related to financing activities			
Subtotal of cash inflows from financing activities		143,000,000.00	143,000,000.00
Cash payments for the repayment of borrowings		286,000,000.00	137,278,123.13
Cash payments for distribution of dividends or profits and for interest expenses		5,999,845.45	12,986,470.41
Other cash payments related to financing activities			
Subtotal of cash outflows from financing activities		291,999,845.45	150,264,593.54
Net cash flows from financing activities		-148,999,845.45	-7,264,593.54
IV. Effect of foreign exchange rate changes on cash and cash equivalents			

Items	Note No.	Current period cumulative	Preceding period comparative
V. Net increase in cash and cash equivalents		111,529,856.90	-15,819,251.91
Add: Opening balance of cash and cash equivalents		62,172,486.14	77,991,738.05
VI. Closing balance of cash and cash equivalents		173,702,343.04	62,172,486.14

Shenzhen Tellus Holding Co., Ltd.

Consolidated statement of changes in equity for the year ended December 31, 2019

(Expressed in Renminbi Yuan)

Items	Current period cumulative												
	Equity attributable to parent company											Non-controlling interest	Total equity
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
		Preferred shares	Perpetual bonds	Others									
I. Balance at the end of prior year	297,281,600.00				565,226,274.51		26,422.00		3,139,918.14		184,535,322.70	49,072,678.52	1,099,282,215.87
Add: Cumulative changes of accounting policies									6,244.84		1,079,805.36	37,496.54	1,123,546.74
Error correction of prior period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	297,281,600.00				565,226,274.51		26,422.00		3,146,162.98		185,615,128.06	49,110,175.06	1,100,405,762.61
III. Current period increase (or less: decrease)	133,776,720.00				-133,776,720.00				17,861,325.75		201,808,382.72	19,137,525.71	238,807,234.18
(I) Total comprehensive income											219,669,708.47	-862,474.29	218,807,234.18
(II) Capital contributed or withdrawn by owners												20,000,000.00	20,000,000.00
1. Ordinary shares contributed by owners												20,000,000.00	20,000,000.00
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in equity													
4. Others													
(III) Profit distribution									17,861,325.75		-17,861,325.75		
1. Appropriation of surplus reserve									17,861,325.75		-17,861,325.75		
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners													
4. Others													
(IV) Internal carry-over within equity	133,776,720.00				-133,776,720.00								
1. Transfer of capital reserve to capital	133,776,720.00				133,776,720.00								
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Changes in defined benefit plan carried over to retained earnings													

Items	Current period cumulative												
	Equity attributable to parent company											Non-controlling interest	Total equity
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
		Preferred shares	Perpetual bonds	Others									
5. Other comprehensive income carried over to retained earnings													
6. Others													
(V) Special reserve													
1. Appropriation of current period													
2. Application of current period													
(VI) Others													
IV. Balance at the end of current period	431,058,320.00				431,449,554.51		26,422.00		21,007,488.73		387,423,510.78	68,247,700.77	1,339,212,996.79

Shenzhen Tellus Holding Co., Ltd.

Consolidated statement of changes in equity for the year ended December 31, 2019 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period comparative												
	Equity attributable to parent company											Non-controlling interest	Total equity
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
Preferred shares		Perpetual bonds	Others										
I. Balance at the end of prior year	297,281,600.00				565,226,274.51				2,952,586.32		97,798,595.80	34,764,517.26	998,023,573.89
Add: Cumulative changes of accounting policies													
Error correction of prior period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	297,281,600.00				565,226,274.51				2,952,586.32		97,798,595.80	34,764,517.26	998,023,573.89
III. Current period increase (or less: decrease)							26,422.00		187,331.82		86,736,726.90	14,308,161.26	101,258,641.98
(I) Total comprehensive income							26,422.00				86,924,058.72	-784,079.36	86,166,401.36
(II) Capital contributed or withdrawn by owners												15,092,240.62	15,092,240.62
1. Ordinary shares contributed by owners												15,000,000.00	15,000,000.00
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in equity													
4. Others												92,240.62	92,240.62
(III) Profit distribution									187,331.82		-187,331.82		
1. Appropriation of surplus reserve									187,331.82		-187,331.82		
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners													
4. Others													
(IV) Internal carry-over within equity													
1. Transfer of capital reserve to capital													
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Changes in defined benefit plan carried over to retained earnings													

Items	Preceding period comparative												
	Equity attributable to parent company											Non-controlling interest	Total equity
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
		Preferred shares	Perpetual bonds	Others									
5. Other comprehensive income carried over to retained earnings													
6. Others													
(V) Special reserve													
1. Appropriation of current period													
2. Application of current period													
(VI) Others													
IV. Balance at the end of current period	297,281,600.00				565,226,274.51		26,422.00		3,139,918.14		184,535,322.70	49,072,678.52	1,099,282,215.87

Shenzhen Tellus Holding Co., Ltd.

Parent company statement of changes in equity for the year ended December 31, 2019

(Expressed in Renminbi Yuan)

Items	Current period cumulative										
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior year	297,281,600.00				562,032,851.23				3,139,918.14	18,545,850.31	881,000,219.68
Add: Cumulative changes of accounting policies									6,244.84	618,239.52	624,484.36
Error correction of prior period											
Others											
II. Balance at the beginning of current year	297,281,600.00				562,032,851.23				3,146,162.98	19,164,089.83	881,624,704.04
III. Current period increase (or less: decrease)	133,776,720.00				-133,776,720.00				17,861,325.75	160,751,931.77	178,613,257.52
(I) Total comprehensive income										178,613,257.52	178,613,257.52
(II) Capital contributed or withdrawn by owners											
1. Ordinary shares contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity											
4. Others											
(III) Profit distribution									17,861,325.75	-17,861,325.75	
1. Appropriation of surplus reserve									17,861,325.75	-17,861,325.75	
2. Appropriation of profit to owners											
3. Others											
(IV) Internal carry-over within equity	133,776,720.00				-133,776,720.00						
1.Transfer of capital reserve to capital	133,776,720.00				-133,776,720.00						
2.Transfer of surplus reserve to capital											
3.Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											

1. Appropriation of current period											
2. Application of current period											
(VI) Others											
IV. Balance at the end of current period	431,058,320.00				428,256,131.23				21,007,488.73	179,916,021.60	1,060,237,961.56

Shenzhen Tellus Holding Co., Ltd.

Parent company statement of changes in equity for the year ended December 31, 2019 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period comparative										
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior year	297,281,600.00				562,032,851.23				2,952,586.32	-1,372,862.05	860,894,175.50
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	297,281,600.00				562,032,851.23				2,952,586.32	-1,372,862.05	860,894,175.50
III. Current period increase (or less: decrease)									187,331.82	19,918,712.36	20,106,044.18
(I) Total comprehensive income										20,106,044.18	20,106,044.18
(II) Capital contributed or withdrawn by owners											
1. Ordinary shares contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity											
4. Others											
(III) Profit distribution									187,331.82	-187,331.82	
1. Appropriation of surplus reserve									187,331.82	-187,331.82	
2. Appropriation of profit to owners											
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											

1. Appropriation of current period											
2. Application of current period											
(VI) Others											
IV. Balance at the end of current period	297,281,600.00				562,032,851.23				3,139,918.14	18,545,850.31	881,000,219.68

Fu chunlong
[Legal representative]

Lou hong
[Officer in charge of accounting]

Liu yuhong
[Head of accounting department]

Shenzhen Tellus Holding Co., Ltd.

Notes to Financial Statements

For the year ended December 31, 2019

Monetary unit: RMB Yuan

I. Company profile

Shenzhen Tellus Holding Co., Ltd. (by shares) (the “Company”) is established by Shenzhen Tellus Machinery Co., Ltd. under the approval from the General Office of Shenzhen Municipal People's Government on the reorganization of Shenzhen Tellus Machinery Co., Ltd., into Shenzhen Tellus Holding Company Limited (Shen fu ban fu [1991] No. 1012). The Company registered at Shenzhen Administration for Industry and Commerce/Market Supervision and Administration Bureau on November 10, 1986 and obtained a (corporate) business license/social credit code numbered 91440300192192210U, with registered capital of 431,058,320.00 yuan, total share of 431,058,320 shares (each with par value of one yuan), of which, 0 shares and 0 shares are restricted outstanding A shares and B shares, and 392,778,320 shares and 38,280,000 shares are unrestricted outstanding A shares and B shares. The Company's shares were listed at Shenzhen Stock Exchange respectively on 21 June 1993.

The Company belongs to wholesale industry and is mainly engaged in automobile sales, automobile maintenance and testing, jewelry sales, property leasing and services, and so on.

The financial statements were approved and authorized for issue by the 6th meeting of the 9th session of the Board of Directors dated April 2nd, 2020.

The Company has brought 11 subsidiaries including Shenzhen Zhongtian Industrial Co., Ltd., Sichuan Tellus Jewelry Technology Co., Ltd., Shenzhen Huari Toyota Auto Sales Co., Ltd, into the consolidation scope. Please refer to section VI and VII of notes to financial statements for details.

II. Preparation basis of the financial statements

(I) Preparation basis

The financial statements have been prepared on the basis of going concern.

(II) Assessment of the ability to continue as a going concern

The Company has no events or conditions that may cast significant doubts upon the Company's ability to continue as a going concern within the 12 months after the balance sheet date.

III. Significant accounting policies and estimates

Important note:

The Company has set up accounting policies and estimates on transactions or events such as impairment of financial instruments, depreciation of fixed assets, depreciation of right-of-use assets, amortization of intangible assets, and revenue recognition, etc. based on the Company's actual production and operation features.

(I) Statement of compliance

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, results of operations and cash flows of the Company.

(II) Accounting period

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar.

(III) Operating cycle

The Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months.

(IV) Functional currency

The Company's functional currency is Renminbi (RMB) Yuan.

(V) Accounting treatments of business combination under and not under common control

1. Accounting treatment of business combination under common control

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

2. Accounting treatment of business combination not under common control

When combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized as goodwill; otherwise, the fair value of identifiable assets, liabilities and contingent liabilities, and the measurement of the combination cost are reviewed, then the difference is recognized in profit or loss.

(VI) Compilation method of consolidated financial statements

The parent company brings all its controlled subsidiaries into its consolidation scope. The consolidated financial statements are compiled by the parent company according to "CASBE 33 - Consolidated Financial Statements", based on relevant information and the financial statements of the parent company and its subsidiaries.

(VII) Classification of joint arrangements and accounting treatment of joint operations

1. Joint arrangements include joint operations and joint ventures.

2. When the Company is a joint operator of a joint operation, it recognizes in relation to its interest in a joint operation:

- (1) its assets, including its share of any assets held jointly;
- (2) its liabilities, including its share of any liabilities incurred jointly;
- (3) its revenue from the sale of its share of the output arising from the joint operation;
- (4) its share of the revenue from the sales of the output by the joint operation; and

(5) its expenses, including its share of any expenses incurred jointly.

(VIII) Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to cash and that are subject to an insignificant risk of changes in value.

(IX) Foreign currency translation

1. Translation of transactions denominated in foreign currency

Transactions denominated in foreign currency are translated into RMB yuan at the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the spot exchange rate at the transaction date, with its RMB amount unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

2. Translation of financial statements measured in foreign currency

The assets and liabilities in the balance sheet are translated into RMB at the spot rate at the balance sheet date; the equity items, other than undistributed profit, are translated at the spot rate at the transaction date; the revenues and expenses in the income statement are translated into RMB at the spot exchange rate at the transaction date. The difference arising from foreign currency translation is included in other comprehensive income.

(X) Financial instruments

1. Classification of financial assets and financial liabilities

Financial assets are classified into the following three categories when initially recognized: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

Financial liabilities are classified into the following four categories when initially recognized: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; (3) financial guarantee contracts not fall within the above categories (1) and (2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category (1); (4) financial liabilities at amortized cost.

2. Recognition criteria, measurement method and derecognition condition of financial assets and financial liabilities

(1) Recognition criteria and measurement method of financial assets and financial liabilities

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount. However, at initial recognition, for accounts receivable that do not contain a significant financing component or contracts in which the financing components with associated period less than one year are not considered, the Company measures at their transaction price in accordance with “CASBE14 – Revenues”.

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized cost

The Company measures its financial assets at the amortized costs using effective interest method. Gains or losses on financial assets that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial assets are derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

2) Debt instrument investments at fair value through other comprehensive income

The Company measures its debt instrument investments at fair value. Interests, impairment gains or losses, and gains and losses on foreign exchange that calculated using effective interest method shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into profit or loss when the financial assets are derecognized.

3) Equity instrument investments at fair value through other comprehensive income

The Company measures its equity instrument investments at fair value. Dividends obtained (other than those as part of investment cost recovery) shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into retained earnings when the financial assets are derecognized.

4) Financial assets at fair value through profit or loss

The Company measures its financial assets at fair value. Gains or losses arising from changes in fair value (including interests and dividends) shall be included into profit or loss, except for financial assets that are part of hedging relationships.

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities (including derivatives that are liabilities) and financial liabilities designated as at fair value

through profit or loss. The Company measures such kind of liabilities at fair value. The amount of changes in the fair value of the financial liabilities that are attributable to changes in the Company's own credit risk shall be included into other comprehensive income, unless such treatment would create or enlarge accounting mismatches in profit or loss. Other gains or losses on those financial liabilities (including interests, changes in fair value that are attributable to reasons other than changes in the Company's own credit risk) shall be included into profit or loss, except for financial liabilities that are part of hedging relationships. Accumulated gains or losses that originally recognized as other comprehensive income should be transferred out into retained earnings when the financial liabilities are derecognized.

2) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies

The Company measures its financial liabilities in accordance with "CASBE23 – Transfer of Financial Assets".

3) Financial guarantee contracts not fall within the above categories 1) and 2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category 1)

The Company measures its financial liabilities at the higher of: a. the amount of loss allowances in according to impairment requirements of financial instruments; b. the amount initially recognized less the amount of accumulated amortization recognized in accordance with "CASBE14 – Revenues".

4) Financial liabilities at amortized cost

The Company measures its financial liabilities at amortized cost using effective interest method. Gains or losses on financial liabilities that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial liabilities are derecognized and through the amortization process.

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

- a. the contractual rights to the cash flows from the financial assets expire; or
- b. the financial assets have been transferred and the transfer qualifies for derecognition in accordance with "CASBE23 – Transfer of Financial Assets".

2) Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly.

3. Recognition criteria and measurement method of financial assets transfer

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability. If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it

continues recognizing the financial asset. Where the Company does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset, it is dealt with according to the circumstances as follows respectively: (1) if the Company does not retain its control over the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability; (2) if the Company retains its control over the financial asset, according to the extent of its continuing involvement in the transferred financial asset, it recognizes the related financial asset and recognizes the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items are included in profit or loss: (1) the carrying amount of the transferred financial asset as of the date of derecognition; (2) the sum of consideration received from the transfer of the financial asset, and the accumulative amount of the changes of the fair value originally included in other comprehensive income proportionate to the transferred financial asset (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income). If the transfer of financial asset partially satisfies the conditions to derecognition, the entire carry amount of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items are included into profit or loss: (1) the carrying amount of the portion which is derecognized; (2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in other comprehensive income which is corresponding to the portion which is derecognized (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income).

4. Fair value determination method of financial assets and liabilities

(1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

(2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals; market-corroborated inputs;

(3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, and financial forecast developed using the Company's own data, etc.

5. Impairment of financial instruments

(1) Measurement and accounting treatment

The Company, on the basis of expected credit loss, recognizes loss allowances of financial assets at amortized cost,

debt instrument investments, contract assets or lease receivable at fair value through other comprehensive income, loan commitments other than financial liabilities at fair value through profit or loss, financial guarantee contracts not belong to financial liabilities at fair value through profit or loss or financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Expected credit losses refer to the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss refers to the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Purchased or originated credit-impaired financial assets are discounted at the credit-adjusted effective interest rate.

On the balance sheet date, the Company shall only recognize the cumulative changes in the lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

For accounts receivable do not contain a significant financing component or contracts in which the financing components with associated period less than one year are not considered, which result from transactions as regulated in “CASBE14 - Revenues”, the Company chooses simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

For lease receivables, accounts receivable and contract assets that result from transactions as regulated in “CASBE14 - Revenues” and contain a significant financing component, the Company chooses simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

For financial assets other than the above, on each balance sheet date, the Company shall assess whether the credit risk on the financial instrument has increased significantly since initial recognition. The Company shall measure the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition; otherwise, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

Considering reasonable and supportable forward-looking information, the Company compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition, so as to assess whether the credit risk on the financial instrument has increased significantly since initial recognition.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk on the balance sheet date.

The Company shall estimate expected credit risk and measure expected credit losses on an individual or a collective basis. When the Company adopts the collective basis, financial instruments are grouped with similar credit risk features.

The Company shall remeasure expected credit loss on each balance sheet date, and increased or reversed amounts of loss allowance arising therefrom shall be included into profit or loss as impairment losses or gains. For a financial asset measured at amortized cost, the loss allowance reduce the carrying amount of such financial asset presented in the balance sheet; for a debt investment measured at fair value through other comprehensive income, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of such financial asset.

(2) Financial instruments with expected credit risk assessed and expected credit losses measured on a collective

basis

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Other receivables – Portfolio grouped with related transactions within consolidation scope	Nature of receivables	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, calculate expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate.
Other receivables – Portfolio grouped with dividend receivables		
Other receivables – Portfolio grouped with aging receivables	Aging	

(3) Accounts receivable and contract assets with expected credit losses measured on a collective basis

1) Specific portfolios and method for measuring expected credit loss

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Accounts receivable – Portfolio aging	Aging	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, prepare the comparison table of ages and lifetime expected credit loss rate of accounts receivable, so as to calculate expected credit loss.
Accounts receivable – Portfolio selling jewelry	Accounts receivable about selling jewelry	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, calculate expected credit loss through exposure at default and lifetime expected credit loss rate.

2) Accounts receivable – comparison table of ages and lifetime expected credit loss rate of XX portfolio

Ages	Expected credit loss rate (%)
Within 1 year (inclusive, the same hereinafter)	1
1-2 years	5
2-3 years	20
Over 3 years	50

6. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, the Company offsets a financial asset and a financial liability and presents the net amount in the balance sheet when, and only when, the Company: (a) currently has a legally enforceable right to set off the recognized amounts; and (b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the Company does not offset the transferred asset and the associated liability.

(XI) Inventories

1. Classification of inventories

Inventories include finished goods or goods held for sale in the ordinary course of business, work in process in the process of production, and materials or suppliers etc. to be consumed in the production process or in the rendering of services.

2. Accounting method for dispatching inventories:

Inventories dispatched from storage are accounted for with FIFO method、specific identification method.

3. Basis for determining net realizable value

At the balance sheet date, inventories are measured at the lower of cost or net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of materials to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value is determined separately and is compared with their costs to set the provision for inventory write-down to be made or reversed.

4. Inventory system

Perpetual inventory method is adopted.

5. Amortization method of low-value consumables and packages

(1) Low-value consumables

Low-value consumables are amortized with usage times.

(2) Packages

Packages are amortized with usage times.

(XII) Non-current assets or disposal groups classified as held for sale

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

Non-current assets or disposal groups are accounted for as held for sale when the following conditions are all met:

a. the asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets or disposal groups; b. its sales must be highly probable, i.e., the Company has made a decision on the sale plan and has obtained a firm purchase commitment, and the sale is expected to be completed within one year.

When the Company acquires a non-current asset or disposal group with a view to resale, it shall classify the non-current asset or disposal group as held for sale at the acquisition date only if the requirement of “expected to be completed within one year” is met at that date and it is highly probable that other criteria for held for sale will be met within a short period (usually within three months).

An asset or a disposal group is still accounted for as held for sale when the Company remains committed to its plan to sell the asset or disposal group in the circumstance that non-related party transactions fail to be completed within one year due to one of the following reasons: a. a buyer or others unexpectedly set conditions that will extend the sale period, while the Company has taken timely actions to respond to the conditions and expects a favorable resolution of the delaying factors within one year since the setting; (2) a non-current asset or disposal group classified as held for sale fails to be sold within one year due to rare cases, and the Company has taken action necessary to respond to the circumstances during the initial one-year period and the criteria for held for sale

are met.

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

(1) Initial measurement and remeasurement

For initial measurement and remeasurement as at the balance sheet date of a non-current asset or disposal group as held for sale, where the carrying amount is higher than the fair value less costs to sell, the carrying amount is written down to the fair value less costs to sell, and the write-down is recognized in profit or loss as assets impairment loss, meanwhile, provision for impairment of assets as held for sale shall be made.

For a non-current asset or disposal group classified as held for sale at the acquisition date, the asset or disposal group is measured on initial recognition at the lower of its initial measurement amount had it not been so classified and fair value less costs to sell. Apart from the non-current asset or disposal group acquired through business combination, the difference arising from the initial recognition of a non-current asset or disposal group at the fair value less costs to sell shall be included into profit or loss.

The assets impairment loss recognized for a disposal group as held for sale shall reduce the carrying amount of goodwill in the disposal group first, and then reduce its carrying amount based on the proportion of each non-current asset's carrying amount in the disposal group.

No provision for depreciation or amortization shall be made on non-current assets as held for sale or non-current assets in disposal groups as held for sale, while interest and other expenses attributable to the liabilities of a disposal group as held for sale shall continue to be recognized.

(2) Reversal of assets impairment loss

When there is a subsequent increase in fair value less costs to sell of a non-current asset as held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the impairment loss that has been recognized after the non-current asset was classified as held for sale. The reversal shall be included into profit or loss. Assets impairment loss that has been recognized before the classification is not reserved.

When there is a subsequent increase in fair value less costs to sell of a disposal group as held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the non-current assets impairment loss that has been recognized after the disposal group was classified as held for sale. The reversal shall be included into profit or loss. The reduced carrying amount of goodwill and non-current assets impairment loss that has been recognized before the classification is not reserved.

The subsequent reversal of the impairment loss that has been recognized in a disposal group as held for sale, the carrying amount is increased based on the proportion of carrying amount of each non-current assets (excluding goodwill) in the disposal group.

(3) Non-current asset or disposal group that is no longer classified as held for sale and derecognized

A non-current asset or disposal group that does not met criteria for held for sale and no longer classified as held for sale, or a non-current asset that removed from a disposal group as held for sale shall be measured at the lower of: a. its carrying amount before it was classified as held for sale, adjusted for any depreciation. Amortization or impairment that would have been recognized had it not been classified as held for sale; and b. its recoverable amount.

When a non-current asset or disposal group classified as held for sale is derecognized, unrecognized gains or losses shall be included into profit or loss.

(XIII) Long-term equity investments

1. Judgment of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

2. Determination of investment cost

(1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investments and the carrying value of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, investment cost is initially recognized at the share of the carrying amount of net assets of the combined party included the consolidated financial statements of the ultimate controlling party. The difference between the acquisition-date investment cost of long-term equity investments and the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity is adjusted to capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

(2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

When long-term equity investments are obtained through business combination not under common control achieved in stages, the Company determined whether they are stand-alone financial statements or consolidated financial statements in accounting treatment:

1) In the case of stand-alone financial statements, investment cost is initially recognized at the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity.

2) In the case of consolidated financial statements, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, the carrying value of the acquirer’s previously held equity interest in the acquire is re-measured at the acquisition-date fair value, and the difference between the fair value and the carrying amount is recognized in investment income; when the acquirer’s previously held equity interest in the acquire involves other comprehensive income under equity method, the related other comprehensive income is reclassified as income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from remeasurement of defined benefit plan of the acquiree.

(3) Long-term equity investments obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained

through debt restructuring is determined according to “CASBE12 - Debt Restructuring”; and that obtained through non-cash assets exchange is determined according to “CASBE7 - Non-cash Assets Exchange”.

3. Subsequent measurement and recognition method of gain or loss

For long-term equity investments with control relationship, it is accounted for with cost method; for long-term equity investments with joint control or significant influence relationship, it is accounted for with equity method.

4. Disposal of a subsidiary in stages resulting in the Company’s loss of control

(1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained thereof is recognized in profit or loss. If the disposal does not result in the Company’s loss of significant influence or joint control, the remained equity is accounted for with equity method; however, if the disposal results in the Company’s loss of control, joint control, or significant influence, the remained equity is accounted for according to “CASBE 22 - Financial Instruments: Recognition and Measurement”.

(2) Consolidated financial statements

1) Disposal of a subsidiary in stages not qualified as “bundled transaction” resulting in the Company’s loss of control

Before the Company’s loss of control, the difference between the disposal consideration and the proportionate share of net assets in the disposed subsidiary from acquisition date or combination date to the disposal date is adjusted to capital reserve (capital premium), if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When the Company loses control, the remained equity is re-measured at the loss-of-control-date fair value. The aggregated value of disposal consideration and the fair value of the remained equity, less the share of net assets in the disposed subsidiary held before the disposal from the acquisition date or combination date to the disposal date is recognized in investment income in the period when the Company loses control over such subsidiary, and meanwhile goodwill is offset correspondingly. Other comprehensive income related to equity investments in former subsidiary is reclassified as investment income upon the Company’s loss of control.

2) Disposal of a subsidiary in stages qualified as “bundled transaction” resulting in the Company’s loss of control

In case of “bundled transaction”, stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. Before the Company loses control, the difference between the disposal consideration at each stage and the proportionate share of net assets in the disposed subsidiary is recognized as other comprehensive income at the consolidated financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

(XIV) Investment property

1. Investment property includes land use right of rent-out property and of property held for capital appreciation and buildings that have been leased out.

2. The initial measurement of investment property is based on its cost, and subsequent measurement is made using the cost model, the depreciation or amortization method is the same as that of fixed assets and intangible assets.

(XV) Fixed assets

1. Recognition principles of fixed assets

Fixed assets are tangible assets held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are

recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

2. Depreciation method of different categories of fixed assets

Categories	Depreciation method	Useful life (years)	Estimated residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	35-40	3	2.77-2.43
General equipment	Straight-line method	12	3	8.08
Transport facilities	Straight-line method	7	3	13.86
Electronic equipment	Straight-line method	5-7	3	33.33-13.86
Office and other equipment	Straight-line method	7	3	13.86
Owner's renovation fee	Straight-line method	10	0	10.00

(XVI) Construction in progress

1. Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.

2. Construction in progress is transferred into fixed assets at its actual cost when it reaches its designed usable conditions. When the construction completion cost reaches final estimating and auditing of the construction in progress was not finished while it reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

(XVII) Borrowing costs

1. Recognition principle of borrowing costs capitalization

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

2. Borrowing costs capitalization period

(1) The borrowing costs are not capitalized unless they following requirements are all met: 1) the asset disbursements have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

(2) Suspension of capitalization: where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended; the borrowing costs incurred during such period are recognized as expenses, and are included in profit or loss, till the acquisition and

construction or production of the asset restarts.

(3) Ceasing of capitalization: when the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs is ceased.

3. Capitalization rate and capitalized amount of borrowing costs

For borrowings exclusively for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests is determined in light of the actual interest expenses incurred (including amortization of premium or discount based on effective interest method) of the special borrowings at the present period minus the income of interests earned on the unused borrowings as a deposit in the bank or as a temporary investment; where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company calculates and determines the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used.

(XVIII) Intangible assets

1. Intangible asset includes land use right, trademarks and software. The initial measurement of intangible asset is based its cost.

2. For intangible assets with finite useful lives, its amortization amount is amortized within its useful lives systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method with details as follows:

Items	Amortization period (years)
Land use right	50
Trademarks	10
Software	5

3. Expenditures on the research phase of an internal project are recognized as profit or loss when it is incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the following: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) its intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

(XIX) Impairment of part of non-current assets

For non-current assets such as long-term equity investments, investment property at cost model, fixed assets, construction in progress, intangible assets with finite useful life, etc., if at the balance sheet date there is indication of impairment, the recoverable amount is estimated. For goodwill

recognized in business combination and intangible assets with indefinite useful life, no matter whether there is indication of impairment, impairment test is performed annually. Impairment test on goodwill is performed on related group of assets or a portfolio of groups of assets.

When the recoverable amount of such non-current assets is lower than their carrying amount, the difference is recognized as assets impairment loss through profit or loss.

(XX) Long-term prepayments

Long-term prepayments are expenses that have been recognized but with amortization period over one year (excluding one year). They are recorded with actual cost, and evenly amortized within its beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

(XXI) Employee benefits

1. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

2. Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

3. Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans.

(1) The Company recognizes in the accounting period in which an employee provides service the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss or the cost of a relevant asset.

(2) Accounting treatment by the Company for defined benefit plan usually involves the following steps:

1) In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. The Company discounts obligations under the defined benefit plan using the discount rate to determine the present value of the defined benefit plan obligations and the current service cost;

2) When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the present value of the defined benefit plan obligation from the fair value of defined benefit plan assets as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;

3) At the end of reporting period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. Changes as a result of remeasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

4. Termination benefits

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: a. when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or b. when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

5. Other long-term employee benefits

When other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan. The Company recognizes and measures the net liability or net asset of other long-term employee benefits in accordance with the requirements relation to defined benefit plan. At the end of the reporting period, the Company recognizes the components of cost of employee benefits arising from other long-term employee benefits as the followings: a. service cost; b. net interest on the net liability or net assets of other long-term employee benefits; and c. changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits. As a practical expedient, the net total of the aforesaid amounts are recognized in profit or loss or included in the cost of a relevant asset.

(XXII) Provisions

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.
2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

(XXIII) Revenue

1. Revenue recognition principles

(1) Sales of goods

For the sale of goods, the realization of sales income shall be recognized under the following conditions: 1) the main risks and rewards in the ownership of the goods are transferred to the buyer; 2) the Company will no longer retain the continuous management rights normally associated with ownership and effectively control the sold development products; 3) the amount of income can be measured reliably; 4) relevant economic benefits are likely to flow in; 5) the relevant costs that have occurred or will occur can be measured reliably.

(2) Providing labor services

If the provision of labor services can be reliably estimated (all the following conditions are met: The amount of income can be measured reliably; The relevant economic benefits are likely to inflow to the Company; The progress of the transaction can be reliably determined; The cost incurred and to be incurred in the transaction can be measured reliably), it shall recognize the revenue from providing services employing the percentage-of-completion method, and confirm

the completion of labor service according to the costs incurred as a percentage of the total estimated costs. If the Company can't, on the date of the balance sheet, reliably estimate the outcome of a transaction concerning the labor services it provides, it shall be handled under the following conditions: If the cost of labor services incurred is expected to be compensated, the revenue from the providing of labor services shall be recognized in accordance with the amount of the cost of labor services incurred, and the cost of labor services shall be carried forward at the same amount; If the cost of labor services incurred is not expected to compensate, the cost incurred should be included in the current profits and losses, and no revenue from the providing of labor services may be recognized.

(3) Transferring the Right to Use Assets

The revenue of transferring the right to use assets may not be recognized unless the following conditions are both met: the relevant economic benefits are likely to inflow to the Company; and the revenue can be reliably measured. The interest income shall be recognized according to the time and actual interest rate in which other people use the Company's monetary funds. Royalty revenue shall be recognized according to the chargeable time and method stipulated in related contracts and agreements.

2. Revenue recognition method

(1) Car sales revenue

The company sells cars, and recognizes the sales revenue after delivering the cars to customers in accordance with the agreement, collecting the cars or obtaining the right to collect the cars.

(2) Jewelry sales revenue

The company's jewelry sales revenue 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 payment has been received. Wholesale income is confirmed when the physical goods have been delivered to the customer, and the customer confirms the receipt and collects the payment or obtains the voucher for the payment.

(3) Property lease income

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

(XXIV) Government grants

1. Government grants shall be recognized if, and only if, the following conditions are all met: (1) the Company will comply with the conditions attaching to the grants; (2) the grants will be received. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value can't be assessed.

2. Judgment basis and accounting treatment of Government grants related to assets

Government grants related to assets are government grants with which the Company construct or otherwise

acquire long-term assets under requirements of government. In the circumstances that there is no specific government requirement, the Company shall determine based on the primary condition to acquire the grants and government grants related to assets are government grants whose primary condition is to construct or otherwise acquire long-term assets. They offset carrying amount of relevant assets or recognized as deferred income. If recognized as deferred income, they are included in profit or loss on a systematic basis over the useful lives of the relevant assets. Those measured at notional amount is directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred into profit or loss of the year in which the disposal occurred.

3. Judgment basis and accounting treatment of Government grants related to income

Government grants related to income are government grants other than those related to assets. For government grants that contain both parts related to assets and parts related to income, in which those two parts are blurred and thus collectively classified as government grants related to income. For government grants related to income used for compensating the related future cost, expenses or losses of the Company are recognized as deferred income and are included in profit or loss or offset relevant cost during the period in which the relevant cost, expenses or losses are recognized; for government grants related to income used for compensating the related cost, expenses or losses incurred to the Company, they are directly included in profit or loss or directly offset relevant cost.

4. Government grants related to the ordinary course of business shall be included into other income or offset relevant cost based on business nature, while those not related to the ordinary course of business shall be included into non-operating revenue or expenditures.

(XXV) Deferred tax assets/Deferred tax liabilities

1. Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. A deferred tax asset is recognized to the extent of the amount of the taxable income, which it is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

3. At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.

4. The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: (a) business

combination; and (b) the transactions or items directly recognized in equity.

(XXVI) Leases

Accounting Treatment of Operating Leas

As a Lessee, the Company shall record the rent into relevant assets cost or recognize it as the current profit or loss on a straight-line basis over the lease term. The initial direct costs incurred shall be recognized as the current profit or loss; Contingent rents shall be charged into the current profit or loss when they are incurred.

As a lessor, the Company shall recognize the rent as the current profit or loss on a straight-line basis over the lease term. Initial direct costs incurred by the lessor shall be directly recognized as the current profit or loss except that costs with larger amounts shall be capitalized and recorded into the current profit and loss by stages; Contingent rents shall be charged into the current profit or loss when they are incurred.

(XXVII) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Company's internal organization, management requirements and internal reporting system. An operating segment is a component of the Company that:

- (1) engages in business activities from which it may earn revenues and incur expenses;
- (2) whose financial performance are regularly reviewed by Management to make decisions about resource to be allocated to the segment and assess its performance; and
- (3) for which financial information regarding financial position, financial performance and cash flows is available.

(XXVIII) Significant changes in accounting policies and estimates

1. Significant changes in accounting policies

(1) Changes in accounting policies arising from changes in CASBEs

1) The Company prepared the financial statements for the year ended December 31, 2019 in accordance with "Notice of the Ministry of Finance on Revising and Issuing Financial Statement Templates for General Enterprises" (numbered Cai Kuai [2019] 6), "Notice on Revising and Issuing the Format of Consolidated Financial Statements (2019 Edition)" (Cai Kuai [2019] 16), and CASBEs, and changes in accounting policies are applicable to retrospective application method. Items of financial statement for the year ended December 31, 2018 significantly affected and their amounts are as follows:

Original financial statement items and amounts		Revised financial statement items and amounts	
Notes receivable and accounts receivable	86,104,660.51	Notes receivable	
		Accounts receivable	86,104,660.51
Notes payable and accounts payable	73,365,876.09	Notes payable	
		Accounts payable	73,365,876.09

2) The Company has adopted "CASBE 23 - Transfer of Financial Assets", "CASBE 24 - Hedging and Accounting Standards for Business Enterprises" and "CASBE 37 - Presentation of Financial Instruments" (hereinafter referred

to the new standards governing financial instruments) revised by Ministry of Finance of PRC since January 1, 2019. Pursuant to regulations on convergence between old and new standards, no adjustment shall be made on comparable information, and the difference arising from adoption on the adopting date shall be retrospectively adjusted into retained earnings and other related financial statement items at the beginning of the reporting period.

The new standards governing financial instruments changed the classification and measurement of financial assets, and identified three main measurement categories: amortized cost; measured at fair value and its changes included in other comprehensive income; measured at fair value and its changes included in the current period profit and loss. The company classifies financial assets based on its own business model and the contractual cash flow characteristics of financial assets. Equity investments need to be measured at fair value and their changes included in the current profit and loss, but at the time of initial recognition, they can be measured at fair value and their changes included in other comprehensive income. (Included in the current profit and loss), and the choice is irrevocable.

The new standards governing financial instruments requires that the measurement of impairment of financial assets be changed from the "incurred loss model" to the "expected credit loss model". It applies to financial assets measured at amortized cost, measured at fair value and whose changes are included in other comprehensive income. Financial assets, lease receivables.

A. Main effects on the financial statements for the year ended December 31, 2019 due to adoption of financial instruments standard are as follows:

Items	Balance sheet		
	Dec. 31, 2018	Effect due to revised lease standard	Jan. 1, 2019
Available-for-sale financial assets	10,176,617.20	-10,176,617.20	
Investments in other equity instruments		10,176,617.20	10,176,617.20
Other current assets	332,432,494.44	-330,400,000.00	2,032,494.44
Held-for-trading financial assets		331,523,546.74	331,523,546.74
Retained earnings	184,535,322.70	1,079,805.36	185,615,128.06
Surplus reserves	3,139,918.14	6,244.84	3,146,162.98
Non-controlling interests	49,072,678.52	37,496.54	49,110,175.06

B. Reconciliation of financial assets and financial liabilities of the Company classified and measured respectively according to the new standards governing financial instruments at January 1, 2019:

Item	Original standards		New standards	
	Measurement category	Carrying value	Measurement category	Carrying value
Monetary asset	Loans and accounts receivable	169,512,260.69	Financial assets at amortized cost	170,235,668.19
Accounts receivable	Loans and accounts receivable	86,104,660.51	Financial assets at amortized cost	86,104,660.51

Item	Original standards		New standards	
	Measurement category	Carrying value	Measurement category	Carrying value
Other receivables	Loans and accounts receivable	14,483,208.41	Financial assets at amortized cost	13,759,800.91
Financial product	Available-for-sale financial assets	330,400,000.00	Measured at fair value through current profit and loss	331,523,546.74
Non-trading equity instrument investment	Available-for-sale financial assets	10,176,617.20	Measured at fair value through other comprehensive income	10,176,617.20
Short-term borrowings	Financial liabilities	143,000,000.00	Financial liabilities at amortized cost	143,232,810.41
Accounts payable	Other financial liabilities	73,365,876.09	Financial liabilities at amortized cost	73,365,876.09
Other payables	Other financial liabilities	250,489,094.47	Financial liabilities at amortized cost	250,198,878.69
Long-term borrowings	Other financial liabilities	34,934,887.55	Financial liabilities at amortized cost	34,992,292.92
Long-term payables	Other financial liabilities	3,920,160.36	Financial liabilities at amortized cost	3,920,160.36

C. The reconciliation statement of carrying value of original financial assets and financial liabilities of the Company reclassified and remeasured according to the new standards governing financial instruments on 1 January 2019

Item	Carrying value listed according to original standards (31 December 2018)	Reclassified	Remeasured	Carrying value listed according to new standards (1 January 2019)
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A. Financial assets

a. Amortized cost

Monetary assets				
Balance by original CAS22 and balance by new CAS22	169,512,260.69		723,407.50	170,235,668.19
Accounts receivable				

Item	Carrying value listed according to original standards (31 December 2018)	Reclassified	Remeasured	Carrying value listed according to new standards (1 January 2019)
Balance by original CAS22 and balance by new CAS22	86,104,660.51			86,104,660.51
Other receivables				
Balance by original CAS22 and balance by new CAS22	14,483,208.41		-723,407.50	13,759,800.91
Total financial assets at amortized cost	270,100,129.61			270,100,129.61

b. Measured at fair value through current profit and loss

Other current assets- bank wealth management products				
Balance as shown in original CAS22	330,400,000.00			
Less: Transfer to fair value measurement and its changes are included in the current profit and loss (new CAS22)		-330,400,000.00		
Balance as shown in new CAS22				
Held-for-trading financial assets				
Balance as shown in original CAS22				
Balance as shown in new CAS22		330,400,000.00	1,123,546.74	
Total financial assets at fair value through profit or loss				331,523,546.74
		330,400,000.00	1,123,546.74	331,523,546.74

c. Measured at fair value through other comprehensive income

Item	Carrying value listed according to original standards (31 December 2018)	Reclassified	Remeasured	Carrying value listed according to new standards (1 January 2019)
Available-for-sale financial assets				
Balance as shown in original CAS22	10,176,617.20			
Less: Transfer to fair value measurement and its changes are included in other comprehensive income (new CAS22)		-10,176,617.20		
Balance as shown in new CAS22				
Investments in other equity instruments				
Balance as shown in original CAS22				
Plus: Transfer from Available-for-sale financial assets (formerly CAS22)		10,176,617.20		
Balance as shown in new CAS22				10,176,617.20
Total financial assets at fair value through other comprehensive income		10,176,617.20		10,176,617.20

B. Financial liabilities

a. Amortized cost

Short-term borrowings				
Balance by original CAS22 and balance by new CAS22	143,000,000.00		232,810.41	143,232,810.41
Accounts payable				

Item	Carrying value listed according to original standards (31 December 2018)	Reclassified	Remeasured	Carrying value listed according to new standards (1 January 2019)
Balance by original CAS22 and balance by new CAS22	73,365,876.09			73,365,876.09
Other payables				
Balance by original CAS22 and balance by new CAS22	250,489,094.47		-290,215.78	250,198,878.69
Long-term borrowings				
Balance by original CAS22 and balance by new CAS22	34,934,887.55		57,405.37	34,992,292.92
Long-term payables				
Balance by original CAS22 and balance by new CAS22	3,920,160.36			3,920,160.36
Total financial liabilities at amortized cost	505,710,018.47			505,710,018.47

D. The company's original financial asset impairment reserve period end amount adjustments are adjusted to the new loss provisions classified and measured in accordance with the new financial instrument standards on January 1, 2019:

Items	Provision for loss in accordance with the original financial instrument standards (December 31, 2018)	Rearrange	Remeasure	Provision for loss according to the new financial instrument standard (January 1, 2019)
Accounts receivable	49,991,339.01			49,991,339.01
Other receivable	53,897,224.40			53,897,224.40

3) The Company has adopted “CASBE 7 – Non-cash Assets Exchange” since June 10, 2019, and “CASBE 12 – Debt Restructuring” since June 17, 2019, and changes in accounting policies are applicable to prospective application method.

2. Significant changes in accounting estimates

(1) Contents and reasons for changes in accounting estimates

Contents and reasons	Approval process	Effective date	Remarks
①Reason for change With the completion of the first phase of the company's Shuibei Jewelry Building, the company's houses and buildings have undergone great changes; the company's paperless office has been fully implemented, and electronic equipment has been upgraded at a faster pace. The situation more accurately reflects the period during which fixed assets provide economic benefits to the enterprise and the actual asset consumption in each period. Therefore, the estimated useful lives of fixed assets such as buildings, buildings and electronic equipment are changed. ②Contents for change The estimated useful life of the buildings before the change is 35 years, the expected useful life of the electronic equipment is 7 years, the estimated useful life of the buildings after the change is 35-40 years, and the expected useful life of the electronic equipment is 5-7 years.	This change in accounting estimates was reviewed and approved at the 2nd meeting of the 9th board of directors of the company.	The change in accounting estimates will be implemented from April 1, 2019, the date of approval by the board of directors.	

(2) Financial statement items and amounts significantly affected

Financial items significantly affected	Amounts affected	Remarks
Items of balance sheet as of December 31, 2019		
Fixed assets	1,085,653.06	
Total equity attributable to the parent company	818,735.29	
Items of income statement of 2019		
Operating cost	1,085,653.06	

Financial items significantly affected	Amounts affected	Remarks
Profit before tax	1,085,653.06	
Net profit	-810,912.72	
Net profit attributable to owners of parent company	818,735.29	

IV. Taxes

(I) Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The taxable revenue from sales of goods or rendering of services	16%, 13%, 11%, 9%, 5%, 6%, 3%
Housing property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent revenue.	1.2%、12%
Urban maintenance and construction tax	Turnover tax payable	7%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Enterprise income tax	Taxable income	20%、25%

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
Shenzhen Xinyongtong Auto Vehicle Inspection Equipment Co., Ltd.	20%
Taxpayers other than the above-mentioned	25%

(II) Tax preferential policies

According to the State Administration of Taxation Notice on the Implementation of Inclusive Tax Relief Policy for Small and Micro Enterprises (Fiscal [2019] No.13), Shenzhen Xinyongtong Auto Vehicle Inspection Equipment Co., Ltd. enjoys preferential tax policies for small and micro enterprises, and pays corporate income tax at a rate of 20%.

V. Notes to items of consolidated financial statements

Remarks: "Opening balance" in this report refers to balances as at January 1, 2019.

(I) Notes to items of the consolidated balance sheet

1. Cash and bank balances

(1) Details

Items	Closing balance	Opening balance
Cash on hand	120,351.17	84,099.49
Cash in bank	428,731,254.87	170,151,568.70
Total	428,851,606.04	170,235,668.19

[Note]: For the difference between the opening number and the year-end number of the previous year (December 31, 2018), please refer to Note III (XXVIII) 1 (1) 2) of this financial statement for details.

(2) Other remarks

As of December 31, 2019, the company's currency funds with restricted use rights were RMB 26,664,140.00, which was the company's supervision funds for the development of the Tellus Jimeng Gold Jewellery Industrial Park Upgrade and Renovation Project 03 plot project.

2. Held-for-trading financial assets

Items	Closing balance	Opening balance
Financial assets classified as at fair value through profit or loss	60,486,575.34	331,523,546.74
Including: Debt instrument investments	60,486,575.34	331,523,546.74
Total	60,486,575.34	331,523,546.74

[Note]: For the difference between the opening number and the year-end number of the previous year (December 31, 2018), please refer to Note III (XXVIII) 1 (1) 2) of this financial statement for details.

3. Accounts receivable

(1) Details

1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	49,125,862.29	30.16	49,125,862.29	100.00	
Receivables with provision made on a collective basis	113,750,731.59	69.84	1,137,507.32	1.00	112,613,224.27
Total	162,876,593.88	100.00	50,263,369.61	30.86	112,613,224.27

(Continued)

Categories	Opening balance		
	Book balance	Provision for bad debts	Carrying amount

	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	135,673,534.32	99.69	49,991,339.01	36.85	85,682,195.31
Receivables with provision made on a collective basis	422,465.20	0.31			422,465.20
Total	136,095,999.52	100.00	49,991,339.01	36.73	86,104,660.51

2) Accounts receivable with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons
Shenzhen Jinlu Trading Co.,Ltd.	9,846,607.00	9,846,607.00	100.00	The aging is too long to collect
Guangdong Zhanjiang Sanxing Automobile Co.,Ltd	4,060,329.44	4,060,329.44	100.00	The aging is too long to collect
Changlong WANG	2,370,760.40	2,370,760.40	100.00	The aging is too long to collect
Huizhou Jiandacheng Co.,Ltd.	2,021,657.70	2,021,657.70	100.00	The aging is too long to collect
Jiangling Automobile Factory	1,191,059.98	1,191,059.98	100.00	The aging is too long to collect
Yangjiang Automobile Trading Co.,Ltd.	1,150,000.00	1,150,000.00	100.00	The aging is too long to collect
Guangdong Province Commodity Group	1,862,000.00	1,862,000.00	100.00	The aging is too long to collect
Others	26,623,447.77	26,623,447.77	100.00	The aging is too long to collect
Subtotal	49,125,862.29	49,125,862.29	100.00	

3) Accounts receivable with provision for bad debts made on a collective basis

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Aging portfolio	12,352,039.14	123,520.40	1.00
Jewellery Sales Portfolio	101,398,692.45	1,013,986.92	1.00
Subtotal	113,750,731.59	1,137,507.32	1.00

4) Account receivables based on aging portfolio for bad debt provision

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	12,352,039.14	123,520.40	1.00
Subtotal	12,352,039.14	123,520.40	1.00

(2) Aging situation

Items	Ending balance
Within 1 year	113,750,731.59
Over 3 years	49,125,862.29
Total	162,876,593.88

(3) Changes in provision for bad debts

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversal	Written off	Others	
Receivables with provision made on an individual basis	49,991,339.01						865,476.72	49,125,862.29
Receivables with provision made on a collective basis		1,137,507.32						1,137,507.32
Subtotal	49,991,339.01	1,137,507.32					865,476.72	50,263,369.61

(4) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
Shenzhen Jinlu Trading Co.,Ltd.	9,846,607.00	6.05	9,846,607.00
Guangdong Zhanjiang Sanxing Automobile Co.,Ltd.	4,060,329.44	2.49	4,060,329.44
Hongcheng Zhang	3,204,215.14	1.97	32,042.15
Zhenci Ye	3,202,999.50	1.97	32,030.00
Shihui Zhou	3,201,911.47	1.97	32,019.11
Subtotal	23,516,062.55	14.45	14,003,027.70

4. Advances paid

(1) Age analysis

Ages	Closing balance				Opening balance			
	Book balance	% to total	Provision for impairment	Carrying amount	Book balance	% to total	Provision for impairment	Carrying amount
Within 1 year	12,671,077.95	99.90		12,671,077.95	9,092,219.33	99.78		9,092,219.33
1-2 years	632.00	0.01		632.00				
Over 3 years	11,893.94	0.09		11,893.94	20,253.94	0.22		20,253.94
Total	12,683,603.89	100.00		12,683,603.89	9,112,473.27	100.00		9,112,473.27

(2) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of advances paid (%)
FAW Toyota Motor Sales Co., Ltd.	11,390,694.14	89.81
Toyota Motor (China) Investment Co., Ltd.	1,114,252.00	8.78
Xiaopeng Automobile Sales Co., Ltd.	39,022.00	0.31
Aolaite Automotive Technology Co., Ltd.	11,260.00	0.09
Meidisi Elevator Co., Ltd.	10,290.00	0.08
Subtotal	12,565,518.14	99.07

5. Other receivables

(1) Details

1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	49,838,895.16	51.24	49,838,895.16	100.00	
Including: Interest receivable					
Dividend receivable					
Other receivables	49,838,895.16	51.24	49,838,895.16	100.00	
Receivables with provision made on a collective basis	47,424,364.96	48.76	2,515,818.56	5.30	44,908,546.40
Including: Interest receivable					

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Dividend receivable	39,647,732.42	40.76			39,647,732.42
Other receivables	7,776,632.54	8.00	2,515,818.56	32.35	5,260,813.98
Total	97,263,260.12	100.00	52,354,713.72	53.83	44,908,546.40

(Continued)

Categories	Opening balance[Note]				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	49,895,767.67	73.75	49,895,767.67	100.00	
Including: Interest receivable					
Dividend receivable					
Other receivables	49,895,767.67	73.75	49,895,767.67	100.00	
Receivables with provision made on a collective basis	17,761,257.64	26.25	4,001,456.73	22.53	13,759,800.91
Including: Interest receivable					
Dividend receivable	232,683.74	0.34			232,683.74
Other receivables	17,528,573.90	25.91	4,001,456.73	22.83	13,527,117.17
Total	67,657,025.31	100.00	53,897,224.40	79.66	13,759,800.91

[Note]: For details of the difference between the beginning of the year and the end of the previous year (December 31, 2018), please refer to Note III (VIXIII) 1 (1) 2) of this financial statement.

2) Other receivables with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
Other receivables				
Zhongqi Huanan Automobile Sales Co.,Ltd.	9,832,956.37	9,832,956.37	100.00	It is too long to collect
Shenzhen Nanfang Industry and Trade Co.,Ltd.	7,359,060.75	7,359,060.75	100.00	It is too long to collect
Shenzhen Zhonghao (Group) Co.,Ltd.	5,000,000.00	5,000,000.00	100.00	It is too long to collect

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
Jinbeili Household Company	2,706,983.51	2,706,983.51	100.00	It is too long to collect
Shenzhen Xinxingtai Trading Co.,Ltd.	2,418,512.90	2,418,512.90	100.00	It is too long to collect
Shenzhen Petrochemical Group	1,920,153.29	1,920,153.29	100.00	It is too long to collect
Shenzhen Tefa Huatong Casing Co.,Ltd.	1,212,373.79	1,212,373.79	100.00	It is too long to collect
Shenzhen Jinhe Mould Co.,Ltd.	1,023,560.00	1,023,560.00	100.00	It is too long to collect
Others	18,365,294.55	18,365,294.55	100.00	It is too long to collect
Subtotal	49,838,895.16	49,838,895.16	100.00	

3) Other receivables with provision made on a collective basis

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Other receivables-ageing portfolio	7,776,632.54	2,515,818.56	32.35
Including: within 1 year	2,120,412.24	21,204.12	1.00
1-2 years	663,633.11	33,181.65	5.00
2-3 years	116,202.70	23,240.54	20.00
over 3 years	4,876,384.49	2,438,192.25	50.00
Other receivables-portfolio of dividend receivables	39,647,732.42		
Subtotal	47,424,364.96	2,515,818.56	5.30

Remarks on the determination basis of portfolio:

(2) Age analysis

Items	Closing book balance
Within 1 year	41,768,144.66
1-2 years	663,633.11

2-3 years	116,202.70
Over 3 years	54,715,279.65
Subtotal	97,263,260.12

(3) Changes in provision for bad debts

1) Details

Items	Phase I	Phase II	Phase III	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	4,001,456.73		49,895,767.67	53,897,224.40
Opening balance in the current period	4,001,456.73		49,895,767.67	53,897,224.40
--Transferred to phase II				
--Transferred to phase III				
--Reversed to phase II				
--Reversed to phase I				
Provision made in the current period	-1,485,638.17		13,127.49	-1,472,510.68
Provision recovered in current period			70,000.00	70,000.00
Provision reversed in current period				
Provision written-off in current period				
Other changes				
Closing balance	2,515,818.56		49,838,895.16	52,354,713.72

(4) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Dividends receivable	39,647,732.42	232,683.74
Security deposit	35,477.21	39,535.50
Reserve	43,385.72	63,146.12
Receivable temporary payments	57,536,664.77	67,321,659.95
Total	97,263,260.12	67,657,025.31

(5) Details on dividend receivable

Items	Closing balance	Opening balance
China Pufa Machinery Industrial Co.,Ltd.	547,184.35	
Shenzhen SDG Tellus Property Management Co., Ltd.		232,683.74
Shenzhen Dongfeng Motor Co., Ltd.	39,100,548.07	
Total	39,647,732.42	232,683.74

(6) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Zhongqi Huanan Automobile Sales Co., Ltd	Current account	9,832,956.37	Over 3 years	10.11	9,832,956.37
Shenzhen Nanfang Industry and Trade Co., Ltd	Current account	7,359,060.75	Over 3 years	7.57	7,359,060.75
Shenzhen Zhonghao (Group) Co., Ltd.	Current account	5,000,000.00	Over 3 years	5.14	5,000,000.00
Shenzhen Kaifeng Special Automobile Industry Co., Ltd.	Current account	4,413,728.50	Over 3 years	4.54	4,413,728.50
Jinbeili electronics co., Ltd.	Current account	2,706,983.51	Over 3 years	2.78	2,706,983.51
Subtotal		29,312,729.13		30.14	29,312,729.13

6. Inventories

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for write-down	Carrying amount	Book balance	Provision for write-down	Carrying amount
Raw materials	15,079,409.32	14,772,382.17	307,027.15	15,047,710.72	14,772,382.17	275,328.55
Goods on hand	35,204,057.35	14,121,481.67	21,082,575.68	26,169,979.13	14,102,453.28	12,067,525.85
Total	50,283,466.67	28,893,863.84	21,389,602.83	41,217,689.85	28,874,835.45	12,342,854.40

(2) Provision for inventory write-down

Items	Opening balance	Increase		Decrease		Closing balance
		Provision	Others	Reversal or written-off	Others	
Raw materials	14,772,382.17					14,772,382.17

Items	Opening balance	Increase		Decrease		Closing balance
		Provision	Others	Reversal or written-off	Others	
Goods on hand	14,102,453.28	19,028.39				14,121,481.67
Subtotal	28,874,835.45	19,028.39				28,893,863.84

7. Assets as held for sale

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Long-term equity investment				85,017,251.77		85,017,251.77
Total				85,017,251.77		85,017,251.77

[Note]: The company has completed the sale of 43% equity of Shenzhen Xinglong Machinery Mould Co., Ltd. in this year. For details, please refer to Note V (II) 7 of this financial statement.

8. Other current assets

(1) Details

Items	Closing balance	Opening balance[Note]
Deducted input VAT	3,403,969.23	2,032,494.44
Total	3,403,969.23	2,032,494.44

[Note]: For the difference between the opening number and the year-end number of the previous year (December 31, 2018), please refer to Note III (XXVIII) 1 (1) 2) of this financial statement for details.

9. Long-term receivables

(1) Details

Items	Closing balance			Opening balance			Discount rate range
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount	
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		

(2) Changes in provision for bad debts

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversed	Written off	Others	
Provision made on an individual basis	2,179,203.68							2,179,203.68
Subtotal	2,179,203.68							2,179,203.68

10. Long-term equity investments

(1) Categories

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in associates	94,822,114.42	14,644,406.04	80,177,708.38	165,996,577.00	14,644,406.04	151,352,170.96
Investments in joint ventures	82,000,835.67		82,000,835.67	73,292,595.25		73,292,595.25
Other equity investments	8,656,000.00	8,656,000.00		8,656,000.00	8,656,000.00	
Total	185,478,950.09	23,300,406.04	162,178,544.05	247,945,172.25	23,300,406.04	224,644,766.21

(2) Details

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Joint ventures					
Shenzhen Tellus Jimeng Investment Co., Ltd.	62,039,013.62			8,116,369.88	
Shenzhen Tellus Xing Investment Co., Ltd.	11,253,581.63			591,870.54	
Subtotal	73,292,595.25			8,708,240.42	
Associates					
Shenzhen Ren fu Tellus Automobiles Services Co., Ltd.	40,203,423.40			10,610,308.80	
Shenzhen Automobile Industrial Import and Export Co., Ltd.	7,482,170.28			-5,455,762.30	
Shenzhen Dongfeng Automobile Co., Ltd.	103,666,577.28			5,271,538.99	
Shenzhen Xinyongtong Pump and Environmental Protection Co., Ltd.					
Shenzhen Xinyongtong Consulting Service Co.,Ltd.					
Shenzhen Tellus Automobile Services Chain Co., Ltd. [Note 3]					
Shenzhen Xinyongtong Automobile Services Co., Ltd. [Note 3]					
Shenzhen Xinyongtong Dongxiao Automobile Parts Sales Co., Ltd. [Note 3]					
Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd [Note 3]					
Hunan Changyang Industrial Co., Ltd. [Note 1]					
Shenzhen Jiecheng Electronic Co., Ltd. [Note 1]					
Shenzhen Xiandao Chemical Materials Co., Ltd[Note 1]					

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
China Automobile Shenzhen Trading Co., Ltd. [Note 1]					
Shenzhen General Standard Co., Ltd. [Note 1]					
Zhongqi South China Automobile Sales Co., Ltd. [Note 1]					
Shenzhen Bailiyuan Power Co., Ltd. [Note 1]					
Shenzhen Yimin Automobile Trading Co., Ltd. [Note 1]					
Shenzhen Torch Spark Plug Industrial Co., Ltd. [Note 1]					
Subtotal	151,352,170.96			10,426,085.49	
Shenzhen Hanli Hi-technology Ceramics Co., Ltd. [Note 1]					
Nanfang Automobile Repairing Center [Note 1]					
Subtotal					
Total	224,644,766.21			19,134,325.91	

(Continued)

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment	Others		
Joint ventures						
Shenzhen Tellus Jimeng Investment Co., Ltd.					70,155,383.50	
Shenzhen Tellus Xing Investment Co., Ltd.					11,845,452.17	
Subtotal					82,000,835.67	
Associates						
Shenzhen Ren fu Tellus Automobiles Services Co., Ltd.		17,500,000.00			33,313,732.20	
Shenzhen Automobile Industrial					2,026,407.98	

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment	Others		
Import and Export Co., Ltd.						
Shenzhen Dongfeng Automobile Co., Ltd.		64,100,548.07			44,837,568.20	
Shenzhen Xinyongtong Pump and Environmental Protection Co., Ltd.						127,836.59
Shenzhen Xinyongtong Consulting Service Co.,Ltd.						41,556.83
Shenzhen Tellus Automobile Services Chain Co., Ltd. [Note 3]						
Shenzhen Xinyongtong Automobile Services Co., Ltd. [Note 3]						
Shenzhen Xinyongtong Dongxiao Automobile Parts Sales 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., Ltd. [Note 1]						3,225,000.00
Shenzhen Xiandao Chemical Materials Co., Ltd[Note 1]						4,751,621.62
China Automobile Shenzhen Trading Co., Ltd. [Note 1]						400,000.00
Shenzhen General Standard Co., Ltd. [Note 1]						500,000.00
Zhongqi South China Automobile Sales Co., Ltd. [Note 1]						2,250,000.00
Shenzhen Bailiyuan Power Co., Ltd. [Note 1]						1,320,000.00
Shenzhen Yimin Automobile Trading Co., Ltd. [Note 1]						200,001.10
Shenzhen Torch Spark Plug Industrial Co., Ltd. [Note 1]						17,849.20
Subtotal		81,600,548.07			80,177,708.38	14,644,406.04

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment	Others		
Shenzhen Hanli Hi-technology Ceramics Co., Ltd. [Note 1]						1,956,000.00
Nanfeng Automobile Repairing Center [Note 1]						6,700,000.00
Subtotal						8,656,000.00
Total		81,600,548.07			162,178,544.05	23,300,406.04

[Note 1]: Companies have been withdrawn, so we have recognized 100% provision for the bad-debt.

[Note 2]: The operating period of Shenzhen Hanli Hi-technology Ceramics Co., Ltd. starts from September 21, 1993 to September 21, 1998. The operating period of Nanfang Automobile Repairing Center starts from July 12, 1994 to July 11, 2002. As of now, these companies have ceased operating activities for many years and have been revoked for industrial and commercial registration because they did not participate in the annual industrial and commercial inspection. The Company has been unable to exercise effective control over these companies. These companies have not been included in the consolidated scope of the Company's consolidated financial statements. The book value of the Company's investment in these companies is zero.

[Note 3]: The number of these companies' long-term equity investments is adjusted to RMB 0 through the recognition of profit and loss adjustments in accordance with the equity method.

11. Other equity instrument investments

(1) Details

Items	Closing balance	Opening balance	Dividend income	Accumulated amount of gains or losses transferred from other comprehensive income to retained earnings	
				Amount	Reasons
Shenzhen Ren fu Tellus Automobiles Services Co., Ltd.	10,176,617.20	10,176,617.20	547,184.35		
Subtotal	10,176,617.20	10,176,617.20	547,184.35		

[Note]: Refer to Note III (XXVIII) 1 (1) 2) of the financial statements for the difference between beginning balance and ending balance of prior period (31 December 2018) for details.

(2) Reasons for equity instrument investments designated as at fair value through other comprehensive income

The company's equity investment in China Pufa Machinery Industry Co., Ltd. is a non-trading equity instrument investment, so the company designated it as an equity instrument investment measured at fair value and whose changes are included in other comprehensive income.

12. Investment property

(1) Details

Items	Buildings and structures	Land use right	Total
Cost			
Opening balance	602,025,611.05		602,025,611.05
Increase	21,761,479.25	49,079,520.00	70,840,999.25
1) Transferred in from construction in progress	21,761,479.25		21,761,479.25
2) Transferred in from land use right		49,079,520.00	49,079,520.00
Decrease	9,546,631.74		9,546,631.74
1) Disposal	9,546,631.74		9,546,631.74
Closing balance	614,240,458.56	49,079,520.00	663,319,978.56
Accumulated depreciation and amortization			
Opening balance	98,103,197.35		98,103,197.35
Increase	16,816,270.10	1,115,443.68	17,931,713.78
1) Accrual	16,816,270.10	1,115,443.68	17,931,713.78
Decrease	7,314,436.12		7,314,436.12
1) Disposal	7,314,436.12		7,314,436.12
Closing balance	107,605,031.33	1,115,443.68	108,720,475.01
Provision for impairment			
Carrying amount			
Closing balance	506,635,427.23	47,964,076.32	554,599,503.55
Opening balance	503,922,413.70		503,922,413.70

(2) Investment property with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Shuibei Jewelry Building (Houses and buildings)	443,354,678.36	Without settlement
Building 12, Shaogang	17,493.17	Reason left over by history
Twelfth Shop in Shaogang	54,669.99	Reason left over by history
Subtotal	443,426,841.52	

13. Fixed assets

(1) Fixed assets

1) Details

Items	Buildings and structures	General equipment	Transport facilities	Electronic equipment	Office and other equipment	Owner's renovation fee	Subtotal/ Total
Cost							
Opening balance	266,262,162.27	11,674,073.65	5,086,600.26	9,657,434.32	2,852,584.72	2,697,711.99	298,230,567.21
Increase		476,108.84	1,356,142.21	1,297,282.55	485,737.96		3,615,271.56
1) Acquisition		476,108.84	1,356,142.21	1,297,282.55	485,737.96		3,615,271.56
Decrease		780,181.00	1,254,807.13	1,222,374.88	308,074.28		3,565,437.29
1) Disposal/scrap		780,181.00	1,254,807.13	1,222,374.88	308,074.28		3,565,437.29
Closing 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
Accumulated depreciation							
Opening balance	156,944,286.41	8,711,585.77	3,707,548.67	7,355,334.20	2,176,012.31	2,416,329.26	181,311,096.62
Increase	7,115,184.69	348,329.48	368,787.41	614,690.01	88,846.99		8,535,838.58
1) Accrual	7,115,184.69	348,329.48	368,787.41	614,690.01	88,846.99		8,535,838.58
Decrease		695,169.15	874,550.34	1,096,673.00	265,390.88		2,931,783.37
1) Disposal/scrap		695,169.15	874,550.34	1,096,673.00	265,390.88		2,931,783.37
Closing 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
Provision for impairment							

Items	Buildings and structures	General equipment	Transport facilities	Electronic equipment	Office and other equipment	Owner's renovation fee	Subtotal/ Total
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
Increase							
1) Provision made							
Decrease							
1) Disposal/scrap							
Closing balance	3,555,385.70	319,675.11	6,165.00	17,984.71	64,859.81	281,382.73	4,245,453.06
Carrying amount							
Closing balance	98,647,305.47	2,685,580.28	1,979,984.60	2,841,006.07	965,920.17		107,119,796.59
Opening balance	105,762,490.16	2,642,812.77	1,372,886.59	2,284,115.41	611,712.60		112,674,017.53

2) Fixed assets rented-out under operating leases

Items	Carrying amount
Buildings and structures	70,985,071.68
Subtotal	70,985,071.68

3) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Yongtong building	33,889,931.83	Reason left over by history
Automobile building	16,494,771.49	Reason left over by history
Tellus building underground park	9,504,850.52	Unable to handle real estate license
Zhonghe building	4,875,483.21	Reason left over by history
The 1st, 2nd, 3rd factory building, 3 to 5 layers	3,778,515.76	Reason left over by history
Tellus building conversion layer	1,650,422.60	Unable to handle real estate license
The 16th apartment house, Taohua Yuan	1,497,225.36	Reason left over by history
Shuibei Zhongtian building	979,977.78	Reason left over by history
Floor 1 of business housing, Baoan	953,535.81	Reason left over by history
Warehouse	883,364.77	Reason left over by history
Warehouse of trading department	78,463.81	Reason left over by history
Songquan apartment (Mix)	15,864.02	Reason left over by history
Hostel at North Remin Road	5,902.41	Reason left over by history
Subtotal	74,608,309.37	Reason left over by history

14. Construction in progress

(1) Construction in progress

1) Details

Projects	Closing balance			Opening balance		
	Book balance	Provision for	Carrying amount	Book balance	Provision for	Carrying amount
Tellus shuibei Jewelry Building	35,321,704.26		35,321,704.26	12,843,571.97		12,843,571.97
421 plant decoration	8,593,316.07		8,593,316.07			
Phase I and Phase II underground connection project	3,710,247.00		3,710,247.00			
Baoku project	29,126.22		29,126.22			
Total	47,654,393.55		47,654,393.55	12,843,571.97		12,843,571.97

2) Changes in significant projects

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance
Tellus shuibei Jewelry Building	515,460,000.00	12,843,571.97	22,478,132.29			35,321,704.26
421 plant decoration	29,910,000.00		8,593,316.07			8,593,316.07
Subtotal						

(Continued)

Projects	Accumulated investment to budget	Completion percentage (%)	Accumulated amount of borrowing cost capitalization	Amount of borrowing cost capitalization in current period	Annual capitalization rate (%)	Fund source
Tellus shuibei Jewelry Building	6.85	6.85				private capital
421 plant decoration	28.73	28.73				private capital
Subtotal						

15. Intangible assets

(1) Details

Items	Land use right	Trademarks	Software	Total
Cost				
Opening balance	56,252,774.80	128,500.00	1,093,185.00	57,474,459.80
Increase	48,693,599.00		488,960.00	49,182,559.00
1) Acquisition	48,693,599.00		488,960.00	49,182,559.00
Decrease	54,284,923.80			54,284,923.80
1) Transfer to investment real estate	54,284,923.80			54,284,923.80
Closing balance	50,661,450.00	128,500.00	1,582,145.00	52,372,095.00
Accumulated amortization				
Opening balance	5,490,224.49	82,674.35	889,278.71	6,462,177.55
Increase	428,195.15	6,948.33	118,952.10	554,095.58
1) Accrual	428,195.15	6,948.33	118,952.10	554,095.58
Decrease	5,205,403.80			5,205,403.80
1) Transfer to investment real estate	5,205,403.80			5,205,403.80
Closing balance	713,015.84	89,622.68	1,008,230.81	1,810,869.33
Provision for impairment				
Carrying amount				
Closing balance	49,948,434.16	38,877.32	573,914.19	50,561,225.67
Opening balance	50,762,550.31	45,825.65	203,906.29	51,012,282.25

16. Long-term prepayments

(1) Details

Items	Opening balance	Increase	Amortization	Other decreases	Closing balance
Renovation costs	6,304,607.22	10,200,338.82	2,898,140.55		13,606,805.49
Total	6,304,607.22	10,200,338.82	2,898,140.55		13,606,805.49

17. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offset

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax asset	Deductible temporary difference	Deferred tax asset
Provision for impairment of assets	34,635,849.55	8,658,962.39	78,513,371.56	19,628,342.90
Equity investment difference			14,844,139.31	3,711,034.83
Unrealized profit from internal transactions			4,062,835.94	1,015,708.98
Total	34,635,849.55	8,658,962.39	97,420,346.81	24,355,086.71

(2) Details of unrecognized deferred tax assets

Items	Closing balance	Opening balance
Deductible temporary difference	127,244,422.02	92,121,330.08
Deductible losses	19,619,056.75	44,070,344.23
Subtotal	146,863,478.77	136,191,674.31

(3) Maturity years of deductible losses of unrecognized deferred tax assets

Maturity years	Closing balance	Opening balance	Remarks
Year 2019		14,499,089.58	
Year 2020	505,851.30	505,851.30	
Year 2021	1,484,364.61	2,121,146.48	
Year 2022	4,702,701.91	7,146,101.41	
Year 2023	5,499,309.62	19,798,155.46	
Year 2024	7,426,829.31		
Subtotal	19,619,056.75	44,070,344.23	

18. Other non-current assets

Items	Closing balance	Opening balance
Prepayment for engineering equipment	6,789,167.54	3,256,964.72
Others	100,000.00	100,000.00

Items	Closing balance	Opening balance
Total	6,889,167.54	3,356,964.72

19. Short-term borrowings

Items	Closing balance	Opening balance[Note]
Unsecured borrowings		143,232,810.41
Total		143,232,810.41

[Note]: For details of the difference between the beginning of the year and the end of the previous year (December 31, 2018), please refer to Note III (XXVIII) 1 (1) 2) of this financial statement.

20. Accounts payable

(1) Details

Items	Closing balance	Opening balance
Goods and services purchases	5,671,144.03	6,658,229.85
Engineering equipment	63,416,286.39	66,707,646.24
Total	69,087,430.42	73,365,876.09

(2) Significant accounts payable with age over one year

Items	Closing balance	Reasons for unsettlement
Shenzhen Yinglong Jian'an (Group) Co., Ltd.	31,005,631.14	Unsettled
Shenzhen Tefa Real Estate Co., Ltd.	6,054,855.46	Not repaid by related company
Shenzhen Yinuo Construction Engineering Co., Ltd.	4,274,022.22	Unsettled
Subtotal	41,334,508.82	

21. Advances received

Items	Closing balance	Opening balance
Rent	491,560.38	861,528.49
Loan	26,808,262.33	15,036,235.48
Total	27,299,822.71	15,897,763.97

22. Employee benefits payable

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	24,800,605.87	60,896,075.10	55,193,502.81	30,503,178.16
Post-employment benefits - defined contribution plan	1,002,064.49	4,804,069.08	5,104,516.84	701,616.73
Termination benefits		4,466,316.47	4,466,316.47	

Items	Opening balance	Increase	Decrease	Closing balance
Total	25,802,670.36	70,166,460.65	64,764,336.12	31,204,794.89

(2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	22,536,844.79	53,619,959.57	47,978,308.38	28,178,495.98
Employee welfare fund		757,922.60	757,922.60	
Social insurance premium	6,433.95	2,048,816.51	2,046,891.87	8,358.59
Including: Medicare premium	5,247.87	1,795,929.80	1,794,005.05	7,172.62
Occupational injuries premium	513.72	38,805.48	38,805.48	513.72
Maternity premium	672.36	155,852.91	155,853.02	672.25
Other commercial insurance		58,228.32	58,228.32	
Housing provident fund	2,031,964.30	3,233,399.36	3,223,715.32	2,041,648.34
Trade union fund and employee education fund	225,362.83	1,235,977.06	1,186,664.64	274,675.25
Subtotal	24,800,605.87	60,896,075.10	55,193,502.81	30,503,178.16

(3) Details of defined contribution plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	130,114.53	4,734,047.03	4,721,742.71	142,418.85
Unemployment insurance premium	1,263.01	47,927.15	47,838.13	1,352.03
Company annuity payment	870,686.95	22,094.90	334,936.00	557,845.85
Subtotal	1,002,064.49	4,804,069.08	5,104,516.84	701,616.73

23. Taxes and rates payable

Items	Closing balance	Opening balance
VAT	551,626.76	1,372,624.04
Enterprise income tax	64,461,051.35	1,914,409.61
Individual income tax withheld for tax authorities	342,986.08	261,135.13
Urban maintenance and construction tax	134,816.64	151,417.42
Land appreciation tax	5,362,682.64	5,362,682.64
Housing property tax	266.04	266.04
Land use tax	26,459.98	26,459.98
Education surcharge	82,529.27	89,643.88
Local education surcharge	55,019.51	59,762.58
stamp duty tax	407,829.34	93,010.71

Items	Closing balance	Opening balance
Others		45,981.54
Total	71,425,267.61	9,377,393.57

24. Other payables

(1) Details

Items	Closing balance	Opening balance[Note]
Interest payable		
Other payables	101,266,802.49	250,198,878.69
Total	101,266,802.49	250,198,878.69

[Note]: For details of the difference between the beginning of the year and the end of the previous year (December 31, 2018), please refer to Note III (XXVIII) 1 (1) 2) of this financial statement.

(2) Other payables

Items	Closing balance	Opening balance
Deposits	29,630,854.41	22,124,264.01
Related accounts	28,310,337.10	37,253,591.77
Withholding payments	14,218,478.78	18,263,001.39
Payables due	29,107,132.20	172,558,021.52
Total	101,266,802.49	250,198,878.69

25. Long-term borrowings

Items	Closing balance	Opening balance[Note]
Mortgaged borrowings		34,992,292.92
Total		34,992,292.92

[Note]: For details of the difference between the beginning of the year and the end of the previous year (December 31, 2018), please refer to Note III (XXVIII) 1 (1) 2) of this financial statement.

26. Long-term payables

Items	Closing balance	Opening balance [Note]
Employee housing deposit	3,908,848.40	3,908,848.40
Technical innovation	11,311.96	11,311.96
Total	3,920,160.36	3,920,160.36

27. Provisions

Items	Closing balance	Opening balance	Reasons for balance
Pending lawsuit	2,225,468.76	2,225,468.76	

Items	Closing balance	Opening balance	Reasons for balance
Total	2,225,468.76	2,225,468.76	

[Note]: For details, please refer to the note XI (I) 1 (2) in this financial statement.

28. Deferred income

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance	Reasons for balance
Government grants		139,400.00		139,400.00	
Total		139,400.00		139,400.00	

(2) Details of government grants

Items	Opening balance	Increase	Grants included into profit or loss/offsetting relevant cost [Note]	Closing balance	Related to assets/income
Futian District Old Elevator Renovation Working Group Elevator Renewal Subsidy Fund		139,400.00		139,400.00	Asset-related
Subtotal		139,400.00		139,400.00	

[Note]: Please refer to section V (IV) 3 of notes to financial statements for details on grants included into profit or loss/offsetting relevant cost.

29. Share capital

(1) Details

Items	Opening balance	Movements					Closing balance
		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	
Total	297,281,600.00			133,776,720.00		133,776,720.00	431,058,320.00

(2) Other remarks

According to the resolution of the 2nd meeting of the 9th board of directors of the company on April 1, 2019, the company transferred 4.5 shares for every 10 shares to all shareholders with capital reserves, a total of 133,776,720 shares.

30. Capital reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Capital premium	559,544,773.35		133,776,720.00	425,768,053.35
Other capital reserve	5,681,501.16			5,681,501.16
Total	565,226,274.51		133,776,720.00	431,449,554.51

(2) Other remarks

For details of changes in capital reserve, please refer to Note V (I) 29 of these financial statements.

31. Other comprehensive income (OCI)

Items	Opening balance	Current period cumulative					Closing balance
		Current period cumulative before income tax	Less: OCI carried forward transferred to profit or loss	Less: income tax	Attributable to parent company	Attributable to non-controlling shareholders	
Items to be reclassified subsequently to profit or loss	26,422.00						26,422.00
Including: Other comprehensive income to be transferred to profit or loss under equity method	26,422.00						26,422.00
Total	26,422.00						26,422.00

32. Surplus reserve

(1) Details

Items	Opening balance [Note]	Increase	Decrease	Closing balance
Statutory surplus reserve	3,146,162.98	17,861,325.75		21,007,488.73
Total	3,146,162.98	17,861,325.75		21,007,488.73

[Note]: Please refer to section III (XXXVIII) 1 (1) 2) for details on the difference between the opening balance and the closing balance of the preceding period (i.e. December 31, 2018).

(2) Other remarks

The increase of the surplus reserves was due to the statutory surplus reserves withdrawn 10% of net profits.

33. Undistributed profit

(1) Details

Items	Current period cumulative	Preceding period comparative
Balance before adjustment at the end of preceding period	184,535,322.70	97,798,595.80
Add: Increase due to adjustment (or less: decrease)	1,079,805.36	
Opening balance after adjustment	185,615,128.06	97,798,595.80
Add: Net profit attributable to owners of the parent company	219,669,708.47	86,924,058.72
Less: Appropriation of statutory surplus reserve	17,861,325.75	187,331.82
Closing balance	387,423,510.78	184,535,322.70

(2) Details of increase or decrease due to adjustment

Pursuant to related requirements stipulated in the CASBEs, adjustments of 1,079,805.36 yuan are.

(II) Notes to items of the consolidated income statement

1. Operating revenue/Operating cost

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	561,948,296.72	428,796,930.66	406,367,890.86	329,601,886.66
Other operations	9,124,597.18	2,224,381.98	7,870,888.10	2,745,468.46
Total	571,072,893.90	431,021,312.64	414,238,778.96	332,347,355.12

2. Taxes and surcharges

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	830,132.08	656,864.88
Education surcharge	355,770.92	380,476.03
Local education surtax	237,180.61	253,650.68
Stamp duty	764,026.93	338,855.21
Housing property tax	3,364,402.93	3,631,029.91
Land use tax	484,217.61	465,573.05
Vehicle and vessel use tax	5,244.16	4,938.18
Consumption tax	228,084.61	545,224.71
Total	6,269,059.85	6,276,612.65

3. Selling expenses

Items	Current period cumulative	Preceding period comparative
Employee's remuneration	14,630,038.53	13,414,059.17
Advertisement	1,703,759.37	1,764,907.46
Depreciation	2,943,208.89	1,174,246.34
Utility bill	1,056,542.05	668,104.46
Material consumption	852,678.19	35,736.84
Office expenses	617,180.27	673,424.89
Entertainment expenses	441,467.35	418,282.09
Others	1,711,227.65	1,838,645.25
Total	23,956,102.30	19,987,406.50

4. Administrative expenses

Items	Current period cumulative	Preceding period comparative
Employee's remuneration	32,664,417.76	33,404,269.03

Items	Current period cumulative	Preceding period comparative
Consultation and service fee	3,880,477.15	3,957,788.47
Depreciation	2,022,219.63	1,798,242.55
Office expenses	1,536,671.33	1,340,677.75
Entertainment expenses	492,374.20	724,055.97
Advertising expenses	490,165.08	817,181.78
Travel expenses	353,362.25	600,746.40
Others	2,228,576.52	1,588,414.61
Total	43,668,263.92	44,231,376.56

5. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest expenses	7,000,636.08	8,909,350.20
Less: Interest income	2,317,143.23	2,755,755.76
Exchange difference	59,540.03	106,434.89
Others	239,732.67	248,084.86
Total	4,982,765.55	6,508,114.19

6. Other income

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Government grants related to income [Note]	276,907.09	3,482.07	283,518.38
Refund of handling fees for withholding individual income tax	9,378.94		9,378.94
Additional deduction of VAT	6,611.29		
Total	292,897.32	3,482.07	292,897.32

[Note]: Please refer to notes to government grants for details on grants included into other income.

7. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	19,134,325.91	83,051,508.70
Investment income from long-term equity investments under cost method[note]	210,680,848.23	-4,424,801.74

Items	Current period cumulative	Preceding period comparative
Investment income from financial instruments	10,207,296.49	
Including: Financial assets classified as at fair value through profit or loss	10,207,296.49	
Financial liabilities designated as at fair value through profit or loss	547,184.35	
Investment income of available-for-sale financial assets during holding period		10,158,761.73
Total	240,569,654.98	88,785,468.69

[Note]: On December 28, 2017, the company's extraordinary shareholders meeting resolved to pass a proposal to sell 43% equity of Shenzhen Xinglong Machinery Mould Co., Ltd. On June 15, 2018, the company signed a equity transfer contract with Shenzhen Runhe United Investment Development Co., Ltd., and the company transferred 43% equity of Shenzhen Xinglong Machinery Mould Co., Ltd. to Shenzhen Runhe United Investment Development Co., Ltd. The transfer price was 286.67 million yuan. As of August 13, 2019, the company has received all equity transfers of 268.67 million yuan and deferred payment of interest on equity transfers. On October 8, 2019, the equity transfer was processed for equity transfer. After the company carried forward the book value of assets held for sale in 2015 to RMB 85,017,251.77, it recognized the investment income of RMB 210,680,848.23 for this equity transfer.

8. Gains on changes in fair value

Items	Current period cumulative	Preceding period comparative
Held-for-trading financial assets	477,394.67	
Including: Gains on changes in fair value arising from financial assets designated as at fair value through profit or loss	477,394.67	
Total	477,394.67	

9. Credit impairment loss

Items	Current period cumulative
Bad debts	1,270,480.08
Total	1,270,480.08

10. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Bad debts		-1,379,068.62
Inventory write-down loss	-19,028.39	-5,647.64
Impairment losses on other assets	-643,261.62	
Total	-662,290.01	-1,384,716.26

11. Gains on asset disposal

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Gains on disposal of fixed assets	216,207.53		216,207.53

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Total	216,207.53		216,207.53

12. Non-operating revenue

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Gains on damage or retirement of non-current assets	109,998.46		109,998.46
Accounts payable		180,000.00	
Other	194,622.17	1,559,055.65	194,622.17
Total	304,620.63	1,739,055.65	304,620.63

13. Non-operating expenditures

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Losses on damage or retirement of non-current assets	214,918.34	1,114,134.90	214,918.34
Estimated pending litigation losses		2,225,468.76	
Fines and liquidated damages	834,167.39	447.93	834,167.39
Other		139,292.69	
Total	1,049,085.73	3,479,344.28	1,049,085.73

14. Income tax expenses

(1) Details

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	68,071,018.71	4,182,336.77
Deferred income tax expenses	15,696,124.32	38,942.20
Previous income tax adjustment	20,891.90	190,601.48
Total	83,788,034.93	4,411,880.45

(2) Reconciliation of accounting profit to income tax expenses

Items	Current period cumulative	Preceding period comparative
Profit before tax	302,595,269.11	90,551,859.81
Income tax expenses based on tax rate applicable to the parent company	75,894,191.34	22,637,964.95
Effect of different tax rate applicable to subsidiaries	-116,827.10	
Effect of prior income tax reconciliation	20,891.90	190,601.48
Investment income recognised for associates and joint ventures	-4,920,377.57	-20,899,673.26
Effect of non-deductible costs, expenses and losses	187,968.31	155,355.07

Items	Current period cumulative	Preceding period comparative
Utilization of deductible losses not previously recognized	-1,432,355.39	-5,937,697.16
Effect of deducible temporary differences or deductible losses not recognized	14,154,543.44	8,265,329.37
Income tax expenses	83,788,034.93	4,411,880.45

15. Other comprehensive income, net of income tax

Please refer to section V (I) 57 of notes to financial statements for details.

(III) Notes to items of the consolidated cash flow statement

1. Other cash receipts related to operating activities

Items	Current period cumulative	Preceding period comparative
Security deposit	28,834,845.75	6,028,298.06
Interest income	1,521,342.50	2,253,581.14
Accounts and others	17,404,817.56	11,402,651.23
Total	47,761,005.81	19,684,530.43

2. Other cash payments related to operating activities

Items	Current period cumulative	Preceding period comparative
Cash payment	15,604,214.08	26,950,280.43
Security deposit	20,695,465.01	1,337,997.56
Penalty fine	834,167.39	447.93
Accounts and others	13,905,542.01	13,050,755.91
Total	51,039,388.49	41,339,481.83

3. Other cash receipts related to investing activities

Items	Current period cumulative	Preceding period comparative
Receipt of equity transfer deposit		107,511,100.00
Related loans	2,385,849.54	
Total	2,385,849.54	107,511,100.00

4. Other cash payments related to investing activities

Items	Current period cumulative	Preceding period comparative
Cash paid to Equity Transfer Transaction Service Fee	5,000.00	5,733,400.00
Total	5,000.00	5,733,400.00

5. Other cash receipts related to financing activities

Items	Current period cumulative	Preceding period comparative
Non-financial institution borrowing	15,020,000.00	
Total	15,020,000.00	

6. Other cash payments related to financing activities

Items	Current period cumulative	Preceding period comparative
Repayment of loans from non-financial institutions	22,962,000.00	
Return advance rent in advance		16,144,956.00
Total	22,962,000.00	16,144,956.00

7. Supplement information to the cash flow statement

(1) Supplement information to the cash flow statement

Supplement information	Current period cumulative	Preceding period comparative
(1) Reconciliation of net profit to cash flow from operating activities:		
Net profit	218,807,234.18	86,139,979.36
Add: Provision for assets impairment loss	-608,190.07	1,384,716.26
Depreciation of fixed assets, oil and gas assets, productive biological assets	26,429,872.30	18,356,950.61
Amortization of intangible assets	229,471.59	649,475.55
Amortization of long-term prepayments	2,898,140.55	793,975.37
Loss on disposal of fixed assets, intangible assets and other non-current assets (Less: gains)	-216,207.53	
Fixed assets retirement loss (Less: gains)	104,919.88	1,114,134.90
Losses on changes in fair value (Less: gains)	-477,394.67	
Financial expenses (Less: gains)	7,060,176.11	9,015,785.09
Investments losses (Less: gains)	-240,569,654.98	-88,785,468.69
Decrease of deferred tax assets (Less: increase)	15,696,124.32	38,942.20
Increase of deferred tax liabilities (Less: decrease)		
Decrease in inventories (Less: increase)	-9,065,776.82	297,725.18
Decrease in operating receivables (Less: increase)	-24,176,109.62	-45,530,744.97
Increase of operating payables (Less: decrease)	82,798,747.79	9,949,549.17
Others		
Net cash flow from operating activities	78,911,353.03	-6,574,979.97
(2) Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into share capital		

Supplement information	Current period cumulative	Preceding period comparative
Convertible bonds due within one year		
Fixed assets rented in under finance leases		
(3) Net changes in cash and cash equivalents:		
Cash at the end of the period	400,668,257.81	142,848,120.69
Less: Cash at the beginning of the period	142,848,120.69	141,793,218.56
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	257,820,137.12	1,054,902.13

(2) Cash and cash equivalents

Items	Closing balance	Opening balance
1) Cash	400,668,257.81	142,848,120.69
Including: Cash on hand	120,351.17	84,099.49
Cash in bank on demand for payment	400,547,906.64	142,764,021.20
2) Cash equivalents		
Including: Bond investments maturing within three months		
3) Cash and cash equivalents at the end of the period	400,668,257.81	142,848,120.69
Including: Cash and cash equivalents of parent company or subsidiaries with use restrictions		

(IV) Others

1. Assets with title or use right restrictions

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balances	28,183,348.23	refer to section V (I) 1 of notes
Total	28,183,348.23	

2. Monetary items in foreign currencies

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent
Cash and bank balances			
Including: USD	856.00	6.9762	5,971.63

3. Government grants

(1) Details

1) Government grants related to assets

① Gross method

Items	Opening balance of deferred income	Increase	Amortization	Closing balance of deferred income	Amortization presented under	Remarks
Elevator Renewal Subsidy Fund,Futian		139,400.00		139,400.00		
Subtotal		139,400.00		139,400.00		

2) Government grants related to income and used to compensate incurred relevant costs, expenses or losses

Items	Amounts	Presented under	Remarks
2018 Industrial Support Fund	268,700.00	Other income	
Stable post subsidy	8,207.09	Other income	
Subtotal	276,907.09		

VI. Changes in the consolidation scope

Entities brought into the consolidation scope

Entities	Equity acquisition method	Equity acquisition date	Capital contribution	Capital contribution proportion (%)
Shenzhen Tellus Baoku Supply Chain Technology Co., Ltd.	Establish	September 16, 2019	9,253,000.00	100.00%

VII. Interest in other entities

(I) Interest in significant subsidiaries

(1) Basis information

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Shenzhen Tellus Xinyongtong Automobile Development Co.,Ltd.	Shenzhen	Shenzhen	Business	100.00		Establish
Shenzhen Dongchang Yongtong Automobile Inspection Co.,Ltd.	Shenzhen	Shenzhen	Business		95.00	Establish
Shenzhen Baoan Shiquan Industrial Co.,Ltd.	Shenzhen	Shenzhen	Business		100.00	Establish
Shenzhen Tefa Tellus Real Estate Co.,Ltd.	Shenzhen	Shenzhen	Manufacture	100.00		Establish
Shenzhen Tellus Chuangying Technology Co., Ltd.	Shenzhen	Shenzhen	Business	100.00		Establish
Shenzhen Xinyongtong Automobile Inspection Equipment Co., Ltd	Shenzhen	Shenzhen	Business	51.00		Establish
Shenzhen Automobile Industry and Trading	Shenzhen	Shenzhen	Business	100.00		Establish

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Co., Ltd.						
Shenzhen Automobile Industry supply and marketing Co., Ltd.	Shenzhen	Shenzhen	Business		100.00	Establish
Shenzhen Tefa Huari Automobile Enterprise Co.,Ltd.	Shenzhen	Shenzhen	Business	60.00		Establish
Shenzhen Huari Anxin Automobile Inspection Equipment Co., Ltd.	Shenzhen	Shenzhen	Business		100.00	Establish
Shenzhen Zhongtian Industrial Co.,Ltd.	Shenzhen	Shenzhen	Business	100.00		Establish
Shenzhen Huari Toyota Automobile sales and services Co., Ltd.	Shenzhen	Shenzhen	Business	60.00		Establish
Anhui Tellus Star Jewelry Investment Co., Ltd	Hefei	Hefei	Business	51.00		Establish
Anhui Tellus Xingguang Jinzun Jewelry Co., Ltd	Hefei	Hefei	Business		60.00	Establish
Sichuan Anhui Tellus Xingguang Jinzun Jewelry Co., LTD Tellus Jewelry Technology Co., Ltd	Chengdu	Chengdu	Business	66.67		Establish
Shenzhen Tellus Baoku Supply Chain Technology Co., Ltd.	Shenzhen	Shenzhen	Business	100.00		Establish

2. Significant not wholly-owned subsidiaries

(1) Details

Subsidiaries	Holding proportion of non-controlling shareholders	Non-controlling shareholders' profit or loss	Dividend declared to non-controlling shareholders	Closing balance of non-controlling shareholders' profit or loss
Shenzhen Huari Toyota Automobile sales and services Co., Ltd.	40.00%	839,849.51		1,678,386.57
Shenzhen Tefa Huari Automobile Enterprise Co., Ltd.	40.00%	-1,235,744.08		9,701,933.26
Sichuan Tellus Jewelry Technology Co., Ltd	33.33%	2,686,851.85		54,506,661.82

3. Main financial information of significant not wholly-owned subsidiaries

(1) Assets and liabilities

Subsidiaries	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities

Subsidiaries	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Huari Toyota Automobile sales and services Co., Ltd.	66,208,279.12	4,780,912.24	70,989,191.36	66,793,224.94		66,793,224.94
Shenzhen Tefa Huari Automobile Enterprise Co., Ltd.	48,495,244.11	24,078,718.09	72,573,962.20	48,169,129.04		48,169,129.04
Sichuan Tellus Jewelry Technology Co., Ltd	164,965,162.17	255,849.32	165,221,011.49	1,701,033.97		1,701,033.97

(Continued)

Subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Huari Toyota Automobile sales and services Co., Ltd.	50,501,290.59	3,303,588.99	53,804,879.58	51,708,536.94		51,708,536.94
Shenzhen Tefa Huari Automobile Enterprise Co., Ltd.	42,821,429.72	27,874,888.18	70,696,317.90	43,352,124.56		43,352,124.56
Sichuan Tellus Jewelry Technology Co., Ltd	136,225,693.11	296,185.87	136,521,878.98	949,959.46		949,959.46

(2) Profit or loss and cash flows

Subsidiaries	Current period cumulative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Shenzhen Huari Toyota Automobile sales and services Co.,	219,302,518.27	2,099,623.78	2,099,623.78	-1,555,308.78

Subsidiaries	Current period cumulative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Ltd.				
Shenzhen Tefa Huari Automobile Enterprise Co., Ltd.	38,745,157.90	-3,089,360.18	-3,089,360.18	5,401,481.18
Sichuan Tellus Jewelry Technology Co., Ltd	188,861,996.63	7,948,058.00	7,948,058.00	-7,638,670.68

(Continued)

Subsidiaries	Preceding period comparative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Shenzhen Huari Toyota Automobile sales and services Co., Ltd.	171,904,862.83	3,501,822.26	3,501,822.26	-377,065.57
Shenzhen Tefa Huari Automobile Enterprise Co., Ltd.	35,692,198.19	-1,539,161.44	-1,539,161.44	5,447,723.52
Sichuan Tellus Jewelry Technology Co., Ltd	138,377,981.65	4,734,191.66	4,734,191.66	-38,067,491.93

(II) Interest in joint venture or associates

1. Significant joint ventures or associates

Joint ventures or associates	Main operating place	Place of registration	Business nature	Holding proportion (%)		Accounting treatment
				Direct	Indirect	
Shenzhen Tellus Jimeng investment Co., Ltd.	Shenzhen	Shenzhen	Industrial investment、property management、leasing	50%		Equity method
Shenzhen Ren Fu-Tellus Automotive Service Co., Ltd.	Shenzhen	Shenzhen	Mercedes-Benz sales、repairment	35%		Equity method
Shenzhen Dongfeng Automobile Co., Ltd.	Shenzhen	Shenzhen	Automobile productio、repairment		25%	Equity method

2. Main financial information of significant joint ventures

Items	Closing balance/current period cumulative	Opening balance/preceding period comparative
	Shenzhen Tellus Jimeng investment Co., Ltd.	Shenzhen Tellus Jimeng investment Co., Ltd.

Items	Closing balance/current period cumulative	Opening balance/preceding period comparative
	Shenzhen Tellus Jimeng investment Co., Ltd.	Shenzhen Tellus Jimeng investment Co., Ltd.
Current assets	56,022,041.04	30,578,378.74
Including: Cash and cash equivalents	9,770,310.11	9,055,687.59
Non-current assets	363,958,852.65	362,263,866.80
Total assets	419,980,893.69	392,842,245.54
Current liabilities	34,420,126.74	12,764,218.35
Non-current liabilities	245,250,000.00	256,000,000.00
Total liabilities	279,670,126.74	268,764,218.35
Non-controlling interest		
Equity attributable to owners of parent company	140,310,766.95	124,078,027.19
Proportionate share in net assets	70,155,383.48	62,039,013.62
Adjustments		
Goodwill		
Unrealized profit in internal trading		
Carrying amount of investments in joint ventures	70,155,383.48	62,039,013.62
Fair value of equity investments in joint ventures in association with quoted price		
Operating revenue	91,769,888.39	77,472,993.92
Financial expenses	14,266,181.96	17,263,494.71
Income tax expenses	5,473,045.83	1,549,682.33
Net profit	16,232,739.76	11,589,473.55
Net profit of discontinued operations		
Other comprehensive income		
Total comprehensive income	16,232,739.76	11,589,473.55
Dividend from joint ventures received in current period		

3. Main financial information of significant associates

Items	Closing balance/current period cumulative	Opening balance/preceding period comparative
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	Shenzhen Ren Fu-Tellus Automotive Service Co., Ltd.	Shenzhen Dongfeng Automobile Co., Ltd.	Shenzhen Ren Fu-Tellus Automotive Service Co., Ltd.	Shenzhen Dongfeng Automobile Co., Ltd.
Current assets	229,415,509.00	479,352,285.14	257,589,051.00	617,799,827.49
Non-current assets	22,735,996.00	214,963,230.31	22,136,628.00	228,248,688.85
Total assets	252,151,505.00	694,315,515.45	279,725,679.00	846,048,516.34
Current liabilities	156,969,413.00	459,613,457.00	164,858,755.00	370,192,355.97
Non-current liabilities		66,941,248.16		70,203,098.25
Total liabilities	156,969,413.00	526,554,705.16	164,858,755.00	440,395,454.22
Non-controlling interest		-11,589,462.52		-9,013,246.97
Equity attributable to owners of parent company	95,182,092.00	179,350,272.81	114,866,924.00	414,666,309.09
Proportionate share in net assets	33,313,732.20	44,837,568.20	40,203,423.40	103,666,577.28
Adjustments				
Goodwill				
Unrealized profit in internal trading				
Carrying amount of investments in associates	33,313,732.20	44,837,568.20	40,203,423.40	103,666,577.28
Fair value of equity investments in associates in association with quoted price				
Operating revenue	1,146,987,875.00	502,282,870.47	1,212,159,355.00	494,413,981.09
Net profit	30,315,168.00	18,741,639.29	24,539,734.00	274,312,241.81
Net profit of discontinued operations				
Other comprehensive income				
Total comprehensive income	30,315,168.00	18,741,639.29	24,539,734.00	274,312,241.81
Dividend from associates received in current period	17,500,000.00		52,500,000.00	5,000,000.00

4. Aggregated financial information of insignificant joint ventures and associates

Items	Closing balance/current period cumulative	Opening balance/preceding period comparative
Joint ventures		
Total carrying amount of investments	11,845,452.17	11,253,581.63
Proportionate shares in the following items		
Net profit	855,101.45	390,187.87
Other comprehensive income		

Items	Closing balance/current period cumulative	Opening balance/preceding period comparative
Total comprehensive income	855,101.45	390,187.87
Associates		
Total carrying amount of investments	2,026,407.98	7,482,170.28
Proportionate shares in the following items		
Net profit	-15,260,873.57	-658,303.56
Other comprehensive income		
Total comprehensive income	-15,260,873.57	-658,303.56

5. Excess losses incurred by joint ventures or associates

Joint ventures or associates	Accumulated unrecognized prior period losses	Unrecognized current period losses (net profit shared in current period)	Unrecognized losses at the balance sheet date
Shenzhen Tellus Automobile Services Chains Co., Ltd.	98,921.14	-55.88	98,865.26
Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd.	783,412.71	133,524.54	916,937.25

VIII. Risks related to financial instruments

The Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance. Based on such objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. Management have deliberated and approved policies concerning such risks, and details are:

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

1. Credit risk management practice

(1) Evaluation method of credit risk

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis.

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

- 1) Quantitative standard mainly relates to the scenario in which, on the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition;
- 2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's repayment ability;
- 3) Payment (including principal and interest) has been overdue for over 90 days.

(2) Definition of default and credit-impaired asset

A financial asset is credit-impaired when one or more following events have occurred:

- 1) significant financial difficulty of the debtor;
- 2) a breach of binding clause of contract;
- 3) it is very likely that the debtor will enter bankruptcy or other financial reorganization;
- 4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss rate of default, and exposure to default risk. The Company develops a model of the probability of default, loss rate of default, and exposure to default risk on the basis of quantitative analysis of historical data (e.g. counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. Please refer to section V (I) 3, 5, and 9 for details on the reconciliation table of opening balance and closing balance of provision for losses of financial instrument.

4. Exposure to credit risk and concentration of credit risk

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures:

(1) Cash and bank balances

The Company deposits its bank balances and other cash and bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

(2) Receivables

The Company performs credit assessment on customers who uses credit settlement on a regular/continuous basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on receivables, to avoid significant risks in bad debts.

As the Company's credit risks fall into several business partners and customers, as of December 31 2019, 14.45% (December 31, 2018: 18.52%) of the total accounts receivable was due from the five largest customers of the Company. The Company has no significant central credit risk.

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset on the balance sheet.

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparts of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company utilized financing tools such as notes settlement, bank borrowings, etc. and adopts long and short financing methods to optimizing financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

Financial instruments classified based on remaining time period till maturity

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Accounts payable	69,087,430.42	69,087,430.42	69,087,430.42		
Other payables	101,266,802.49	101,266,802.49	101,266,802.49		
Long-term payables	3,920,160.36	3,920,160.36	3,920,160.36		
Subtotal	174,274,393.27	174,274,393.27	174,274,393.27		

(Continued)

Items	Opening balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	178,225,103.33	180,977,669.61	180,977,669.61		
Accounts payable	73,365,876.09	73,365,876.09	73,365,876.09		
Other payables	250,198,878.69	250,198,878.69	250,198,878.69		
Long-term payables	3,920,160.36	3,920,160.36	3,920,160.36		
Subtotal	505,710,018.47	508,752,800.53	508,752,800.53		

(III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market price.

1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market interest. The Company's fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating interest financial instruments. The Company determines the proportion of fixed-rate financial instruments and floating interest rate financial instruments based on the market environment, and maintains a proper financial instruments portfolio through regular review and monitoring. The Company's interest risk relates mainly to bank borrowings with floating interest rate.

As of December 31, 2019, balance of borrowings with interest accrued at floating interest rate totaled 0 yuan (December 31, 2018: 143,000,000.00 yuan). If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's gross profit and equity will not be significantly affected.

2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company's foreign currency risk relates mainly to foreign currency monetary assets and liabilities.

Please refer to section V (IV) 2 of notes to financial statements for details in foreign currency financial assets and liabilities at the end of the period.

IX. Fair value disclosure

(I) Details of fair value of assets and liabilities at fair value at the balance sheet date

Items	Fair value as of the balance sheet date			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurement				
1. Held-for-trading financial assets and other non-current financial assets			60,486,575.34	60,486,575.34
(1) Financial assets classified as at fair value through profit or loss			60,486,575.34	60,486,575.34
2. Other equity instrument investments			10,176,617.20	10,176,617.20
Total liabilities at non-recurring fair value measurement			70,663,192.54	70,663,192.54

(2) Ongoing and non-continuous third-level fair value measurement items, qualitative and quantitative information on valuation techniques and important parameters used

Financial assets that are classified as measured at fair value and whose changes are included in the current profit and loss are wealth management products. Future cash flows are predicted using expected returns. Unobservable estimates are expected returns.

For other equity instrument investments, the operating environment, operating conditions, and financial status of the invested company China Pufa Machinery Industry Co., Ltd. have not changed significantly, so the company measures the investment cost as a reasonable estimate of fair value.

X. Related party relationships and transactions

(I) Related party relationships

1. Parent company

Parent company	Place of registration	Business nature	Registered capital	Holding proportion over the Company (%)	Voting right proportion over the Company (%)
Shenzhen Tefa Group Co., Ltd.	Shenzhen	development and management, domestic commerce	3,582,820,000.00	49.09	49.09

Remarks on the parent company

Shenzhen Tefa Group Co., Ltd. was 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 RMB 3,582,820,000.00 yuan.

(2) The Company's ultimate controlling party is the State-owned Assets Supervision and Administration Commission of Shenzhen

Municipal People's Government.

2. Please refer to section VII of notes to financial statements for details on the Company's subsidiaries.

3. Joint ventures and associates of the Company

Please refer to section VII of notes to financial statements for details on the Company's significant joint ventures and associates. Details of other joint ventures or associates carrying out related party transactions with the Company in current period or in preceding period but with balance in current period are as follows:

Joint ventures or associates	Relationships with the Company
Shenzhen Xinyongtong Automobile Development Co., Ltd.	Associated Enterprises
Shenzhen Xing Long Mechanical Models Co., Ltd.	Associated Enterprises (From January to September 2019)
Shenzhen Tellus Xinyongtong Automobile Development Co., Ltd.	Associated Enterprises
Shenzhen Xinyongtong Dongxiao Automobile Parts Sales Co., Ltd.	Associated Enterprises
Shenzhen Tellus Automobile Services Chain Co., Ltd.	Associated Enterprises
Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd.	Associated Enterprises
Shenzhen Xiandao Chemical Materials Co., Ltd.	Associated Enterprises
Shenzhen Tellus Xing Investment Co., Ltd.	Joint venture

4. Other related parties of the Company

(1) Details

Related parties	Relationships with the Company
Shenzhen Special Microfinance Co., Ltd.	Subject to the same party controls
Shenzhen Tefa Swan Enterprise Co., Ltd.	Subject to the same party controls
Shenzhen Mechanical Equipment Import and Export Co., Ltd.	Subject to the same party controls
Shenzhen Tefa Real Estate Co., Ltd.	Subject to the same party controls
Hongkong Yujia Investment Co., Ltd.	Subject to the same party controls
Shenzhen Tefa Engineering Management Co., Ltd.	Subject to the same party controls
Shenzhen Tellus Yang Chun Real Estate Co., Ltd.	Subject to the same party controls
Shenzhen Tellus Real Estate(Long Gang) Co., Ltd.	Subject to the same party controls
Shenzhen Tefa Tellus Property Management Co., Ltd.	Subject to the same party controls
Shenzhen Tefa Service Co., Ltd. Jewelry Park Branch	Subject to the same party controls
Starlight Jewellery Co., Ltd.	The shareholder of the subsidiary
Anhui Jinzun Jewellery Co., Ltd.	The shareholder of the subsidiary

(II) Related party transactions

1. Purchase and sale of goods, rendering and receiving services

(1) Purchase of goods and receiving of services

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Shenzhen Special Development Project Management Co., Ltd.	Accept labor	354,705.66	1,488,380.80
Shenzhen Tefa Tellus Property Management Co., Ltd.	Accept labor	13,609,599.18	7,511,817.17
Shenzhen Tefa Service Co., Ltd. Jewelry Park Branch	Accept labor	336,006.14	
Subtotal		14,300,310.98	9,000,197.97

(2) Sale of goods and rendering of services

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Shenzhen Special Microfinance Co., Ltd.	Providing services	161,205.24	33,801.10
Shenzhen Tefa Tellus Property Management Co., Ltd.	Providing services	4,784.39	
Subtotal		165,989.63	33,801.10

2. Related party leases

The Company as the lessor

Lessees	Types of asset leased	Lease income for current period	Lease income for the preceding period
Shenzhen Ren Fu-Tellus Automotive Service Co.,Ltd.	Houses leasing	5,047,619.20	5,047,619.20
Shenzhen Xinyongtong Automobile Service Co.,Ltd.	Houses leasing	713,410.48	565,588.54
Shenzhen Xinyongtong Dongxiao Automobile Service Co., Ltd	Houses leasing	523,285.74	414,857.19
Shenzhen Special Microfinance Co., Ltd.	Houses leasing	1,409,263.84	48,997.16
Shenzhen Tefa Tellus Property Management Co., Ltd.	Houses leasing	56,586.66	95,633.36
Shenzhen Tefa Service Co., Ltd. Jewelry Park Branch	Houses leasing	1,014,501.78	
Total		8,764,667.70	6,172,695.45

3. Call loans between related parties

Related parties	Borrowing amount	Repayment / recovery amount	Interest amount	Commencement date	Maturity date	Remarks
Disassemble						

Starlight Jewellery Co., Ltd.	15,020,000.00	15,020,000.00	270,833.34	2019-01-08	2019-3-31	
Anhui Tellus Xingguang Jinzun Jewelry Co., LTD		4,200,000.00	227,534.00	2019-01-01	2019-7-18	
Starlight Jewellery Co., Ltd.		882,000.00	49,783.26	2019-01-01	2019-7-18	
Take out						
Shenzhen Xing Long Mechanical Models Co., Ltd.		2,385,849.54	47,083.32	2019-01-01	2019-8-13	
Shenzhen Tellus Xing Investment Co., Ltd.	512,921.04	457,796.00		2019-01-01	2019-12-31	

4. Key management's emoluments

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	6,583,600.00	6,977,100.00

(III) Balance due to or from related parties

1. Balance due from related parties

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Shenzhen Xinyongtong Automobile Service Co., Ltd.	927,602.00	927,602.00	927,602.00	927,602.00
	Shenzhen Xinyongtong Dongxiao Automobile Parts Sales Co.,Ltd.	680,400.00	680,400.00	680,400.00	680,400.00
	Shenzhen Special Microfinance Co., Ltd.	283,583.81	2,835.84		
Subtotal		1,891,585.81	1,610,837.84	1,608,002.00	1,608,002.00
Dividends receivable	Shenzhen Tefa Tellus Property Management Co., Ltd.			232,683.74	
Subtotal				232,683.74	
Other receivables	Shenzhen Tellus Automobile Services Chains Development Co.,Ltd.	1,359,297.00	1,359,297.00	1,359,297.00	1,359,297.00

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Shenzhen Yongtong Xinda Inspection Equipment Co.,Ltd	531,882.24	531,882.24	531,882.24	531,882.24
	Shenzhen Xiandao New Chemical Materials Co.,Ltd.	660,790.09	660,790.09	660,790.09	660,790.09
	Shenzhen Xing Long Mechanical Models Co.,Ltd.			2,338,766.22	1,074,239.56
	Shenzhen Tellus Xinyongtong Automobile Service Co., Ltd.	114,776.33	114,776.33	114,776.33	114,776.33
	Shenzhen Tellus Xing Investment Co., Ltd.	55,125.04	551.25		
Subtotal		2,721,870.70	2,667,296.91	5,005,511.88	3,740,985.22
Long-term receivables	Shenzhen Tellus Automobile Services 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. Balance due to related parties

Items	Related parties	Closing balance	Opening balance
Accounts payable	Shenzhen Tefa Real Estate Co., Ltd.	6,054,855.46	6,054,855.46
	Shenzhen Mechanical Equipment Import and Export Co.,Ltd.	45,300.00	45,300.00
	Shenzhen Tellus Jimeng investment Co.,Ltd.	200,000.00	200,000.00
	Shenzhen Tefa Service Co., Ltd. Jewelry Park Branch	42,205.66	
	Shenzhen Tefa Service Co., Ltd. Jewelry Park Branch	36,103.11	
Subtotal		6,378,464.23	6,300,155.46
Other payables	Shenzhen Tefa Real Estate Co., Ltd.		335,701.34
	Hongkong Yujia Investment Co., Ltd.	2,172,091.54	2,116,056.82
	Shenzhen Tefa Swan Enterprise	20,703.25	20,703.25

Items	Related parties	Closing balance	Opening balance
	Co.,Ltd.		
	Shenzhen Mechanical Equipment Import and Export Co.,Ltd.	1,554,196.80	1,554,196.80
	Shenzhen Tefa Group Co.,Ltd.	20,378,046.74	23,079,380.77
	Shenzhen Tellus Real Estate(Long Gang) Co.,Ltd.	1,095,742.50	1,095,742.50
	Shenzhen Tellus Yang Chun Real Estate Co.,Ltd.	476,217.49	476,217.49
	Shenzhen Tellus Xing Investment Co.,Ltd.		192,129.00
	Shenzhen Yongtong Xinda Inspection Equipment Co.,Ltd.	29,940.00	28,340.00
	Anhui Jinzun Jewellery Co., Ltd.	1,330,000.00	5,530,000.00
	Shenzhen Tefa Tellus Property Management Co., Ltd.	192,227.98	1,763,953.00
	Shenzhen Ren Fu-Tellus Automotive Service Co.,Ltd	833,334.00	833,334.00
	Shenzhen Special Microfinance Co., Ltd.	227,836.80	227,836.80
Subtotal		28,310,337.10	37,253,591.77

XI. Commitments and contingencies

(II) Contingencies

1. Contingent liabilities incurred by pending lawsuit/arbitration and the financial effect

(1) In October of 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, which were all dealt as a loss in last report term.) It was the amount money that was distrained forcibly. The Fu Tian District People's Court had adjudged that the Company won the lawsuit and the forcible execution had been applied by the Company. The company has not yet received the money at the date of the approval of the financial report.

In April 2006 Shenzhen Development Bank brought an accusation against Jintian's overdueing loan two million U.S. dollars and the company who guaranteed for this case. 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 the 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. The company has made a progress in the property execution. The attorney from the company is consulting Jintian about the liquidation scheme. Jintian is in the process of bankruptcy reorganization.

On January 29th 2018, Shenzhen Intermediate People's Court has ruled that process of bankruptcy reorganization was completed.

Further distribution of money is still in progress. The company has not yet received the money from Jintian at the date of the approval of the financial report.

The company failed to communicate with Jintian for many times about the cash and equity allocated to us after the bankruptcy and reorganization of Jintian Company, the company filed a lawsuit in the People's Court of Qianhai Cooperation Zone on August 15, 2018, requesting the court to order Jintian Company and its shareholders to pay 325,000 yuan in cash to our company and 427,604 shares in A shares and 163,886 shares in B shares in Jintian Company. The case has been filed but has not yet opened a court session.

(2) In 2014, the subsidiary, Shenzhen Automobile Industry and Trading Co., Ltd., (bellow short for Automobile Industry and Trading) received the court summons from Shenzhen Futian District People's Court. China Huarong Asset Management Corporation Shenzhen Branch (bellow short for CHAMC) sued Automobile Industry and Trading to take joint liability due to the claims and disputes of Shenzhen Guangming Watch Co., Ltd. and its creditor. Automobile Industry and Trading needs to pay the principal of the debt of 350,000.00 yuan and the debt interest during the delayed performance period of 946,697.54 yuan. Automobile Industry and Trading calculates the estimated principal loss of 2,225,468.76 for the outstanding principal and corresponding interest based on the bank's borrowing rate for the same period.

XII. Events after the balance sheet date

(I) Profit distribution after the balance sheet date

Profit or dividend planned to be distributed	According to the 2019 profit distribution plan reviewed and approved by the company's the 6th meeting of the 9th session of the Board of Directors dated 2 April 2020, the proposal of the Company for 2019 annual profit distribution is as follows: Based on the total 431,058,320 shares of the Company as at 31 December 2019, a cash dividend of RMB 0.42 (tax included) will be distributed to all its shareholders for every 10 shares they hold, with the total cash dividends to be distributed amounting to RMB 18,104,449.44. And the retained profits will be carried over for distribution in the future. The company does not send bonus shares for 2019. No capital reserves will be turned into share capital for 2019. The above profit distribution plan is yet to be reviewed and approved by the company's shareholders meeting.
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(II) Other remarks

1. Impact of the COVID-19

The pneumonia outbreak of new coronavirus infection (hereinafter referred to as COVID-19) broke out in January 2020 across the country. To prevent and control the new crown epidemic, governments across the country have introduced the COVID-19 prevention and control measures. The COVID-19 situation and corresponding prevention and control measures have affected the company's normal production and operation to a certain extent. The specific situation is as follows:

Specific conditions affected	Impact on financial position and operating results
The Shenzhen Municipal Party Committee and Municipal Government issued "Several Measures to Support Enterprises in Overcoming Difficulties in the Response to Pneumonia of New Coronavirus Infection in Shenzhen City" on	It is estimated that the total rent reduction and exemption in the first quarter of 2020 will not exceed 25 million yuan (excluding tax).

February 7. The company actively responded to the call of the Shenzhen Municipal Party Committee and Municipal Government and the State-owned Assets Supervision and Administration Commission and formulated support measures such as exemption of some property rents. Exemption period: 2 months, that is, from February 1, 2020 to March 31, 2020 (the rent-free period of some podium merchants in the first phase of Shuibei Jewellery Building is from January 16, 2020 to March 31 2020).	
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The company will continue to pay close attention to the development of the COVID-19 and actively respond to its adverse impact on the company's financial position and operating results.

XIII. Other significant events

(I) Segment information

1. Identification basis for reportable segments

Reportable segments are identified based on operating segments which are determined based on the structure of the Company's internal organization, management requirements and internal reporting system.

The Company identified reportable segments based on industry. Assets and liabilities shared by different segments are allocated between segments proportionate to their respective size.

The Company identified reportable segments based on geographic information, revenue from main operations and costs of main operations are allocated between segments based on locations where sales realized, and assets and liabilities are allocated based on locations of operating entities.

2. Financial information of reportable segments

Industry segment

Items	Car sales	Vehicle inspection &Components sales	Leasing and	Jewelry sales	Inter-segment offsetting	Total
Revenue from main operations	168,551,160.58	80,752,870.79	153,578,411.65	193,383,760.50	-34,317,906.80	561,948,296.72
Cost of main operations	156,655,616.45	73,650,149.73	50,961,694.31	181,699,948.40	-34,170,478.23	428,796,930.66
Total assets	41,165,079.11	101,356,707.29	2,664,709,204.95	10,222,033.78	-1,171,670,881.10	1,645,782,144.03
Total liabilities	47,044,903.59	67,300,035.81	618,040,346.50	2,388,222.29	-428,204,360.95	306,569,147.24

XV. Notes to items of parent company financial statements

(I) Notes to items of parent company balance sheet

1. Accounts receivable

(1) Details

1) Details on categories

Categories	Closing balance		
	Book balance	Provision for bad debts	Carrying amount

	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	484,803.08	69.90	484,803.08	100.00	
Receivables with provision made on a collective basis	208,798.75	30.10	2,087.99	1.00	206,710.76
Total	693,601.83	100.00	486,891.07	70.20	206,710.76

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	484,803.08	92.68	484,803.08	100.00	
Receivables with provision made on a collective basis	38,274.00	7.32			38,274.00
Total	523,077.08	100.00	484,803.08	92.68	38,274.00

2) Accounts receivable with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
Shenzhen Bijiaoshan Entertainment Company	172,000.00	172,000.00	100.00	Long aging and expected to be uncollectible
Yanqing Gong	97,806.64	97,806.64	100.00	Long aging and expected to be uncollectible
Guangzhou Lemin Computer Center	86,940.00	86,940.00	100.00	Long aging and expected to be uncollectible
Others	128,056.44	128,056.44	100.00	Long aging and expected to be uncollectible
Subtotal	484,803.08	484,803.08	100.00	

3) Accounts receivable with provision for bad debts made on a collective basis

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Ages	208,798.75	2,087.99	1.00
Subtotal	208,798.75	2,087.99	1.00

(2) Age analysis

Ages	Book balance
Within 1 year	208,798.75
Over 3 years	484,803.08
Total	693,601.83

(3) Changes in provision for bad debts

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversal	Written off	Others	
Receivables with provision made on an individual basis	484,803.08							484,803.08
Receivables with provision made on a collective basis		2,087.99						2,087.99
Subtotal	484,803.08	2,087.99						486,891.07

(4) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
Shenzhen Bijiaoshan Entertainment Company	172,000.00	24.80	172,000.00
Shenzhen Jincheng Yinyu Jewelry Co., Ltd.	103,272.00	14.89	1,032.72
Yanqing Gong	97,806.64	14.10	97,806.64
Guangzhou Lemin Computer Center	86,940.00	12.53	86,940.00
Lanzhou Dachuan Electronics Co., Ltd.	37,308.00	5.38	37,308.00
Subtotal	497,326.64	71.70	395,087.36

2. Other receivables

(1) Details

1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	14,125,653.26	10.84	14,125,653.26	100.00	
Including: Interest receivable					
Dividend receivable					
Other receivables	14,125,653.26	10.84	14,125,653.26	100.00	

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	116,143,516.00	89.16	105,742.91	0.09	116,037,773.09
Including: Interest receivable					
Dividend receivable	547,184.35	0.42			547,184.35
Other receivables	115,596,331.65	88.74	105,742.91	0.09	115,490,588.74
Total	130,269,169.26	100.00	14,231,396.17	10.92	116,037,773.09

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	14,112,525.77	10.83	14,112,525.77	100.00	
Including: Interest receivable					
Dividend receivable					
Other receivables	14,112,525.77	10.83	14,112,525.77	100.00	
Receivables with provision made on a collective basis	116,238,365.50	89.17	1,178,828.63	1.01	115,059,536.87
Including: Interest receivable					
Dividend receivable	232,683.74	0.18			232,683.74
Other receivables	116,005,681.76	88.99	1,178,828.63	1.02	114,826,853.13
Total	130,350,891.27	100.00	15,291,354.40	11.67	115,059,536.87

2) Other receivables with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
Shenzhen ZhongHao (Group) Co.,Ltd.	5,000,000.00	5,000,000.00	100.00	Won the lawsuit, no assets recoverable
Jinbeili electrical appliances Co.,Ltd.	2,706,983.51	2,706,983.51	100.00	Aging long, not expected to withdraw
Shenzhen Petrochemical Industry (Group) Co., Ltd.	1,920,153.29	1,920,153.29	100.00	Aging long, not expected to withdraw
Huatong casing Co.,Ltd.	1,212,373.79	1,212,373.79	100.00	Aging long, not expected to withdraw
Shenzhen Pilot New Chemical Materials Co.,Ltd.	660,790.09	660,790.09	100.00	Aging long, not expected to withdraw

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
Others	2,625,352.58	2,625,352.58	100.00	
Subtotal	14,125,653.26	14,125,653.26	100.00	

3) Other receivables with provision made on a collective basis

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with dividend receivables	547,184.35		
Portfolio grouped with related transactions within consolidation scope	115,271,769.06		
Portfolio grouped with ages	324,562.59	105,742.91	32.58
Subtotal	116,143,516.00	105,742.91	0.09

(2) Ages

Items	Closing carrying amount
Within 1 year	115,934,337.87
Over 3 years	14,334,831.39
Subtotal	130,269,169.26

(3) Changes in provision for bad debts

Items	Phase I	Phase II	Phase III	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	1,178,828.63		14,112,525.77	15,291,354.40
Opening balance in current period	1,178,828.63		14,112,525.77	15,291,354.40
--Transferred to phase II				
--Transferred to phase III				
--Reversed to phase II				
--Reversed to phase I				
Provision made in current period	-1,073,085.72		13,127.49	-1,059,958.23
Provision recovered in current period				
Provision reversed in current period				
Provision written-off in current period				
Other changes				

Items	Phase I	Phase II	Phase III	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Closing balance	105,742.91		14,125,653.26	14,231,396.17

(4) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Dividend receivable	547,184.35	232,683.74
Deposit as security	115,271,769.06	113,272,049.06
Call loans	43,346.12	57,346.12
Temporary advance payment receivable	14,406,869.73	16,788,812.35
Total	130,269,169.26	130,350,891.27

(5) Details on dividend receivable

Items	Closing balance	Opening balance
China Pufa Machinery Industrial Co., Ltd	547,184.35	
Shenzhen Tefa Tellus Property Management Co., Ltd.		232,683.74
Total	547,184.35	232,683.74

(6) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Shenzhen Zhongtian Industrial Co.,Ltd.	account	115,223,773.26	Within 1 year	88.82	
Shenzhen ZhongHao (Group) Co.,Ltd.	account	5,000,000.00	Over 3 years	3.85	5,000,000.00
Jinbeili Electrical Appliances Co.,Ltd.	account	2,706,983.51	Over 3 years	2.09	2,706,983.51
Shenzhen Petrochemical Industry (Group) Co., Ltd.	account	1,920,153.29	Over 3 years	1.48	1,920,153.29
Huatong Casing Co.,Ltd.	account	1,212,373.79	Over 3 years	0.93	1,212,373.79
Subtotal		126,063,283.85		97.17	10,839,510.59

3. Long-term equity investments

(1) Categories

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	745,996,472.73	1,956,000.00	744,040,472.73	724,743,472.73	1,956,000.00	722,787,472.73
Investments in associates and joint ventures	125,101,730.19	9,787,162.32	115,314,567.87	123,283,180.97	9,787,162.32	113,496,018.65
Total	871,098,202.92	11,743,162.32	859,355,040.60	848,026,653.70	11,743,162.32	836,283,491.38

(2) Investments in subsidiaries

Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment made in current period	Closing balance of provision for impairment
Shenzhen Tefa Tellus Real Estate Co., Ltd.	31,152,888.87			31,152,888.87		
Shenzhen Tellus chuanying Co., Ltd.	2,000,000.00	12,000,000.00		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 Automobile Industry and Trading Co., Ltd.	126,251,071.57			126,251,071.57		
Shenzhen Tefa Huari Automobile Enterprise Co., Ltd.	19,224,692.65			19,224,692.65		
Shenzhen Huari Toyota Automobile 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 Star Jewelry Investment Co., Ltd	4,998,000.00			4,998,000.00		
SichuanTellus Jewelry Technology co., Ltd	100,000,000.00			100,000,000.00		
		9,253,000.00		9,253,000.00		
Shenzhen Hanli Hi-technology Ceramics Co., Ltd.						1,956,000.00
Subtotal	722,787,472.73	21,253,000.00		744,040,472.73		1,956,000.00

(3) Investments in associates and joint ventures

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Joint ventures					
Shenzhen Tellus Jimeng	62,039,013.62			8,116,369.88	

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Investment Co., Ltd.					
Shenzhen Tellus Xing Investment Co.,Ltd.	11,253,581.63			591,870.54	
Subtotal	73,292,595.25			8,708,240.42	
Associates					
Shenzhen Ren Fu-Tellus Automotive Service Co.,Ltd.	40,203,423.40			10,610,308.80	
Hunan Changyang Industrial Co.,Ltd.					
Shenzhen Jiecheng Electronic Co.,Ltd.					
Shenzhen Pilot New Chemical Materials Co.,Ltd.					
Subtotal	40,203,423.40			10,610,308.80	
Total	113,496,018.65			19,318,549.22	

(Continued)

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment	Others		
Joint ventures						
Shenzhen Tellus Jimeng Investment Co.,Ltd.					70,155,383.50	
Shenzhen Tellus Xing Investment Co.,Ltd.					11,845,452.17	
Subtotal					82,000,835.67	
Associates						
Shenzhen Ren Fu-Tellus Automotive Service Co.,Ltd.		17,500,000.00			33,313,732.20	
Hunan Changyang Industrial Co.,Ltd.						1,810,540.70
Shenzhen Jiecheng						3,225,000.00

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment	Others		
Electronic Co.,Ltd.						
Shenzhen Pilot New Chemical Materials Co.,Ltd.						4,751,621.62
Subtotal		17,500,000.00			33,313,732.20	9,787,162.32
Total		17,500,000.00			115,314,567.87	9,787,162.32

(II) Notes to items of the parent company income statement

1. Operating revenue/cost

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	38,042,399.39	3,772,642.43	42,607,127.11	12,747,839.01
Total	38,042,399.39	3,772,642.43	42,607,127.11	12,747,839.01

2. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	19,318,549.22	14,998,084.49
Gains on disposal of long-term equity investments	210,680,848.23	-5,733,400.00
Investment income from financial instruments	6,004,427.88	
Including: Financial assets classified as at fair value through profit or loss	6,004,427.88	
Other equity instrument investments	547,184.35	
Investment income from available-for-sale financial assets		7,033,703.51
Total	236,551,009.68	16,298,388.00

XVI. Other supplementary information

(I) Non-recurring profit or loss

1. Schedule of non-recurring profit or loss of current period

(1) Details

Items	Amount	Remarks
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Items	Amount	Remarks
Gains on disposal of non-current assets, including written-off of provision for impairment	210,897,055.76	
Tax refund, credit or exemption approved beyond the power of authorities, without formal documents, or with occasionality		
Government grant included in profit or loss (excluding those closely related to operating activities, or regular government grants)	276,907.09	
Fund possession charge from non-financial entities and included in profit or loss	47,083.32	
Gains on acquisition of subsidiaries, joint ventures and associates due to the surplus of acquisition-date fair value of net identifiable assets in acquiree over the acquisition cost		
Gains on non-cash assets exchange		
Gains on assets consigned to the third party for investment or management		
Assets impairment loss incurred due to force majeure such as natural disasters		
Gains on debt restructuring		
Entity restructuring expenses, such as staffing and integrating expenses		
Gains on transactions with unfair value		
Net profit gains on subsidiaries acquired through business combination under common control from the beginning of the period to the combination date		
Contingent gains on non-operating activities		
Gains on changes in fair value of held-for-trading financial assets and liabilities and investment income from disposal of held-for-trading financial assets and liabilities, and available-for-sale financial assets, excluding those arising from hedging business related to operating activities	10,684,691.16	
The reversed provision for impairment of receivables based on impairment testing on an individual basis	935,476.72	
Gains on designated loans		
Gains on changes in fair value of investment properties with subsequent measurement at the fair value mode		
Gains on reconciliation of current period profit or loss following legal and regulative requirements		
Management charges for consigned operations		
Other non-operating revenue or expenditures	-744,465.10	
Other profit or loss satisfying the definition of non-recurring profit or loss	9,378.94	
Subtotal	222,106,127.89	
Less: enterprise income tax affected	55,755,620.55	
Non-controlling interest affected (after tax)	419,305.92	
Net non-recurring profit or loss attributable to shareholders of the parent company	165,931,201.42	

(2) Significant non-recurring profit or loss

Gains on disposal of long-term equity investments 210,680,848.23yuan. Refer to section V (II) 7 for the details.

(II) RONA and EPS

1. Details

Profit of the reporting period	Weighted average RONA (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	18.92	0.51	0.51
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	4.63	0.12	0.12

2. Calculation process of weighted average RONA

Items		Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares		A	219,669,708.47
Non-recurring profit or loss		B	165,931,201.42
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss		C=A-B	53,738,507.05
Opening balance of net assets attributable to shareholders of ordinary shares		D	1,051,295,587.55
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares		E	
Number of months counting from the next month when the net assets were increased to the end of the reporting period		F	
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase or cash dividends appropriation		G	
Number of months counting from the next month when the net assets were decreased to the end of the reporting period		H	
Others	[specify it]	I1	
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J1	
	[specify it]	I2	
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J2	
Number of months in the reporting period		K	
Weighted average net assets		$L = D + A \times 1/2 + E \times F/K - G \times H/K \pm I \times J/K$	1,161,130,441.79
Weighted average RONA		$M = A/L$	18.92%
Weighted average RONA after deducting non-recurring profit or loss		$N = C/L$	4.63%

3. Calculation process of basic EPS and diluted EPS

(1) Calculation process of basic EPS

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	219,669,708.47

Items	Symbols	Current period cumulative
Non-recurring profit or loss	B	165,931,201.42
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	$C=A-B$	53,738,507.05
Opening balance of total shares	D	297,281,600.00
Number of shares increased due to conversion of reserve to share capital or share dividend appropriation	E	133,776,720.00
Number of shares increased due to offering of new shares or conversion of debts into shares	F	
Number of months counting from the next month when the share was increased to the end of the reporting period	G	
Number of shares decreased due to share repurchase	H	
Number of months counting from the next month when the share was decreased to the end of the reporting period	I	
Number of shares decreased in the reporting period	J	
Number of months in the reporting period	K	
Weighted average of outstanding ordinary shares	$L=D+E+F \times G/K-H \times I/K-J$	431,058,320.00
Basic EPS	$M=A/L$	0.51
Basic EPS after deducting non-recurring profit or loss	$N=C/L$	0.12

(2) Calculation process of diluted EPS

Calculation process of diluted EPS is the same as Calculation process of basic EPS.

Section XIII. Documents Available for Reference

The Company reserved completed integrated documents for CSRC, SZSE, relevant departments and public investor for reference, including:

1. Original Accounting Statement of 2019 carrying the signatures and seals of the legal representative, CFO and manager of Financial Department;
2. Original Auditors' Report (Chinese and English Version) carrying the seals of accounting firms, and signatures and seals of the CPA;
3. All original documents and notifications of the Company disclosed in newspapers that designated by CSRC in report period;
4. Annual report disclosed in other securities market (Summary).