

Stock Code: 000025,200025
Short Form of Stock: Tellus A, Tellus B

No.: 2020-016

Shenzhen Tellus Holding Co., Ltd.

Summary of Annual Report 2019

I. Important Notice

The summary is abstract from full-text of annual report, for more details of operating results, financial condition and future development plan of the Company; investors should found in the full-text of annual report that published on media appointed by CSRC.

Objection statement of directors, supervisors and senior executives

Nil

All directors are attended the Board Meeting for report deliberation.

Prompt of non-standard audit opinion

☐Applicable ☒Not applicable

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

☒Applicable ☐Not applicable

Conversion of reserved funds to share capital

☐Yes ☒No

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.

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

☐Applicable ☒Not applicable

II. Company profile

1. Company profile

Short form of the stock	Tellus-A, Tellus-B	Stock code	000025, 200025
Stock exchange for listing	Shenzhen Stock Exchange		
Person/Way to contact	Secretary of the Board	Rep. of security affairs	
Name	Qi Peng	Sun Bolun	
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2. Main business or product introduction 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.

3. Main accounting data and financial indexes

(1) Main accounting data and financial indexes for recently three years

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

☐ Yes ☒ No

In RMB

	2019	2018	Changes over last year	2017
Operating income	571,072,893.90	414,238,778.96	37.86%	347,237,289.80
Net profit attributable to shareholders of the listed company	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	53,738,507.05	83,286,083.84	-35.48%	54,431,067.47
Net cash flow arising from operating activities	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	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	1,270,965,296.02	1,050,209,537.35	21.02%	963,259,056.63

(2) 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

4. Shares and shareholders

(1) Particulars about common stock shareholders, preference shareholders with voting rights recovered and top ten shareholders

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	
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

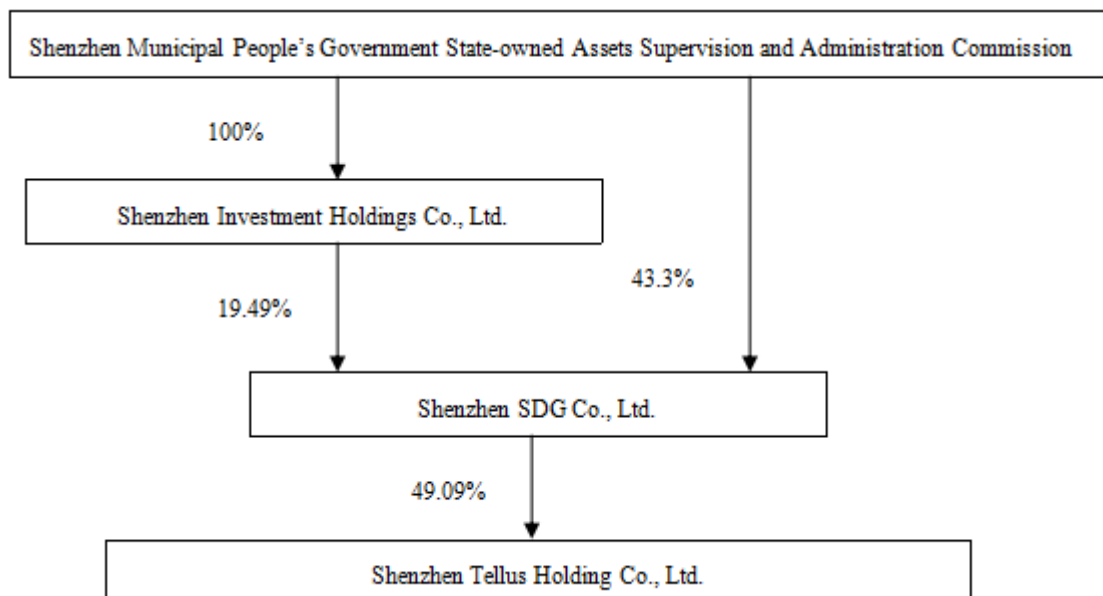
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	0.41%	1,746,091	10,000	0	1,746,091		0
China CITIC Bank Corporation Limited -Jianxin Securities 500 Index Enhanced Investment Fund	Other	0.26%	1,119,075	922,020	0	1,119,075		0
Agricultural Bank of China Ltd. – CSI 500 ETF	Other	0.23%	1,007,224	-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
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.							
Explanation on shareholders involving margin business (if applicable)	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.							

(2) Total preferred stock shareholders of the Company and shares held by top ten shareholders with preferred stock held

☐ Applicable ☒ Not applicable

The Company had no shareholders with preferred stock held in the reporting.

(3) Property right and controlling relationships between the actual controllers of the Company and the Company is as follows:



5. Corporate bonds

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

III. Discussion and analysis of the Operation

1. Introduction of operation in the reporting period

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

No

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.

2. Whether the main business had major change in the reporting period

☐ Yes ☒ No

3. Products with over 10% occupied in main business revenue or main business profit

☒Applicable ☐Not applicable

In RMB

Products	Operating revenue	Operating profit	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating profit y-o-y	Increase/decrease of gross profit ratio y-o-y
Auto sales	168,551,160.58	11,895,544.13	7.06%	37.89%	112.18%	2.47%
Auto inspection and maintenance and accessories sales	46,766,020.98	7,102,721.06	15.19%	-0.82%	-35.21%	-8.06%
Property rental and service	153,247,354.66	102,469,288.77	66.87%	78.71%	111.32%	10.81%
Jewelry wholesale and retails	193,383,760.50	11,683,812.10	6.04%	27.88%	-0.20%	-1.70%

4. Whether the characteristics of management seasonal or cyclical need special attention

☐ Yes ☒ No

5. In the reporting period, note of major changes in operating income, operating cost, total net profit attributable to common stock shareholders of listed company or composing the previous reporting period

☒ Applicable ☐ Not applicable

”Found more in “Operation during the period”

6. Particular about suspension and termination of listing

☐ Applicable ☒ Not applicable

7. Relevant items involving financial report

(1) 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”

(2) 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.

(3) Compare with last year's financial report, explain changes in consolidation statement's scope

☒ Applicable ☐ Not applicable

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 included in the consolidate statement by comparing with last year.