

深圳市特力(集团)股份有限公司
SHENZHEN TELLUS HOLDING CO., LTD

Annual Report 2020

April 2021

Content

Section I Important Notice, Contents and Interpretation	1
Section II Company Profile and Main Financial Indexes	4
Section III Summary of Company Business	8
Section IV Discussion and Analysis of Operation.....	12
Section V Important Events	29
Section VI Changes in shares and particular about shareholders.....	40
Section VII Preferred Stock.....	46
Section VIII Convertible Bond.....	
Section IX Particulars about Directors, Supervisors,Senior Executives and Employees.....	47
Section X Corporate Governance.....	55
Section XI Corporate Bond.....	63
Section XII Financial Report.....	64
Section XIII Documents available for reference.....	93

Section I. Important Notice, Content 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 Liao Zebin, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of Annual Report 2020 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: based on a total share capital of 431,058,320 as at 31 December 2020, distributed 0.20Yuan (tax included) for every 10 shares held by whole shareholders of the Company, no bonus shares and no public reserve transfer into share capital.

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 2020
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.
Tellus Treasure Company	Refers to	Shenzhen Tellus Treasure Supply Chain Tech. Co., Ltd.
Dongfeng Company	Refers to	Shenzhen Dongfeng Motor Co., Ltd.
Shenzhen Jewelry Company	Refers to	Shenzhen Jewelry Industry Service 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, No.56 Shui Bei Er Road, Luohu District, Shenzhen		
Code for registrations add	518020		
Offices add.	3/F-4/F, Tellus Building, 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	Liu Menglei
Contact add.	3/F, Tellus Building, Shui Bei Er Road, Luohu District, Shenzhen	3/F, Tellus Building, Shui Bei Er Road, Luohu District, Shenzhen
Tel.	(0755)83989390	(0755)88394183
Fax.	(0755)83989386	(0755)83989386
E-mail	ir@tellus.cn	liuml@tellus.cn

III. Information disclosure and preparation place

Newspaper appointed for information disclosure	<i>Securities Times</i> (Shenzhen) and <i>Hong Kong Commercial Daily</i> (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)	<p>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 Shenzhen Special Development Group Co., Ltd.; 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 accumulated reduction of 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.</p>

V. Other relevant information

CPA engaged by the Company

Name of CPA	RSM Certified Public Accountants (Special General Partnership)
Offices add. for CPA	Suite 901-22 to 901-26, No.22 Fuchengmen Wai Street, Wai Jing Mao Building, Xincheng District, Beijing, China
Signing Accountants	Li Qiaoyi, 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

	2020	2019	Changes over last	2018
--	------	------	-------------------	------

			year (+,-)	
Operating income (RMB)	424,419,203.34	571,072,893.90	-25.68%	414,238,778.96
Net profit attributable to shareholders of the listed Company(RMB)	57,663,828.89	219,669,708.47	-73.75%	86,924,058.72
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses(RMB)	47,719,889.72	53,738,507.05	-11.20%	83,286,083.84
Net cash flow arising from operating activities(RMB)	109,105,302.88	78,911,353.03	38.26%	-6,574,979.97
Basic earnings per share (RMB/Share)	0.1338	0.5096	-73.74%	0.2017
Diluted earnings per share (RMB/Share)	0.1338	0.5096	-73.74%	0.2017
Weighted average ROE	4.48%	18.92%	-14.44%	8.63%
	Year-end of 2020	Year-end of 2019	Changes over end of last year (+,-)	Year-end of 2018
Total assets (RMB)	1,708,442,301.15	1,645,782,144.03	3.81%	1,658,295,531.00
Net assets attributable to shareholder of listed Company (RMB)	1,310,524,675.47	1,270,965,296.02	3.11%	1,050,209,537.35

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
--	-------------

Fully diluted earnings per share based on new share capital

Preferred stock dividend paid	0.00
Fully diluted earnings per share based on new share capital(RMB/Share)	0.1338

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

The Company had no difference of the net profit or net assets disclosed in financial report, under either IAS (International Accounting Standards) or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

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

The Company had no difference of the net profit or net assets disclosed in financial report, under either foreign accounting rules or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

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	85,520,408.64	111,531,381.65	96,868,200.81	130,499,212.24
Net profit attributable to shareholders of the listed Company	5,209,071.29	20,385,914.49	14,042,886.48	18,025,956.63
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses	2,618,160.47	18,784,660.36	12,592,060.82	13,725,008.07
Net cash flow arising from operating activities	6,507,973.24	10,798,348.96	96,198,322.43	-4,399,341.75

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

In RMB

Item	2020	2019	2018	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	1.00	210,897,055.76	-4,424,801.74	
Tax refund, breaks approved beyond the authority or without official approval documents				
Governmental subsidy reckoned into	1,522,079.42	276,907.09	3,482.07	Subsidy from the

current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)				government's business-friendly policies
Fund possession cost reckoned into current gains/losses charged from non-financial business	435,887.15	47,083.32	76,041.64	Interest of the dividend receivable from Dongfeng Company
When an enterprise acquires a subsidiary, associated enterprise and joint venture, the investment cost is less than the income generated by the fair value of the identifiable net assets of the invested entity				
Gains/losses from exchange of non-monetary assets				
Gains/losses from entrust investment or assets management			9,611,577.38	
Impairment provision for all assets due to force majeure, such as natural disasters				
Gains/losses of debt restructuring				
Enterprise restructuring costs, such as the staff placement expenses and integration costs etc.				
Gains/losses arising from the transaction whose transaction price is clearly unfair exceed the fair value				
Current net gains/losses of the subsidiary from beginning of the period to the date of merger arising from the combination under the same control				
Gains/losses arising from the contingencies unrelated to the normal operation of the Company			-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,	8,812,468.26	10,684,691.16		Financial returns

derivative financial liabilities, tradable financial liability, derivative financial liability and other debt investment				
Restoring of receivable and contractual assets impairment provision that tested individually	493,295.33	935,476.72		
Gains/losses obtained from external entrusted loans				
Gains/losses arising from change of the fair value of investment real estate, which is subsequently measured using the fair value model				
Impact on current gains/losses while a one-time adjustment to the current gains/losses, in accordance with the requirement of laws of taxation and accounting and regulations.				
Income of custody fee from entrusted operations				
Other non-operating income and expenditure except for the aforementioned items	3,196,406.42	-744,465.10	485,180.13	Mainly the reversal of accrual liability from Guangming Watch
Other gain/loss that meet the definition of non-recurring gain/loss	44,839.26	9,378.94		Tax refunds
Less: Impact on income tax	3,123,780.55	55,755,620.55	-161,206.61	
Impact on minority shareholders' equity (post-tax)	1,437,257.12	419,305.92	49,242.45	
Total	9,943,939.17	165,931,201.42	3,637,974.88	--

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

In reporting period, the Company has no particular about 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*

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.

(i) Automobile sales, testing, maintenance and parts sales: During the reporting period, the company increased revenue and improved efficiency through measures such as strengthening the management of holding companies, improving service quality, adjusting high-end vehicle sales strategies, and strengthening customer maintenance management, and Huari Company's total profits exceeded 10 million for the first time in recent years, and its revenue and profit hit record highs in recent years. In the whole year, the sales revenue of automobiles was 204.93 million yuan, an increase of 21.58% over the same period last year.

(ii) Resource asset management: During the reporting period, due to the severe impact of the epidemic, the complex economic situation and other unfavorable factors, the entire Shenzhen market was facing greater downward pressure on leasing prices, especially due to the impact of the epidemic, the burden of jewellery industry operators has increased, plus the newly-developed properties in the Shuibei area have been continuously put into use, and the investment of the properties held by the company in the area was facing severe challenges. In the face of unfavorable situations, the company innovated operations, with the help of commercial management and operation experts, perfected the system and procedures, intensified publicity and promotion, and took multiple measures to increase the rental rate of properties. In addition, continuously optimized the operation and control model, promoted the construction of 421 Tellus Home Experience Hall through re-planning, fast promotion, fine management, and publicity, enhanced the image and value of old properties, explored the company's business layout, improved the level of resource asset management, and built a benchmark for the transformation and upgrading of traditional properties. In the whole year, property rental and service income was 141.28 million yuan, a decrease of 12.35% from the same period last year. The main reason was that in response to the COVID-19 epidemic, the company fulfilled its social responsibilities and waived some property rents.

(iii) Jewelry service business: In 2020, the epidemic sweeping at home and abroad has caused a sharp increase in downward pressure on the economy. The jewelry industry, as an optional consumption, has been severely impacted. Upstream jewellery merchants have slowed down the flow of funds due to reduced customer purchases and the profits declined, while the jewelry terminal operators have speeded up measures such as closing stores to stop losses. During the reporting period, in the face of the unfavorable market environment, the company concentrically pushed forward the third-party strategy of realizing jewellery, and built a third-party jewellery ecosystem relying on the physical platform. The jewelry industry company was established in July. At the end of September, the phase I project of the Treasury Supply Chain Company officially opened. In October, the launch ceremony of the customs jewellery and jade bonded supervision reform pilot program was held. The company

continued to innovate the third-party business model of jewelry, actively planned and deployed the industry sector, and has taken a new step in the third-party jewelry strategy. The annual revenue of jewelry business was 34.86 million yuan, a decrease of 81.98% compared with the same period last year. The main consideration was the company's strategic layout, combined with resource allocation, management costs, coordinated development and other issues, the holding subsidiary Sichuan Tellus Jewelry Tech. Co., Ltd. was closed down and liquidated.

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 2020 amounting to 123,641,000 Yuan, decreased 38,537,600 Yuan over that of period beginning with 23.76% down, mainly due to the profit bonus from shareholding enterprise.
Fixed assets	Book value of fixed assets as of 31 December 2020 amounting to 119,136,900 Yuan, increased 12,017,100 Yuan over that of period beginning with 11.22% up, mainly due to the new safe deposit box transfer-in to Treasure Supply Chain Company.
Intangible assets	No major change
Construction in progress	Book value of the construction in progress as of 31 December 2020 amounting to 101,740,500 Yuan, an increase of 54,086,100 Yuan over that of period-begin with 113.50% up. Mainly due to the input for the preliminary project of Tellus Jinzhuan Trading Building (Phase II of Tellus Shuibei Jewelry Building).
Monetary fund	Book value of monetary fund as of 31 December 2020 amounting to 237,625,700 Yuan, decreased 191,225,900 Yuan over that of period beginning with 44.59% down, mainly due to the payment of equity transfer of Xinglong Company, the enterprise income tax, distribution of cash dividend and purchasing the financial products.
Tradable financial assets	Book value of the tradable financial assets as of 31 December 2020 amounting to 314,013,900 Yuan, an increase of 253,527,300 Yuan over that of period-begin with 419.15% up. Mainly due to the unmatured financial products purchased.
Account receivable	Book value of account receivable as of 31 December 2020 amounting to 19,828,500 Yuan, decreased 92,784,700 Yuan over that of period beginning with 82.39% down, mainly because operation from Sichuan Jewelry Company ceased during the year and the opening account receivable were fully recovered.
Other account receivable	Book value of other account receivable as of 31 December 2020 amounting to 29,269,800 Yuan, decreased 15,638,800 Yuan over that of period beginning with 34.82% down, mainly due to the recovery of part dividends receivable from participating enterprise- Dongfeng Company for previous years.
Other current assets	Book value of other current assets as of 31 December 2020 amounting to 6,000,600 Yuan, an increase of 2,596,600 Yuan over that of period-begin with 76.28% up. Mainly due to the increase in amount of input VAT to be deducted.

Long-term amortized expenses	Book value of long-term amortized expenses as of 31 December 2020 amounting to 30,714,900 Yuan, an increase of 17,108,100 Yuan over that of period-begin with 125.73% up. Mainly due to the transfer-in from decoration of Treasure Supply Chain Company, Shenzhen Jewelry Company and Tellus Building.
Other non-current assets	Book value of other non-current assets as of 31 December 2020 amounting to 55,993,500 Yuan, an increase of 49,104,300 Yuan over that of period-begin with 712.78% up. Mainly due to the payment for bundled construction funds for public facilities of lots 02 and 03 of the Gold Jewellery Industrial Park Upgrade project

2. Main overseas assets

☐ Applicable ☒ Not applicable

III. Core Competitiveness Analysis

(i) Deeply cultivate the jewelry industry, give full play to the advantages of identity, and build an industrial platform

The company has continued to try to innovate business models and steadily promote the implementation of transformation projects, give full play to the credit advantages of state-owned listed companies and the physical platform resources in the Shuibei area where the jewelry industry gathers, deeply penetrate into the industry chain of jewelry industry, and rapidly increase the reputation and industry influence of Tellus in the jewelry industry, accelerate the implementation of Tellus' strategic projects, and realize Tellus's goal of strategic transformation into a third-party integrated operation service provider for the jewelry industry. Shenzhen Tellus Treasure Supply Chain Tech. Co., Ltd. was established in 2019 to carry out jewelry supply chain business, consolidate third-party jewelry services, and create a third-party value-added service platform for the jewelry industry that integrates precious metal storage, gold and diamond supply chain services and third-party safe deposit boxes. Shenzhen Jewelry Industry Service Co., LTD was established in 2020 to provide bonded display, bonded warehousing, customs declaration, logistics, settlement and other services, and finally it will be built into a comprehensive element trading service platform with international influence integrating jewelry and diamond raw materials and finished products display, spot trading, testing, identification, design, processing, e-commerce, financial services, and insurance.

(ii) Abundant property resources provide stable business income and financial support

The company is the largest owner of the Tellus Gman Gold Jewelry Industrial Park in the Shuibei area, Tellus Shuibei Jewelry Building has been fully put into use, and the construction project of the Tellus Jinzhuan Trading Building is progressing as planned. At the same time, as the largest owner of the 04 and 05 plots in the urban renewal unit planning project of Buxin Industrial Zone, the company will plan and construct innovative industrial projects in Buxin area that conform to the overall strategic layout of the city, district and the Company through renovation. The company will maintain its position as the largest owner of Shuibei and Buxin areas, and grasp the advantages of physical platform resources in the core area of the jewelry industry. In addition, the Company has a large amount of property resources in various districts in 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 leasing 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.

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 joint efforts of all staff, the company upheld the spirit of "fair, diligent, hardworking, and practical", and steadily promoted the implementation of various projects to ensure the smooth implementation of the strategy, and all work has achieved remarkable results.

(1) The third-party service platform for jewellery has reached a new level: Shenzhen Jewelry Industry Service Co., LTD. was established in July, and the launch ceremony of the customs jewellery and jade bonded supervision reform pilot program was held on October 21, which promoted the innovative development of jewellery business.

(2) The opening of the Treasury Supply Chain Company: The phase I project of Treasury Supply Chain Company officially opened at the end of September, becoming a new starting point for the company's strategic transformation and business expansion.

(3) Qualitative improvement of commercial operation and management capabilities: Tellus Jewelry Building strives to build a benchmark for the industrial park, demonstrates the responsibility of state-owned enterprises, and successfully applies for the first national three-star green building in Luohu District, which is the most difficult to review and has the highest level of green building grade in China green building. As of the end of the reporting period, the occupancy rate of Tower A and Tower B was 100%, the highest in the park.

(4) Tellus Home Experience Hall creates a benchmark for the transformation and upgrading of traditional properties: The 421 projects opened as scheduled, increased revenue, opened up new businesses, and mastered the market initiative.

(5) With the help of government policies in the automotive aftermarket business, revenue and profits hit record highs in recent years.

(6) Tellus Jinzhuan Trading Building project: Overcome the impact of the epidemic and go all out to ensure the construction period.

During the reporting period, the Company achieved an operating income of 424.42 million yuan, decreased by 146.65 million yuan compared with 571.07 million yuan in the same period of the previous year with 25.68% declined; excluding the rental reduction of 30.38 million yuan due to the epidemic, actual operating income was 454.8 million yuan, a decrease of 116.27 million yuan or 20.36% from 571.07 million yuan in the corresponding period of the previous year; the main changes in income were ① Sichuan Jewelry Company ceased operation this year; ② due to the increase in sales of two new-mid-to-high-end models of Avalon and Vellfire this year from Huari Company, sales income increased by 68.78 million yuan y-o-y with 31.77% growth, total profit achieved 76.7 million yuan, decreased 225.9 million yuan compared with 302.6 million yuan in the same period of the

previous year; net profit attributable to parent company was 57.66 million yuan, decreased by 162.01 million yuan compared with 219.67 million yuan in the same period of the previous year, mainly due to the recognition of an investment gains of 210.68 million yuan on the equity transfer of Xinglong in the same period of the previous year.

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

	2020		2019		y-o-y changes (+,-)
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operation revenue	424,419,203.34	100%	571,072,893.90	100%	-25.68%
According to industries					
Auto sales	204,928,883.35	48.28%	168,551,160.58	29.51%	21.58%
Auto inspection and maintenance and accessories sales	43,351,689.36	10.21%	47,952,488.50	8.40%	-9.59%
Property rental and service	141,283,172.60	33.29%	161,185,484.32	28.23%	-12.35%
Jewelry wholesale and retails	34,855,458.03	8.21%	193,383,760.50	33.86%	-81.98%
According to products					
Auto sales	204,928,883.35	48.28%	168,551,160.58	29.51%	21.58%
Auto inspection and maintenance and accessories sales	43,351,689.36	10.21%	47,952,488.50	8.40%	-9.59%
Property rental and service	141,283,172.60	33.29%	161,185,484.32	28.23%	-12.35%
Jewelry wholesale and retails	34,855,458.03	8.21%	193,383,760.50	33.86%	-81.98%
According to region					

Shenzhen	407,455,899.14	96.00%	377,689,133.40	66.14%	7.88%
Anhui		0.00%	4,521,763.87	0.79%	-100.00%
Sichuan	16,963,304.20	4.00%	188,861,996.63	33.07%	-91.02%

(2) Industries, products or regions that account for over 10% of the Company's operating income or operating profit

√Applicable □ Not applicable

In RMB

	Operating income	Operating cost	Gross profit ratio	Increase/decrease of operating income 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	204,928,883.35	191,680,818.07	6.46%	21.58%	22.36%	-0.60%
Auto inspection and maintenance and accessories sales	41,913,088.24	32,521,898.98	22.41%	-10.38%	-18.01%	7.22%
Property rental and service	134,609,167.52	57,587,615.11	57.22%	-12.16%	13.41%	-9.65%
Jewelry wholesale and retails	34,855,458.03	34,757,161.55	0.28%	-81.98%	-80.87%	-5.76%
According to products						
Auto sales	204,928,883.35	191,680,818.07	6.46%	21.58%	22.36%	-0.60%
Auto inspection and maintenance and accessories sales	41,913,088.24	32,521,898.98	22.41%	-10.38%	-18.01%	7.22%
Property rental and service	134,609,167.52	57,587,615.11	57.22%	-12.16%	13.41%	-9.65%
Jewelry wholesale and retails	34,855,458.03	34,757,161.55	0.28%	-81.98%	-80.87%	-5.76%
According to region						
Shenzhen	399,343,292.94	300,537,120.26	24.74%	8.35%	21.88%	-8.35%
Anhui				-100.00%	-100.00%	7.44%
Sichuan	16,963,304.20	16,010,373.45	5.62%	-91.02%	-90.97%	-0.48%

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	2020	2019	Y-o-y changes (+,-)
Auto sales	Sales volume	Set	1,177	1,042	12.96%
	Storage	Set	122	108	12.96%

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

☐ Applicable ☒ Not applicable

(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	2020		2019		Y-o-y changes (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Auto sales	Automobile	191,680,818.07	60.04%	156,655,616.45	36.35%	22.36%
Auto inspection and maintenance and accessories sales	Accessory, maintenance and detection	34,227,425.76	10.72%	40,564,299.92	9.41%	-15.62%
Property rental and service	Lease, property management and other	58,595,796.21	18.35%	52,101,447.87	12.09%	12.46%
Jewelry operation	Retail and wholesale of jewelry	34,757,161.55	10.89%	181,699,948.40	42.16%	-80.87%
Total		319,261,201.59	100.00%	431,021,312.64	100.00%	-25.93%

Classification of products

In RMB

Products	Item	2020		2019		Y-o-y changes (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Auto sales	Automobile	191,680,818.07	60.04%	156,655,616.45	36.35%	22.36%
Auto inspection and maintenance and accessories sales	Accessory, maintenance and detection	34,227,425.76	10.72%	40,564,299.92	9.41%	-15.62%
Property rental and service	Lease, property management and other	58,595,796.21	18.35%	52,101,447.87	12.09%	12.46%
Jewelry operation	Retail and wholesale of jewelry	34,757,161.55	10.89%	181,699,948.40	42.16%	-80.87%
Total		319,261,201.59	100.00%	431,021,312.64	100.00%	-25.93%

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

☒ Yes ☐ No

Totally 16 enterprises included in consolidate statement for year of 2020, found more in the VI. Change of Consolidate Scope carry in the annotation of financial statement in Auditing Report 2020 released on Juchao Website on the same date.

(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)	40,560,017.67
Proportion in total annual sales volume for top five clients	9.56%
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	17,199,716.81	4.05%
2	Client 2	6,560,964.85	1.55%
3	Client 3	6,302,468.18	1.48%

4	Client 4	5,667,079.49	1.34%
5	Client 5	4,829,788.34	1.14%
Total	--	40,560,017.67	9.56%

Other situation of main clients

☐ Applicable ☒ Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	268,265,209.77
Proportion in total annual purchase amount for top five suppliers	84.03%
Ratio of the purchase from related parties in total annual purchase among the top five suppliers	4.51%

Information of top five suppliers of the Company

Serial	Suppliers	Procurement (RMB)	Proportion in total annual procurement
1	Supplier 1	202,663,802.20	63.48%
2	Supplier 2	25,421,822.00	7.96%
3	Supplier 3	16,927,433.67	5.30%
4	Supplier 4	14,402,981.10	4.51%
5	Supplier 5	8,849,170.80	2.77%
Total	--	268,265,209.77	84.03%

Other notes of main suppliers of the Company

☐ Applicable ☒ Not applicable

3. Expenses

In RMB

	2020	2019	Increase/decrease y-o-y (+,-)	Note of major changes
Sales expense	17,715,132.43	23,956,102.30	-26.05%	Tellus Starlight Jinzun is in a liquidation phase in the year, the operating expenses declined form a year earlier and reduced the social security costs due to the impact of epidemic, and the salary costs declined on a y-o-y basis for the staff changes
Management expense	39,984,244.07	43,668,263.92	-8.44%	Tellus Starlight Jinzun is in a liquidation phase in the year, the management expenses declined form a year earlier and reduced the social

				security costs due to the impact of epidemic, and the salary costs declined on a y-o-y basis for the staff changes
Financial expense	-3,305,883.68	4,982,765.55	-166.35%	Mainly because there was an interest expenditure on bank loans in the same period last year, and none in the current period

4. R&D investment

☐ Applicable ☒ Not applicable

5. Cash flow

In RMB

Item	2020	2019	Y-o-y changes (+,-)
Subtotal of cash in-flow from operation activity	580,706,758.00	668,606,354.87	-13.15%
Subtotal of cash out-flow from operation activity	471,601,455.12	589,695,001.84	-20.03%
Net cash flow arising from operating activities	109,105,302.88	78,911,353.03	38.26%
Subtotal of cash in-flow from investment activity	1,465,610,805.84	2,235,119,053.77	-34.43%
Subtotal of cash out-flow from investment activity	1,763,400,388.10	1,883,237,512.37	-6.36%
Net cash flow arising from investment activity	-297,789,582.26	351,881,541.40	-184.63%
Subtotal of cash in-flow from financing activity	42,971,759.33	178,020,000.00	-75.86%
Subtotal of cash out-flow from financing activity	46,625,829.24	350,992,854.04	-86.72%
Net cash flow arising from financing activity	-3,654,069.91	-172,972,854.04	-97.89%
Net increased amount of cash and cash equivalent	-192,205,601.18	257,820,137.12	-174.55%

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

☒ Applicable ☐ Not applicable

Item	2020	2019	Y-o-y changes	Note
------	------	------	---------------	------

			(+,-)	
Net cash flow arising from operating activities	109,105,302.88	78,911,353.03	38.26%	Sichuan Jewelry Company collected full opening account receivable during the year
Subtotal of cash in-flow from investment activity	1,465,610,805.84	2,235,119,053.77	-34.43%	At last period, received a equity transfer payments and interest from Xinglong Company
Net cash flow arising from investment activity	-297,789,582.26	351,881,541.40	-184.63%	At last period, received a equity transfer payments and interest from Xinglong Company
Subtotal of cash in-flow from financing activity	42,971,759.33	178,020,000.00	-75.86%	The loans declined from a year earlier and last year, the minority shareholder's investment for Sichuan Jewelry Company increased
Subtotal of cash out-flow from financing activity	46,625,829.24	350,992,854.04	-86.72%	Repayment of the bank liquidity, fixed loan principal and interest and borrowings in the previous period
Net cash flow arising from financing activity	-3,654,069.91	-172,972,854.04	-97.89%	Repayment of the bank liquidity, fixed loan principal and interest and borrowings in the previous period

Explanation of the reasons for significant difference between the net cash flow from operating activities and the net profit of the year during the reporting period

☐Applicable ☒Not applicable

III. Analysis of the non-main business

☒Applicable ☐ Not applicable

In RMB

	Amount	Ratio in total profit	Note	Whether be sustainable
Investment income	23,458,405.59	30.58%	Gains on financial management and recognition of investment income from participating enterprises	N
Gain/loss of fair value changes	316,475.19	0.41%	Changes in fair value of the outstanding financial products	N
Assets impairment	-1,504,929.06	-1.96%	Sichuan Jewelry Company collected the reversal of bad debt provision for account receivable	N
Non-operation	3,289,158.12	4.29%	Mainly the reversal of accrual	N

revenue			liability from Guangming Watch	
Non-operation expenditure	92,751.70	0.12%	The losses on destruction and scrapping of non-current assets and civil compensation payments	N

IV. Assets and liability

1. Major changes of assets composition

In RMB

	Year-end of 2020		Year-begin of 2020		Ratio changes(+,-)	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	237,625,698.93	13.91%	428,851,606.04	26.06%	-12.15%	
Account receivable	19,828,510.36	1.16%	112,613,224.27	6.84%	-5.68%	
Inventory	22,079,679.93	1.29%	21,389,602.83	1.30%	-0.01%	
Investment real estate	568,246,616.13	33.26%	554,599,503.55	33.70%	-0.44%	
Long-term equity investment	123,640,955.57	7.24%	162,178,544.05	9.85%	-2.61%	
Fix assets	119,136,917.91	6.97%	107,119,796.59	6.51%	0.46%	
Construction in process	101,740,485.48	5.96%	47,654,393.55	2.90%	3.06%	
Long-term loans	11,171,759.33	0.65%			0.65%	
Tradable financial assets	314,013,869.86	18.38%	60,486,575.34	3.68%	14.70%	
Other non-current assets	55,993,467.99	3.28%	6,889,167.54	0.42%	2.86%	
Taxes payable	21,062,154.32	1.23%	71,425,267.61	4.34%	-3.11%	
Other account payable	158,663,974.62	9.29%	101,266,802.49	6.15%	3.14%	
Account received in advance	2,403,580.47	0.14%	27,299,822.71	1.66%	-1.52%	
Contract liability	18,988,628.13	1.11%			1.11%	

2. Assets and liability measured by fair value

√Applicable □Not applicable

In RMB

Items	Period-beg inning	Gains/losse s of change of fair value in the period	Accumulati ve changes of fair value reckoned into equity	Impairme nt accrual in the period	Amount of purchase in the period	Amount of sale in the period	Other chan ges	Period-en d
Financial assets								
1. Tradable financial assets (excluding derivative financial assets)	60,486,575. 34	316,475.19	0	0	1,590,780,00 0.00	1,337,252,705. 48	0	314,013,8 69.86
2. Derivative financial assets	0	0	0	0	0	0	0	0
3. Other creditor's rights investment	0	0	0	0	0	0	0	0
4. Other equity instruments Investment	10,176,617. 20	0	0	0	0	0	0	10,176,61 7.20
Subtotal of financial assets	0	0	0	0	0	0	0	0
Investment Real Estate	0	0	0	0	0	0	0	0
Productive biological assets	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Above total	70,663,192. 54	0	0	0	0	0	0	324,190,4 87.06
Financial liabilities	0.00	0	0	0	0	0	0	0.00

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

☐ Yes ☒ No

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

Found more in Auditing Report 2020 released on Juchao Website on the same date: V. “51-Assets subject to restrictions on ownership or use” carry in the annotation of financial statement

V. Investment

1. Overall situation

☒ Applicable ☐ Not applicable

Investment amount in the period (RMB)	Investment amount at same period of last year (RMB)	Changes (+,-)
134,347,000.00	169,530,000.00	-20.75%

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 Jewelry Industry Service Co., LTD	Jewellery fair planning, jewellery on consignment, exhibition planning, conference services	New established	13,000,000.00	65%	Own funds	Shenzhen Luohu Investment Holding Co., Ltd.	No fixed deadline	Jewellery fair planning, jewellery on consignment, exhibition planning, conference services	Registration completed	0.00	-7,852,792.82	N	2020-6-20	Found more in Notice (No.: 2020-034) released on <i>Securities Times</i> , <i>Hong Kong Commercial</i>

	and marketi ng plannin g							and marketi ng plannin g						Daily and Juchao Website
Shenzh en Tellus Treasur e Supply Chain Tech. Co., Ltd.	Purchas e, sales and leasing of gold jewelry and preciou s metal product s, coffer lease and wareho using services	Capital increas e	40,747, 000.00	100%	Own funds	N/A	No fixed deadlin e	Purchas e, sales and leasing of gold jewelry and preciou s metal product s, coffer lease and wareho using services	Change complet ed	0.00	-1,172, 700.64	N	2019-0 8-30	Found more in Notice (No.: 2019-0 31) release d on <i>Securiti es Times, Hong Kong Comme rcial Daily and Juchao Website</i>
Total	--	--	53,747, 000.00	--	--	--	--	--	--	0.00	-9,025, 493.46	--	--	--

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

√Applicable □Not applicable

In RMB

Project Name	Investme nt Method	Invested with fixed assets (Y/N)	Industry involved in Investme nt Projects	Investme nt Amount in this Reportin g Period	Actual Investme nt Amount up to the End of Reportin g Period	Capital Source	Project Schedule	Anticipat ed Income	Realized Income up to the End of Reportin g Period	Reasons for not Reaching the Planned Schedule and Anticipat ed Income	Date of disclosur e (if applicabl e)	Index of disclosur e (if applicabl e)
Tellus	Self-built	Y	Urban	68,160,0	174,250,	Raised		0.00	0.00	Not	2019-05-	Found

Jinzhuan Trading Building			renewal pilot project - upgrading of the gold jewelry industry park	00.00	000.00	fund by the Company				applicable	28	more in Notice (No.: 2019-022) released on <i>Securities Times</i> , <i>Hong Kong Commercial Daily</i> and Juchao Website
Transformation & upgrading project of the 421 workshop in Bagualin	Self-built	Y	Redecoration, renovation and upgrading of the workshop	12,440,000.00	26,440,000.00	Raised fund by the Company		0.00	0.00	Not applicable	2019-03-26	Found more in Notice (No.: 2019-006) released on <i>Securities Times</i> , <i>Hong Kong Commercial Daily</i> and Juchao Website
Total	--	--	--	80,600,000.00	200,690,000.00	--	--			--	--	--

4. Financial assets investment

(1) Securities investment

☐ Applicable ☒ Not applicable

(2) Derivative investment

☐ Applicable ☒ Not applicable

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

2. Sales of major equity

☐ Applicable ☒ Not applicable

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	433,661,964.71	337,622,759.77	22,687,407.98	6,884,307.37	5,321,232.59
Shenzhen SDG Huari Auto Enterprise Co., Ltd.	Subsidiary	Auto maintenance and production and sales of accessories	USD 5 million	74,840,304.65	27,537,437.40	34,313,269.53	3,967,519.15	3,132,604.24
Shenzhen Zhongtian Industrial Co., Ltd.	Subsidiary	Property rental	RMB 366.2219 million	646,222,977.22	417,876,778.10	66,396,971.04	26,689,705.90	20,561,665.55
Shenzhen	Subsidiary	Auto sales	RMB 2	74,201,765	10,270,017	250,984,42	7,649,023.	6,074,051.

Huari Toyota Automobile Sales Service Co. Ltd			million	.84	.48	0.93	27	06
Shenzhen Xinyongtong Auto Vehicle Inspection Equipment Co., Ltd.	Subsidiary	Manufacture of inspection equipment for motor vehicle	RMB 19.61 million	14,369,010.07	8,787,695.48	4,674,191.02	990,566.89	933,261.75
Shenzhen Tellus Xinyongtong Automobile Development Co. Ltd	Subsidiary	Inspection and repair of motor vehicle	RMB 32.90 million	87,046,807.89	67,877,149.07	10,600,384.70	7,078,483.27	5,367,074.50
Shenzhen Tellus Chuangying Tech. Co., Ltd.	Subsidiary	Property rental	RMB 14 million	15,753,836.46	12,801,503.32	2,678,005.05	-571,903.57	-571,720.81
Sichuan Tellus Jewelry Tech. Co., Ltd.	Subsidiary	Jewelry sales	RMB 150 million	156,147,353.73	155,002,366.33	16,963,304.20	4,548,592.50	3,650,368.58
Shenzhen Tellus Treasure Supply Chain Tech. Co., Ltd.	Subsidiary	Purchase, sales and leasing of gold jewelry and precious metal products, coffer lease and warehousing services	RMB 50 million	52,220,669.82	48,713,902.85	17,408,759.29	-1,172,700.65	-1,172,700.64
Shenzhen Jewelry Industry Service Co., LTD	Subsidiary	Jewellery fair planning, jewellery on consignment, exhibition planning, conference services and	RMB 100 million	14,730,616.63	12,147,207.18	483,394.54	-7,852,792.97	-7,852,792.82

		marketing planning						
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	Joint stock Company	Car sales and maintenance	RMB 30 million	237,666,265.54	96,020,417.54	1,247,864,433.00	41,571,156.75	30,838,325.75
Shenzhen Dongfeng Motor Co., Ltd.	Joint stock Company	Manufacture and maintenance of automobile	RMB 100 million	550,728,880.62	140,186,676.80	399,893,712.73	-23,127,556.29	-26,791,281.02
Shenzhen Tellus Gman Investment Co., Ltd.	Joint stock Company	Investment in industry, property management and leasing	RMB 123.70496 million	398,703,451.61	75,333,482.20	87,082,384.96	27,928,653.73	21,022,715.25

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
Shenzhen Jewelry Industry Service Co., LTD	Newly established	An important part of the jewelry third party operation service strategy of the Company, the Shenzhen Jewelry Company is in progress of construction in 2020 and with net profit of -7.85 million yuan for 2020.

VIII. Structured vehicle controlled by the Company

□Applicable √Not applicable

IX. Future development prospects

(i) Industry pattern & development trend

In 2020, the COVID-19 epidemic swept across the world. In the face of the huge impact of the epidemic and the complex and severe domestic and foreign environments, all regions and departments have scientifically coordinated epidemic prevention and control and economic and social development, and our country has taken the lead in breaking out of the haze of the epidemic and realized the recovery, we rode the wind and waves to move forward steadily, effectively promoted the restoration of production and living order, the industrial service industry continued to rebound, investment and consumption continued to improve, and the national economy continued to recover steadily. Overall, the annual gross domestic product increased by 2.3% over the previous year.

Under the influence of the COVID-19 epidemic, the consumer-led gold and jewellery industry has been greatly impacted, and many economic activities have basically stagnated. Compared with the weakness of foreign gold markets, China's gold market stood out in 2020, the gold hedging and anti-inflation functions continued to be sought after, and gold trading volume and gold ETF holdings continued to increase. In terms of silver, global silver production was expected to be 27,700 tons in 2020. As of the end of November 2020, silver futures at the Shanghai Futures Exchange had a total of 320 million transactions during the year, making it one of the world's largest and most active silver futures. In terms of platinum, due to the impact of the epidemic, the demand and supply of platinum fell by 19% and 35% respectively in the second quarter of 2020, supply and demand were expected to enter a shortage, with a gap of 336,000 ounces (10.5 tons). In terms of diamonds, global demand for rough diamonds steadily increased in 2020, and retail sales in mainland China performed well, due to changes in consumer concepts, the demand for special-shaped diamonds and colored diamonds in the Chinese consumer market have increased. In terms of colored gemstones, our country's colored gemstone market has steadily increased in recent years, with an average annual compound growth rate of 5%. In terms of pearls, domestic pearl production decreased in 2020, the price of mid- and low-end pearls slightly decreased, and the sales of pearl jewellery have shrunk. The scale of production and sales, brand building and standard building, innovation capability, and public service platform construction of the Shenzhen gold and jewelry manufacturing industry are in a leading position in the national jewelry industry. Shenzhen's jewelry industry has formed a complete industrial chain, and presents a development trend integrating R&D and design, manufacturing, exhibition and trading, and tourism culture. However, it is facing problems such as insufficient motivation for continuous innovation and insufficient reserves of high-end professionals. The impact of the COVID-19 epidemic will continue to give birth to new industry formats.

(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. After years of exploration and experimentation, substantial results have been achieved. In the future, the company will continue to deepen our jewellery third-party service platform to promote the industrial upgrading and enhance production capacity and efficiency.

1. The third party operation service of jewelry

The company will continue to deepen the expansion of third-party services for jewelry, and strive to build the most influential third-party comprehensive service provider in the domestic jewelry and jade industry.

Continue to improve the comprehensive operation and supporting service capabilities of the Jewelry Industrial Park. Tellus Jewelry Building will continue to adjust and upgrade jewelry business categories based on the development trend of the jewelry industry; accelerate the exploration of value-added services to further enhance the supporting service capabilities for enterprises in the jewelry industry park; promote the integration of resources for enterprises in the building, and establish merchant stickiness; play the important value of Tellus Jewelry Building as a physical platform that carries the strategic transformation of Tellus into a third-party comprehensive service provider for the jewelry industry.

Further expand the supply chain services of the jewelry industry. Promote Tellus Treasury Supply Chain Company to develop safe deposit box business, and build a third-party value-added service platform for the jewelry industry that integrates precious metal storage, gold and diamond supply chain services and third-party safe deposit boxes. Innovatively develop the business of Shenzhen jewelry companies. Provide bonded display, bonded warehousing, customs declaration, logistics, settlement and other services, and finally build a comprehensive element trading service platform with international influence integrating jewelry and diamond raw materials and finished products display, spot trading, testing, identification, design, processing, e-commerce, financial services, and insurance. Promote the construction of a base for innovation and entrepreneurship. Strengthen operation and management innovation, establish a mechanism suitable for the development and growth of innovative and entrepreneurial teams, develop creative design and high-end talent training business, unite with leading companies in Shuibei, rely on colleges and universities in Shenzhen and establish innovative and creative design colleges so as to cultivate high-end talents in jewellery and jade that are market-oriented and in line with international fashion.

2. Resource asset business

Resource asset management is an important business section of the company, which provides the company with a stable cash flow. The company will continue to strengthen the management and operation of resource assets by means of transformation, revitalization, upgrading, and innovative operation, and with the help of market-oriented operations to expand the profitability and economic benefits of resource assets.

3. Auto service business

Persist in optimizing automobile sales and aftermarket services, with the development goal of becoming a comprehensive supplier to provide consumers with diverse automobile products and service solutions, and focus on the development of automobile retail services, automobile trade services, and automobile aftermarket services. Make full use of the company's existing business foundation, give play to the own properties and geographical advantages, build an industrial brand, and accelerate the extension and added value of auto parts maintenance and testing services.

(iii) The company's 2021 annual business plan

In 2021, the company will seize the opportunity for in-depth adjustment of the jewelry industry, deepen the expansion of third-party services for jewelry, practice the Tellus spirit of "fair, diligent, hardworking, and practical", and promote the formation of a team of strugglers that work together with one will.

1. Jewelry third-party business:

- (1) Shenzhen Jewelry Company: Provide efficient and convenient one-stop full-chain services, and realize value-added services to create revenue.
- (2) Treasury Supply Chain Company: Focus on the bonded platform, develop and optimize the compliant supply chain innovation business, and provide high-end safe deposit box services above the standard.
- (3) Innovation and Entrepreneurship Base: Improve the design and creativity development and innovation and

entrepreneurship incubation service system, realize the smooth acceptance of the innovation and entrepreneurship base; accelerate project cultivation.

2. Commercial operation management business:

(1) Tellus Jewelry Building: Optimize the own commercial management and operation system, improve overall commercial management efficiency, and maintain a good market competitive advantage; build a professional service operation model to increase brand premiums.

(2) Tellus Home Life Experience Hall: High-quality operation to broaden brand awareness.

(3) Tellus Jinzhuan Trading Building: The Phase I and Phase II will be linked to optimize the positioning and investment plan.

3. Auto service business: On the basis of maintaining the stable scale of auto sales and service business, continuously optimize the management and business model, and actively explore new models of auto incremental business.

4. Tellus Jinzhuan Trading Building construction project and renovation project:

(1) Tellus Jinzhuan Trading Building project: Proceed steadily according to the plan, and complete the capping of the main building before the end of 2021.

(2) Urban Renewal Project in Buxin Industrial Zone: Actively promote the approval of the implementation of urban renewal.

5. Improve the "14th Five-Year" strategic plan and track the strategic decomposition

Aim at the formulation of the "14th Five-Year" strategic plan, decompose targets, analyze business data, focus on strategic priorities, and improve work efficiency.

6. Improve the talent echelon construction system and comprehensively enhance the quality of talent training

(1) Ensure the effective supply of talents and increase the training of reserve talents and successors.

(2) Establish a sound talent training system, formulate personal learning maps, and optimize training methods.

(3) Continue to optimize the salary performance management system to achieve differentiated salary, targeted assessment and market exit for talents.

(iv) Possible risks and countermeasures

In the process of strategy implementation and project operation, we will objectively and clearly recognize the possible risks, and take active and effective measures to prevent them.

1. Risks from fluctuations in the macroeconomic situation

Affected by factors such as domestic and foreign epidemics and financial deleveraging, our country's economy has entered a period of speed adjustment, domestic economic growth has slowed, and pressure on industrial structure adjustment has increased. In early 2021, the impact of the COVID-19 epidemic has not yet been

eliminated, and it will still impact economic development in the short term. The overall economic environment has an uncertain impact on the company's operations.

In response to this risk, the company will actively take various preventive measures. Firstly, continue to strengthen management, improve efficiency through scientific management, tap the potential to increase revenue, and comprehensively improve the profitability of the original business; secondly, promote the implementation of projects, expand the incremental market, and expand the business scale, look for new profit growth points, and provide a good foundation for the company's long-term stable development.

2. Risks caused by strategic decomposition and project implementation

In recent years, the company has made every effort to advance its transformation strategy goals, and several strategic projects have been implemented. However, in the process of entering the industry in depth, the company has become more and more aware of the various difficulties and risks it will face. Brand-new business models, technical characteristics, supply and demand relationships, customer needs, risk factors, human resource requirements, how to identify technological development capabilities, how to meet changing market needs, and how to take the path of innovation and development in the market are all new challenges that the company urgently needs to solve, which put forward higher requirements for the company's resource integration capabilities, project management capabilities, and professional talent reserves in the company's new business layout.

In response to this risk, on the one hand, the company will continue to strengthen its belief in transformation, follow the established overall development strategy and business strategy, fully demonstrate, make prudent decision-making, fine management, and market-oriented operation to ensure that strategic projects obtain good investment returns and actively respond to market competition; on the other hand, the company will steadily promote reform and innovation, and take advantage of the completion of the "Double Hundred Action" to explore and improve the company's long-term incentive mechanism, mobilize the enthusiasm of all employees, improve corporate management and operating efficiency, and effectively enhance the core competitiveness of the company.

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)

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 8,104,449.44 yuan are distributed in cash, no bonus shares and no public reserve transfer into share

capital.

Profit distribution plan for year of 2020 are: Distributed 0.20 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 2020, total 8,621,166.40 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
2020	8,621,166.40	57,663,828.89	14.95%	0.00	0.00%	8,621,166.40	14.95%
2019	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%

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
Dividends for every 10-share (RMB) (Tax included)	0.20
Shares transferred from every 10 shares (Share)	0
Equity base of distribution plan (Share)	431,058,320
Cash bonus distribution (RMB) (Tax included)	8,621,166.40

Cash bonus distribution in other ways (i.e. share buy-backs) (RMB)	0.00
Total cash bonus (including other ways) (RMB)	8,621,166.40
Distributable profits (RMB)	187,380,544.20
Ratio of total cash dividend (other ways included) in total profit distribution	100%
Cash dividend	
If the Company's development stage is in the growth period and there is a major capital expenditure arrangement, the minimum proportion of cash dividend in the profit distribution should be 20%	
Explanation on profit distribution or capitalizing of capital reserves	
Profit distribution plan for year of 2020 is: Distributed 0.20 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 2020, total 8,621,166.40 yuan 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

Commitment s	Commi tment party	Type of commitme nts	Content of commitments	Commitm ent date	Commitm ent term	Implemen tation
Commitment s for share merger reform						
Commitment s in report of acquisition or equity change						
Commitment s in assets reorganizatio n						
Commitment s make in initial public offering or	Shenzh en Tellus Holdin g Co.,	Other	The commitments to the fulfillment of information disclosure about the Company business development are as follows: except for the information has been disclosed publicly, the Company has not had the	2014-10-1 7	Long-term	Implemen ting

re-financing	Ltd.		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.	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 2020 to 2022, 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	2021-04-24	2022-12-31	Implementing

			<p>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 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</p>			
--	--	--	---	--	--	--

			<p>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 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</p>			
--	--	--	--	--	--	--

			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, 2020, the Company has implemented the revised Accounting Standards for Business Enterprises No.14- Revenue. Found more in the Company’s “Auditing Report 2020” disclosed on www.cninfo.com.cn on the same day, Note III to the Financial Statements “Major Accounting Policies and Accounting Estimates” -31. “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

√ Applicable □ Not applicable

Totally 16 enterprises included in consolidate statement for year of 2020, found more in the VI. Change of Consolidate Scope carry in the annotation of financial statement in Auditing Report 2020 released on Juchao Website on the same date.

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

Accounting firm appointed

Name of domestic accounting firm	RSM Certified Public Accountants (Special General Partnership)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	70.50
Continuous life of auditing service for domestic accounting firm	1
Name of domestic CPA	Li Qiaoyi, Qin Changming
Continuous life of auditing service for domestic accounting firm	Li Qiaoyi-1, Qin Changming-2

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 former auditing firm Pan-China Certified Public Accountants (LLP) (hereinafter referred to as "Pan-China 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 expiry of the term of appointment of Pan-China CPA, the company intends not to engage Pan-China CPA as the financial auditor for year of 2020, and has communicated with Pan-China CPA in advance regarding termination and related matters. The company expresses its sincere gratitude to Pan-China 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 appointed RSM Certified Public Accountants (Special General Partnership) as the company's financial audit and internal control audit institution for 2020, with a term of one year and the financial audit fee of 500,000 yuan and the internal control audit cost of 205,000 yuan, a total of 705,000 yuan.

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

☒Applicable ☐ Not applicable

The Company appointed RSM Certified Public Accountants (Special General Partnership) as the internal control audit accounting firm of the Company for year of 2020, with internal control audit of 205,000 yuan.

X. Particular about delisting 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 Company's "Auditing Report 2020" disclosed on www.cninfo.com.cn on the same day, Note 11. Commitments or contingency to the Financial Statements

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

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 limit or not (Y/N)	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	Director, supervisor and senior executives of the Company serves direct or of the enterprise	Routine related transaction	Offering property rental	Reference market pricing	385.71	385.71	2.73%	540	N	Agreed by contract or agreement	385.71		
Shenzhen SDG Tellus Property Management	Subsidiary of the controlling share	Routine related transaction	Offering property rental	Reference market pricing	4.48	4.48	0.03%	14	N	Agreed by contract or agreement	4.48		

ment Co., Ltd.	holder												
Shenzh en SDG Petty Loan Co., Ltd.	Subsi diary of the contro lling share holder	Routi ne relate d transa ction	Offeri ng proper ty renal and manag ement servic e	Refer ence marke t pricin g	113.70	113.70	0.80%	113.70	N	Agree d by contra ct or agree ment	113.70		
Jewelry Park Branch of Shenzh en SDG Service Co., Ltd.	Sub-s ubsidi ary of contro lling share holder	Routi ne relate d transa ction	Offeri ng proper ty renal	Refer ence marke t pricin g	180.11	180.11	1.27%	180	Y	Agree d by contra ct or agree ment	180.11		
Shenzh en SDG Engine ering Manage ment Co., Ltd	Subsi diary of the contro lling share holder	Routi ne relate d transa ction	Accep t engine ering superv ision servic e	Refer ence marke t pricin g	83.89	83.89	1.43%	43	Y	Agree d by contra ct or agree ment	83.89		
Jewelry Park Branch of Shenzh en SDG Service Co., Ltd.	Sub-s ubsidi ary of contro lling share holder	Routi ne relate d transa ction	Accep t servic es such as clean greeni ng and transf ormati on	Refer ence marke t pricin g	104.62	104.62	1.79%	36	Y	Agree d by contra ct or agree ment	104.62		
Shenzh	Subsi	Routi	Accep	Refer	1,440.30	1,440.3	24.58	1,570	N	Agree	1,440.3		

en SDG Tellus Property Management Co., Ltd.	diary of the contro lling share holder	ne relate d transa ction	t proper ty manag ement servic es	ence marke t pricin g			%			d by contra ct or agree ment	0		
Total				--	--	2,312.8 1	--	2,523	--	--	--	--	--
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	Relationsh ip	Causes	Balance at period-beg in (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)
---------------	------------------	--------	---	---	---	------------------	---	--

				Yuan)				
Shenzhen Special Development Group Co., Ltd.	Controlling shareholders	Loan principal for Hurari Company	1,738	6	1		6	1,743
Shenzhen Special Development Group Co., Ltd.	Controlling shareholders	Loan principal for Hurari Company	300		300			0
Impact on operation results and financial status		Total profit decreased 60,000 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 Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Shenzhen Zung Fu 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 Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee 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 Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee 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
Total actual guarantees (A4+B4+C4) as a percentage of the Company’s net assets		2.67%	
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

Nil

(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
Bank financing product	Own funds	159,078	31,322	0
Total		159,078	31,322	0

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. Significant contracts for day-to-day operations

☐Applicable ☒Not applicable

5. Other significant contracts

☐Applicable ☒Not applicable

No other significant 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.

(ii) Performance of taking targeted measures in poverty alleviation

1. Precise poverty alleviation planning

The company fully implements the general requirements of the closing battle against poverty, fulfilled the role of state-owned enterprises and flexible carried out various assistance work to combat the poverty.

2. Summary of the annual precise poverty alleviation

During the reporting period, the company digest agricultural and sideline products in poor areas by means of purchase instead of donation, and opens up sales channels for agricultural products by means of consumption and support, and strongly promote the economic upgrading of poor areas with practical actions.

3. follow-up precise poverty alleviation

The company will continue to digest the agricultural and sideline products from poor areas through purchase in lieu of donation, and takes concrete actions to promote the economic improvement in poor areas and lift poor people out of poverty.

(iii) Environmental protection

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

☐ Yes ☒ No

The company and its subsidiaries are not among the key emission units announced by the environmental protection authorities.

XIX. Explanation on other significant events

☐ Applicable ☒ Not applicable

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 shares	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	431,058,320	100.00%	0	0	0	0	0	431,058,320	100.00%
1. RMB ordinary shares	392,778,320	91.12%	0	0	0	0	0	392,778,320	91.12%
2. Domestically listed foreign shares	38,280,000	8.88%	0	0	0	0	0	38,280,000	8.88%
2. Foreign shares listed abroad	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	431,058,320	100.00%	0	0	0	0	0	431,058,320	100.00%

Reasons for share changed

☐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	48,827	Total common stock shareholders at end of last month before annual report disclosed	47,794	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	Total shareholders	Changes in report period	Amount of	Amount of un-restricted	Number of share pledged/frozen

		shares held	at the end of report period		restricted shares held	shares held	State of share	Amount
Shenzhen Special Development Group Co., Ltd.	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	14.77%	63,655,372	-13,441,499	0	63,655,372		0
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	0.40%	1,736,091	0	0	1,736,091		0
Hong Kong Securities Clearing Company Ltd.	Foreign corporation	0.27%	1,154,905	351, 557	0	1,154,905		0
CCB-GF CSI All Index Auto index-based Originated Securities Investment Fund	Other	0.22%	942,238	942,238	0	942,238		0
Shanghai Yingshui Investment Management Co., Ltd. - Yingshui Dongfeng No.3-Private Equity Investment Fund	Other	0.13%	566,487	566,487	0	566,487		0
Shen Zuowei	Domestic nature person	0.12%	516,485	516,485	0	516,485		0
Cinda Securities	State-owned	0.12%	510,000	156,681	0	510,000		0

Co., Ltd.	corporation							
Yang Jianfeng	Domestic nature person	0.12%	504,200	504,200	0	504,200		0
Yao Zhenming	Domestic nature person	0.11%	475,200	475,200	0	475,200		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.						
Description of the above shareholders in relation to delegate/entrusted voting rights and abstention from voting rights.		Not applicable						
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)	63,655,372					RMB ordinary shares	63,655,372	
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	1,736,091					Domestic ally listed foreign shares	1,736,091	
Hong Kong Securities Clearing Company Ltd.	1,154,905					RMB ordinary shares	1,154,905	
CCB-GF CSI All Index Auto index-based Originated	942,238					RMB ordinary	942,238	

Securities Investment Fund		shares	
Shanghai Yingshui Investment Management Co., Ltd. - Yingshui Dongfeng No.3-Private Equity Investment Fund	566,487	RMB ordinary shares	566,487
Shen Zuowei	516,485	RMB ordinary shares	516,485
Cinda Securities Co., Ltd.	510,000	RMB ordinary shares	510,000
Yang Jianfeng	504,200	RMB ordinary shares	504,200
Yao Zhenming	475,200	RMB ordinary shares	475,200
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)	The shareholder Shanghai Yingshui Investment Management Co., Ltd. - Yingshui Dongfeng No.3-Private Equity Investment Fund holds 566,487 shares of the company's stock through a credit transaction guarantee securities account, and 0 shares of the company's stock through an ordinary securities account, for a total of 566,487 shares. The shareholder Yang Jianfeng holds 372,100 shares of the company's stock through a credit transaction guarantee securities account, and 132,100 shares of the company's stock through an ordinary securities account, for a total of 504,200 shares.		

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	June 20, 1982	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 304,722,350 shares of Shenzhen SDG Information Co., Ltd. (Stock name: SDGI, Stock code: 000070), a 37.32% takes; holds 7,798,809 shares of Sichuan Jinlu Group Co., Ltd. (Stock name: Jinlu Group, Stock code: 000510), a 1.28% takes; through Shenzhen Capital Fortune Electronic Information Investment Enterprise (limited partnership), holds 183,818,073 shares of Shenzhen Microgate Technology Co., Ltd. (Stock name: Microgate Technology, securities code: 300319), with 26.37% takes; holds 48,750,000 shares of Shenzhen SDG Service Co., Ltd. (Stock name: SDG Service, Stock code:300917) with ultimate beneficiary shares of 48.75%.			

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	July 20, 2003	11440300K317280672	Not applicable

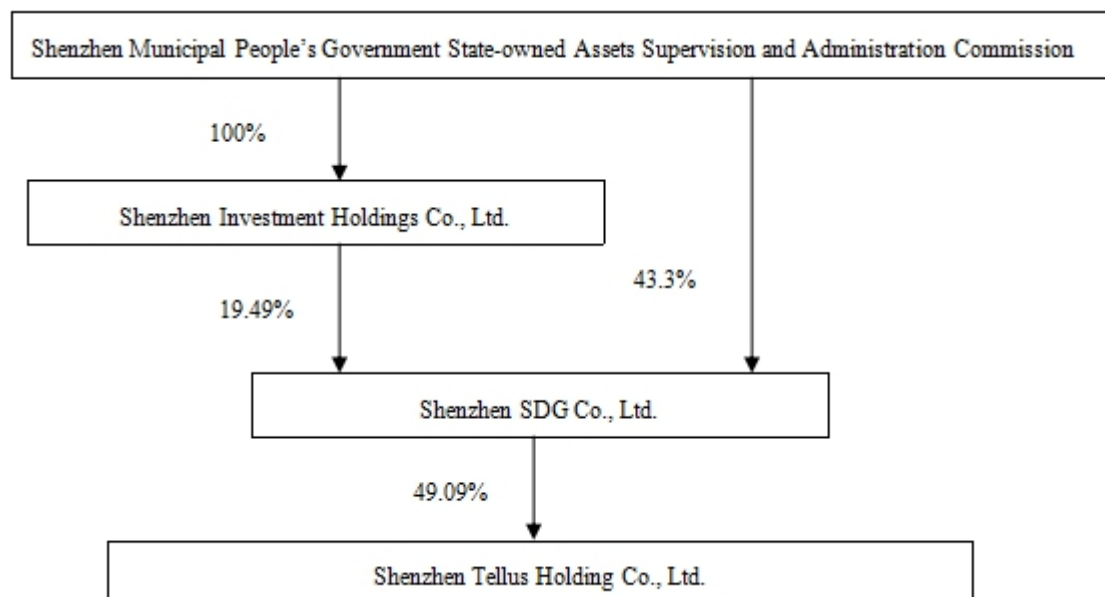
Equity of domestic/oversea listed Company control by actual controller in report period	Not applicable
---	----------------

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	April 18, 2014	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	48	September 7, 2018	September 6, 2021	0	0	0	0	0
Yu Lei	Director	Currently in office	F	53	June 6, 2012	September 6, 2021	0	0	0	0	0
Zhang Quanxun	Director	Currently in office	M	48	May 20, 2015	September 6, 2021	0	0	0	0	0
Gu Zhimin	Director	Currently	M	50	September 7, 2018	September 6, 2021	0	0	0	0	0

g		in office									
Lv Hang	Director ,GM	Curre ntly in office	M	60	September 7, 2018	September 6, 2021	0	0	0	0	0
Lou Hong	Director	Curre ntly in office	F	53	February 9, 2018	September 6, 2021	0	0	0	0	0
Lou Hong	CFO	Curre ntly in office	F	53	January 4, 2018	September 6, 2021	0	0	0	0	0
Hu Yuming	Indepen dent director	Curre ntly in office	M	56	September 7, 2018	September 6, 2021	0	0	0	0	0
Jiang Dingha ng	Indepen dent director	Curre ntly in office	M	58	September 7, 2018	September 6, 2021	0	0	0	0	0
Zhang Dong	Indepen dent director	Curre ntly in office	M	47	September 7, 2018	September 6, 2021	0	0	0	0	0
Guo Xiaodo ng	Chairm an of the Supervi sory Commit tee	Curre ntly in office	M	57	September 7, 2018	September 6, 2021	0	0	0	0	0
Chen Yangsh eng	Supervi sor	Curre ntly in office	M	58	May 4, 2017	September 6, 2021	0	0	0	0	0
Yang Jianpin g	Supervi sor	Curre ntly in office	F	49	September 7, 2018	September 6, 2021	0	0	0	0	0

Liu Haicheng	Supervisor	Currently in office	F	52	September 7, 2018	September 6, 2021	0	0	0	0	0
Zhang Zheng	Supervisor	Currently in office	M	37	September 7, 2018	September 6, 2021	0	0	0	0	0
Tan Zhong	Deputy Party Secretary	Currently in office	M	53	September 7, 2018	September 6, 2021	0	0	0	0	0
Feng Yu	Deputy GM	Currently in office	M	54	June 17, 2006	September 6, 2021	0	0	0	0	0
Xie Jing	Deputy GM	Currently in office	M	56	October 25, 2018	September 6, 2021	0	0	0	0	0
Qi Peng	Secretary of the Board	Currently in office	M	48	December 28, 2015	September 6, 2021	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 vice president of the controlling shareholder of the Company- SDG, Chairman of Shenzhen Microgate Technology Co., Ltd. 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., Chairman and CEO of Shenzhen Link Gold Tec & 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. Now served as Deputy Secretary of the Party Committee, director and GM 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, senior Economist 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. Now he serves as executive director of Shenzhen Yongtian Shengdao Investment Development Co., Ltd., president of Shenzhen Zhengyuan Foundation Jewelry 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 Shuangliang 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 Tegen 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 Manager 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 supervisor 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 now chairman of Shenzhen Jewelry Industry Service Co., LTD., GM of Shenzhen Tellus Treasure Supply Chain Tech. Co., Ltd. and 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	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	December 1, 2017		Y
Yu Lei	Shenzhen Special Development Group Co., Ltd.	Deputy GM	August 1, 2011		Y
Chen Yangsheng	Shenzhen Special Development Group Co., Ltd.	CFO	December 1, 2016		Y
Yang Jianping	Shenzhen Special Development Group Co., Ltd.	Director of planning & finance dept.	January 1, 2018		Y
Post-holding in shareholder's unit	N/A				

Post-holding in other unit

√Applicable □Not applicable

Name	Name of other units	Position in	Start dated of office term	End date of	Received
------	---------------------	-------------	----------------------------	-------------	----------

		other unit n		office term	remuneration from other unit (Y/N)
Zhang Quanyun	Shenzhen Capital Fortune Investment Management Co., Ltd.	Deputy President	February 1, 2013		Y
Gu Zhiming	Shenzhen Yue Peng Jin Jewelry Co., Ltd	Deputy GM	May 1, 2011		Y
Hu Yuming	Jinan University	professor of school of management and doctoral supervisor	June 1, 2003		Y
Jiang Dinghang	Shanghai ALLBRIGHT (Shenzhen) Law Office	Senior partner	April 1, 2005		Y
Zhang Dong	Shenzhen Yongtian Shengdao Investment Development Co., Ltd.	Executive Director	April 1, 2014		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

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

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	48	Currently in office	71.03	Y

Yu Lei	Director	F	53	Currently in office	0	Y
Zhang Quanyun	Director	M	48	Currently in office	0	N
Gu Zhiming	Director	M	50	Currently in office	0	N
Lv Hang	Director, GM	M	60	Currently in office	108.39	N
Lou Hong	Director, CFO	F	53	Currently in office	88.45	N
Hu Yuming	Independent director	M	56	Currently in office	8	N
Jiang Dinghang	Independent director	M	58	Currently in office	8	N
Zhang Dong	Independent director	M	47	Currently in office	8	N
Guo Xiaodong	Chairman of the Supervisory Committee	M	57	Currently in office	33.34	Y
Chen Yangsheng	Supervisor	M	58	Currently in office	0	Y
Yang Jianping	Supervisor	F	49	Currently in office	0	Y
Liu Haicheng	Employee supervisor	F	52	Currently in office	45.24	N
Zhang Zheng	Employee supervisor	M	37	Currently in office	35.26	N
Tan Zhong	Deputy Party secretary	M	53	Currently in office	77.56	N
Feng Yu	Deputy GM	M	54	Currently in office	86.01	N
Xie Jing	Deputy GM	M	56	Currently in office	87.58	N
Qi Peng	Secretary of the Board	M	48	Currently in office	59.01	N
Total	--	--	--	--	715.87	--

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)	107
Employee in-post of main Subsidiaries (people)	195
The total number of current employees (people)	302
The total number of current employees to receive pay (people)	302
Retired employee' s expenses borne by the parent Company and main Subsidiaries (people)	1
Professional composition	
Category of professional composition	Numbers of professional composition (people)
Production personnel	39
Sales personnel	82
Technician	39
Financial staff	27
Administration staff	115
Total	302
Education background	
Type of education background	Numbers (people)
Master	31
Bachelor degree	82
Junior college	65
Other	124
Total	302

2. Remuneration Policy

The company strictly complies with the "Implementation Rules of the Remuneration and Appraisal Committee of the Board of Directors of Shenzhen Tellus Holding Co., Ltd.", "Remuneration Performance Management Measures for Team Members of Shenzhen Tellus Holding Co., Ltd.", "Remuneration Management System of Headquarters Staff of Shenzhen Tellus Holding Co., Ltd.", "Performance Management Measures for Headquarters Staff of Shenzhen Tellus Holding Co., Ltd." and other relevant rules and regulations, strictly implements performance evaluation, and pays remuneration according to the evaluation results.

3. Training programs

The annual training work focuses on the improvement of middle-level managers and management skills, the improvement of the professional skills of reserve talents and core backbones. In the actual training work, we will continuously enrich the training contents, expand the training form, optimize the training process, clarify the training purpose, and improve the training effect. The specific measures are as follows: firstly, enrich the entry learning database for new employees, and accelerate the integration of new employees into the company; secondly, strengthen the professional training of grassroots employees, and improve the quality of employees; thirdly, strengthen departmental training quota management, and improve the use efficiency of training funds; fourthly, optimize the rewards rules of network college, and continuously improve the learning atmosphere; the fifth is to refine the management ability requirements and carry out targeted training for middle-level managers to improve management capabilities; the sixth is to focus on external training and conduct strategic management skills training to enhance the horizons of senior personnel.

4. Labor outsourcing

√Applicable □Not applicable

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

Note: for a large number of outsourced labor services, total number of hours worked and total remuneration paid for the outsourced labour services should be disclosed.

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 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 2020, the Company have convened 5 shareholders general meetings, 12 meetings of the Board, 5 meeting of the Supervisory Committee, 2 meetings of the audit 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 Internal Audit Management Measures and Investment Management Regulations etc. are being revised; 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
First Extraordinary General Meeting of 2020	Extraordinary General Meeting	66.07%	March 23, 2020	March 24, 2020	"Resolution Notice of First Extraordinary General Meeting of 2020" (No.: 2020-013) published on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)
Annual General	Annual	66.10%	April 24,	April 25, 2020	"Resolution Notice of Annual General

Meeting of 2019	General Meeting		2020		Meeting of 2019" (No.: 2020-025) published on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)
Second Extraordinary General Meeting of 2020	Extraordinary General Meeting	65.78%	June 17, 2020	June 18, 2020	"Resolution Notice of Second Extraordinary General Meeting of 2020" (No.: 2020-032) published on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)
Third Extraordinary General Meeting of 2020	Extraordinary General Meeting	65.19%	August 3, 2020	August 4, 2020	"Resolution Notice of Third Extraordinary General Meeting of 2019" (No.: 2020-041) published on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)
Fourth Extraordinary General Meeting of 2020	Extraordinary General Meeting	64.51%	November 16, 2020	November 17, 2020	"Resolution Notice of Fourth Extraordinary General Meeting of 2020" (No.: 2020-050) published on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)

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	12	2	10	0	0	N	1
Jiang Dinghang	12	2	10	0	0	N	4
Zhang Dong	12	2	10	0	0	N	3

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

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 investment in bonded business group projects, profit distribution matters, self-evaluation of the company's internal control, daily related transactions in 2020, revise the monetary fund management system, regarding the company's application for credit line, the use of idle self-owned funds to purchase bank wealth management products, changes in accounting estimates and accounting policies, changing audit institutions for 2020, 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.

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.

Three meetings were held by strategic committee in 2020, which including:

The first meeting of the board's strategic committee in 2020 was held on June 1, 2020, it reviewed the *Proposal on Participating in the equity transfer auction of Shenzhen Dongfeng Motor Co., Ltd and Major Assets Restructuring*; the second meeting of the board's strategic committee in 2020 was held on June 19, 2020, it reviewed the *Proposal to Invest in the Bonded Business Group Project*; the third meeting of the board's strategic committee in 2020 was held on July 17, 2020, it reviewed the *Proposal on Waiver of Pre-emptive Rights to the*

50% Equity of Shenzhen Dongfeng Motor Co., Ltd from Shenzhen Auto Industry and Trade Corporation; 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.

Two meetings were held by audit committee in 2020, which including:

- (1) During the annual audit, the audit committee took active attitude in relevant works. Prior to the official involvement of accounting firm in the annual audit, after negotiation with accounting firm, reviewed the financial statements prepared by the Company, the committee agreed to submit the financial statements and related information to audit.
- (2) The audit committee held the first meeting of 2020 on 2 April 2020 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 second meeting of 2020 on 28 October 2020 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 2020, which including:

The remuneration of the Board held the First meeting of 2020 on 2 April 2020 to review the *proposal on 2020 Team Member Performance Indicators*. On 4 August 2020, the remuneration and appraisal committee of the board of directors held the second meeting of 2020, reviewed and approved the assessment results of some probationary senior management positions and revised the management of annual performance appraisals for directors, supervisors and senior management of the Company, 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	April 16, 2021
Disclosure index of full internal control evaluation report	Juchao website for information disclosure appointed by Shenzhen Stock Exchange: http://www.cninfo.com.cn
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the Company's consolidated financial statements	100.00%

The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the Company's consolidated financial statements	100.00%	
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	<p>The qualitative standards for the evaluation of internal control deficiencies in financial reports determined by the company are as follows:</p> <p>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:</p> <p>① Fraud of management leading to material misstatements of financial results or false 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.</p> <p>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</p>	<p>The qualitative standards for evaluating the internal control deficiencies of non-financial reports determined by the company are as follows:</p> <p>The following circumstances shall be deemed as a major defect:</p> <p>①Great decisions violate the Company's established procedure, resulting in significant losses to the Company; ②Serious violation of laws and regulations results in significant losses to the Company; ③Important businesses are lack of system control or system control fails; ④ Serious brain drain of core management or core technical staff; ⑤Significant 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.</p> <p>Defects with the following characteristics are regarded as important defects: ① The Company violates the enterprise internal regulations and causes significant losses; ②Serious 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</p>

	<p>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; ③Corresponding 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.</p> <p>General deficiencies refer to the deficiencies except for major and significant deficiencies.</p>	<p>corrected.</p> <p>General deficiencies refer to deficiencies except for major and significant deficiencies.</p> <p>The quantitative determination standard for internal control deficiencies this year is based on the consolidated statement data for the same period of the previous year.</p>
Quantitative standard	<p>1. Major deficiencies: misstatement amount > 10% of total profit, and absolute amount > 2 million Yuan;</p> <p>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.</p> <p>3. General deficiencies: misstatement amount ≤ 5% of total profit, or absolute amount ≤ 1 million Yuan</p>	<p>1. Major deficiencies: loss amount > 1.5% of owner's equity attributable to parent Company, and absolute amount > 5 million Yuan;</p> <p>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;</p> <p>3. General deficiencies: loss amount ≤ 0.5% of owner's equity attributable to parent Company, or absolute amount ≤ 1 million Yuan</p>
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 2020 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)	April 16, 2021
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 unqualified opinion
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

I. Audit report

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	April 15, 2021
Name of audit institute	RSM Certified Public Accountants (Special General Partnership)
Number of Audit report	RSM Shen Zi[2021] No.518Z0303
Name of CPA	Li Qiaoyi, Qin Changming

Auditor's Report

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

I. Auditing opinions

We have audited the financial statement under the name of Shenzhen Tellus Holding Co., Ltd. (hereinafter referred to as Tellus Company), including the consolidated and parent Company's balance sheet of 31 December 2020 and profit statement, and cash flow statement, and statement on changes of shareholders' equity for the year ended, and notes to the financial statements for the year ended.

In our opinion, the attached financial statements are in all material respects in accordance with the provision of Accounting Standards for Business Enterprises, and they fairly present the financial status of the Company and of its parent company as of 31 December 2020 and its operation results and cash flows for the year ended.

II. Basis of opinion

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

sufficient and appropriate to provide a basis for our 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 provide a separate opinion on these matters.

(i) Revenue recognition

1. Matter description

Found more in the 34 in Note V and Note XIV carried in financial statement

Operating revenue of Tellus is mainly derived from automobile sales, automotive repair & testing, jewellery sales & service, real estate leasing and services. In 2020, Tellus achieved an operating revenue of 424,419,203.34 Yuan with 25.68% down from a year earlier.

Since the operating revenue is one of the key performance indicators of Tellus, there may be an inherent risk that the management of Tellus (hereinafter referred to as management) may use inappropriate revenue recognition to achieve specific goals or expectations. Accordingly, we have identified revenue recognition as a key audit matter.

2. Audit response

The relevant procedures we have implemented for revenue recognition including:

- (1) Understand the key internal controls relating to revenue recognition, evaluation the design of these controls, determine whether they are being implemented and test the operating effectiveness of the relevant internal controls.
- (2) Check major merchandising contracts, real estate leasing contracts and evaluate whether the revenue recognition policy is in compliance with the provision of Accounting Standards for Business Enterprise;
- (3) Implementing analytical procedures for operating revenue and gross margin on a monthly basis or on products, identify whether there are significant or unusual fluctuations and find out the causes of such fluctuations;
- (4) Check supporting documents related to revenue recognition by sampling, including merchandise sales contract or real estate contract, invoice, merchandise sales order, delivery receipts and customer sign receipt etc.;
- (5) combined with the account receivable letter, confirm the current sales volume to the main customers by sampling;
- (6) as for the revenue recognized before and after the balance sheet date, check the supporting documents such as invoices, sales orders, delivery receipts and customer sign receipt in a sampling manner, and evaluate whether the operating revenue is recognized in an appropriate period;
- (7) check whether the revenue is properly resented in the financial statements in accordance with the Accounting

Standards for Business Enterprises.

(ii) Carrying value of the investment real estate, fixed assets and construction in progress

1. Matter description

Found more in the 17, 18, 19 and 20 in Note III and 11, 12 and 13 in Note V carried in financial statement

As of 31 December 2020, the carrying value of investment real estate, fixed assets and construction in progress are amounted to 789,124,019.52 Yuan, accounts for 46.19% of the total assets.

We identified the carrying value of investment real estate, fixed assets and construction in progress as key audit matters due to their materiality to the financial statement and the determination of whether the related expenditure qualifies for capitalization, the point at which construction in progress is completed to carry forward fixed assets and commencement of depreciation, all of which involve significant management judgement.

2. Audit response

The relevant procedures we have implemented for investment real estate, fixed assets and construction in progress including:

- (1) understand the key internal control relevant to the existence, completeness and accuracy determination of the investment real estate, fixed assets and construction in progress, evaluation the design of these controls, determine whether they are being implemented and test the operating effectiveness of the relevant internal controls.
- (2) implementing monitoring procedures to understand the state of use and construction progress of investment real estate, fixed assets and construction in progress.
- (3) for the amount of construction in progress incurred during the year, check the prect contracting contract, settlement profiles, application for progress payments, invoices and payment vouchers etc, check whether the amount booked in the account is accurate, and check whether the indirect expenses booked into the construction in the current year meet the capitalization conditions;
- (4) extract the amount of construction in progress before and after the balance sheet date for cut-off test, check whether cost of the construction in progress is included in the correct accounting period according to actual work progress;
- (5) for works completed during the year to be carried forward to investment real estate, check the completion and acceptance data, evaluate whether the timing of completion and depreciation is accurate;
- (6) check whether the accrual of investment real estate and depreciation of fixed assets are accurate;
- (7) check that information relating to investment real estate, fixed assets and construction in progress are properly presented in the financial statement.

IV. Other information

The management of Tellus is responsible for other information which includes the information covered in the Company's 2020 annual report excluding the financial statement and our audit report.

Our audit opinions on the financial statements do not cover other information, and we do not issue any form of authentication conclusions on other information.

In combination with our audit of the financial statements, it is our responsibility to read other information and, in doing so, to consider whether there is material inconsistency or material misstatement between the other information and the financial statements or what we learned in the course of our audit.

Based on the work we have performed, if we determine that other information is materially misstated, we should report that fact. We have no matters to report in this regard.

V. Responsibilities of management and those charged with governance for the financial statements

The management is responsible for the preparation of the financial statements in accordance with the Accounting Standards for Enterprise to secure a fair presentation, and for the design, establishment and maintenance of the internal control necessary to enable 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 matters related to going concern (if applicable) and using the going concern assumption unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with Tellus Company(hereinafter referred to as the governance) are responsible for overseeing the Company's financial reporting process.

VI. Responsibilities of the auditor for 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 audit report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the CAS will always detect a material misstatement when it exists. Misstatements 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 the financial statements.

As part of an audit in accordance with the CAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) 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 audit 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.

- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern assumption 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 by the CAS to draw users' attention in audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify audit opinion. Our conclusions are based on the information obtained up to the date of audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for audit opinion.

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

We also provide the governance with a statement of our compliance with the ethical requirements relating to our independence and communicate with the governance on all relationships and other matters that may reasonably be considered to affect our independence, as well as the relevant precautions (if applicable).

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 the 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 the auditor's report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

II. Financial Statement

Prepared by Shenzhen Tellus Holding Co., Ltd.

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated Balance Sheet

In RMB

Item	December 31, 2020	December 31, 2019
Current assets:		
Monetary funds	237,625,698.93	428,851,606.04
Settlement provisions		
Capital lent		
Tradable financial assets	314,013,869.86	60,486,575.34
Derivative financial assets		
Note receivable		
Account receivable	19,828,510.36	112,613,224.27
Receivable financing		
Accounts paid in advance	9,847,749.74	12,683,603.89
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	29,269,790.83	44,908,546.40
Including: Interest receivable		
Dividend receivable	24,647,732.42	39,647,732.42
Buying back the sale of financial assets		
Inventories	22,079,679.93	21,389,602.83
Contractual assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	6,000,566.69	3,403,969.23
Total current assets	638,665,866.34	684,337,128.00
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		

Long-term equity investment	123,640,955.57	162,178,544.05
Investment in other equity instrument	10,176,617.20	10,176,617.20
Other non-current financial assets		
Investment real estate	568,246,616.13	554,599,503.55
Fixed assets	119,136,917.91	107,119,796.59
Construction in progress	101,740,485.48	47,654,393.55
Productive biological asset		
Oil and gas asset		
Right-of-use assets		
Intangible assets	51,627,673.21	50,561,225.67
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	30,714,879.22	13,606,805.49
Deferred income tax asset	8,498,822.10	8,658,962.39
Other non-current asset	55,993,467.99	6,889,167.54
Total non-current asset	1,069,776,434.81	961,445,016.03
Total assets	1,708,442,301.15	1,645,782,144.03
Current liabilities:		
Short-term loans		
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable		
Account payable	76,583,166.53	69,087,430.42
Accounts received in advance	2,403,580.47	27,299,822.71
Contractual liability	18,988,628.13	
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		

Security sales of agency		
Wage payable	28,365,685.21	31,204,794.89
Taxes payable	21,062,154.32	71,425,267.61
Other account payable	158,663,974.62	101,266,802.49
Including: Interest payable		
Dividend payable	46,295.65	
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities	2,237,573.19	
Total current liabilities	308,304,762.47	300,284,118.12
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	11,171,759.33	
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable	3,920,160.36	3,920,160.36
Long-term wages payable		
Accrual liability	268,414.80	2,225,468.76
Deferred income	131,102.38	139,400.00
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	15,491,436.87	6,285,029.12
Total liabilities	323,796,199.34	306,569,147.24
Owner's equity:		
Share capital	431,058,320.00	431,058,320.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital		

securities		
Capital public reserve	431,449,554.51	431,449,554.51
Less: Inventory shares		
Other comprehensive income	26,422.00	26,422.00
Reasonable reserve		
Surplus public reserve	23,848,485.62	21,007,488.73
Provision of general risk		
Retained profit	424,141,893.34	387,423,510.78
Total owner's equity attributable to parent company	1,310,524,675.47	1,270,965,296.02
Minority interests	74,121,426.34	68,247,700.77
Total owner's equity	1,384,646,101.81	1,339,212,996.79
Total liabilities and owner's equity	1,708,442,301.15	1,645,782,144.03

Legal Representative: Fu Chunlong

Person in charge of Accounting Works: Lou Hong

Person in charge of Accounting Institution: Liao Zebin

2. Balance Sheet of Parent Company

In RMB

Item	December 31, 2020	December 31, 2019
Current assets:		
Monetary funds	71,772,303.28	201,885,691.27
Trading financial assets	118,484,941.09	40,324,383.56
Derivative financial assets		
Note receivable		
Account receivable	249,428.20	206,710.76
Receivable financing		
Accounts paid in advance		100,000.00
Other account receivable	126,970,097.13	116,037,773.09
Including: Interest receivable		
Dividend receivable	547,184.35	547,184.35
Inventories		

Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets		1,419,760.18
Total current assets	317,476,769.70	359,974,318.86
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	876,760,784.88	859,355,040.60
Investment in other equity instrument	10,176,617.20	10,176,617.20
Other non-current financial assets		
Investment real estate	31,971,205.42	39,616,602.02
Fixed assets	19,082,604.22	14,012,830.64
Construction in progress	100,252,309.72	35,321,704.26
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	50,135,951.98	48,953,266.56
Research and development costs		
Goodwill		
Long-term deferred expenses	8,786,280.69	2,639,122.63
Deferred income tax assets	3,397,708.75	3,557,849.04
Other non-current assets	27,427,939.18	6,789,167.54
Total non-current assets	1,127,991,402.04	1,020,422,200.49
Total assets	1,445,468,171.74	1,380,396,519.35
Current liabilities		
Short-term borrowings		
Trading financial liability		
Derivative financial liability		
Notes payable		
Account payable	267,841.07	14,000.00

Accounts received in advance	682,934.41	
Contractual liability		
Wage payable	15,784,381.93	8,199,278.01
Taxes payable	1,123,476.72	54,684,929.01
Other accounts payable	345,894,297.23	257,260,350.77
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	363,752,931.36	320,158,557.79
Non-current liabilities:		
Long-term loans	11,171,759.33	
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable		
Accrued liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	11,171,759.33	
Total liabilities	374,924,690.69	320,158,557.79
Owners' equity:		
Share capital	431,058,320.00	431,058,320.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	428,256,131.23	428,256,131.23

Less: Inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	23,848,485.62	21,007,488.73
Retained profit	187,380,544.20	179,916,021.60
Total owner's equity	1,070,543,481.05	1,060,237,961.56
Total liabilities and owner's equity	1,445,468,171.74	1,380,396,519.35

Legal Representative: Fu Chunlong

Person in charge of Accounting Works: Lou Hong

Person in charge of Accounting Institution: Liao Zebin

3. Consolidated Profit Statement

In RMB

Item	2020	2019
I. Total operating income	424,419,203.34	571,072,893.90
Including: Operating income	424,419,203.34	571,072,893.90
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	377,759,171.82	509,897,504.26
Including: Operating cost	319,261,201.59	431,021,312.64
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Tax and extras	4,104,477.41	6,269,059.85
Sales expense	17,715,132.43	23,956,102.30

Administrative expense	39,984,244.07	43,668,263.92
R&D expense		
Financial expense	-3,305,883.68	4,982,765.55
Including: Interest expenses	1,042,694.54	7,000,636.08
Interest income	4,473,218.76	2,317,143.23
Add: other income	1,566,918.68	292,897.32
Investment income (Loss is listed with “-”)	23,458,405.59	240,569,654.98
Including: Investment income on affiliated company and joint venture	14,962,411.52	19,134,325.91
The termination of income recognition for financial assets measured by amortized cost(Loss is listed with “-”)		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)	316,475.19	477,394.67
Loss of credit impairment (Loss is listed with “-”)	1,528,748.01	1,270,480.08
Losses of devaluation of asset (Loss is listed with “-”)	-23,818.95	-662,290.01
Income from assets disposal (Loss is listed with “-”)		216,207.53
III. Operating profit (Loss is listed with “-”)	73,506,760.04	303,339,734.21
Add: Non-operating income	3,289,158.12	304,620.63
Less: Non-operating expense	92,751.70	1,049,085.73
IV. Total profit (Loss is listed with “-”)	76,703,166.46	302,595,269.11
Less: Income tax expense	16,397,936.55	83,788,034.93
V. Net profit (Net loss is listed with “-”)	60,305,229.91	218,807,234.18
(i) Classify by business continuity		

1.continuous operating net profit (net loss listed with ‘-’)	60,305,229.91	218,807,234.18
2.termination of net profit (net loss listed with ‘-’)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	57,663,828.89	219,669,708.47
2.Minority shareholders’ gains and losses	2,641,401.02	-862,474.29
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment		

provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	60,305,229.91	218,807,234.18
Total comprehensive income attributable to owners of parent Company	57,663,828.89	219,669,708.47
Total comprehensive income attributable to minority shareholders	2,641,401.02	-862,474.29
VIII. Earnings per share:		
(i) Basic earnings per share	0.1338	0.5096
(ii) Diluted earnings per share	0.1338	0.5096

Legal Representative: Fu Chunlong

Person in charge of Accounting Works: Lou Hong

Person in charge of Accounting Institution: Liao Zebin

4. Profit Statement of Parent Company

In RMB

Item	2020	2019
I. Operating income	37,241,063.15	38,042,399.39
Less: Operating cost	10,754,749.28	3,772,642.43
Taxes and surcharge	1,176,003.82	1,721,718.43
Sales expenses		
Administration expenses	27,966,422.98	23,285,817.13
R&D expenses		
Financial expenses	-1,876,961.86	4,032,853.71
Including: interest expenses		5,767,035.04

Interest income	1,769,825.26	1,804,555.52
Add: other income	21,849.42	
Investment income (Loss is listed with “-”)	33,827,292.08	236,551,009.68
Including: Investment income on affiliated Company and joint venture	22,156,744.28	19,318,549.22
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)	160,557.53	324,383.56
Loss of credit impairment (Loss is listed with “-”)	639,993.94	1,057,870.24
Losses of devaluation of asset (Loss is listed with “-”)	-4,998,000.00	
Income on disposal of assets (Loss is listed with “-”)		
II. Operating profit (Loss is listed with “-”)	28,872,541.90	243,162,631.17
Add: Non-operating income	2,000.00	33,995.79
Less: Non-operating expense	18,810.00	
III. Total Profit (Loss is listed with “-”)	28,855,731.90	243,196,626.96
Less: Income tax	445,762.97	64,583,369.44
IV. Net profit (Net loss is listed with “-”)	28,409,968.93	178,613,257.52
(i)continuous operating net profit (net loss listed with “-”)	28,409,968.93	178,613,257.52
(ii) termination of net profit (net loss listed with “-”)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified		

subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	28,409,968.93	178,613,257.52
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

Legal Representative: Fu Chunlong

Person in charge of Accounting Works: Lou Hong

Person in charge of Accounting Institution: Liao Zebin

5. Consolidated Cash Flow Statement

In RMB

Item	2020	2019
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	564,587,333.62	620,842,167.97
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received		3,181.09
Other cash received concerning operating activities	16,119,424.38	47,761,005.81
Subtotal of cash inflow arising from operating activities	580,706,758.00	668,606,354.87
Cash paid for purchasing commodities and receiving labor service	316,124,308.90	452,350,872.20
Net increase of customer loans		

and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	55,902,432.37	62,812,595.93
Taxes paid	82,073,162.16	23,492,145.22
Other cash paid concerning operating activities	17,501,551.69	51,039,388.49
Subtotal of cash outflow arising from operating activities	471,601,455.12	589,695,001.84
Net cash flows arising from operating activities	109,105,302.88	78,911,353.03
II. Cash flows arising from investing activities:		
Cash received from recovering investment	1,372,569,181.67	2,177,147,001.00
Cash received from investment income	42,049,595.57	54,752,103.23
Net cash received from disposal of fixed, intangible and other long-term assets	922,066.49	834,100.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	50,069,962.11	2,385,849.54
Subtotal of cash inflow from investing activities	1,465,610,805.84	2,235,119,053.77
Cash paid for purchasing fixed, intangible and other long-term assets	172,620,388.10	124,672,512.37
Cash paid for investment	1,590,780,000.00	1,758,560,000.00
Net increase of mortgaged loans		

Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		5,000.00
Subtotal of cash outflow from investing activities	1,763,400,388.10	1,883,237,512.37
Net cash flows arising from investing activities	-297,789,582.26	351,881,541.40
III. Cash flows arising from financing activities		
Cash received from absorbing investment	7,000,000.00	20,000,000.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	7,000,000.00	20,000,000.00
Cash received from loans	11,171,759.33	143,000,000.00
Other cash received concerning financing activities	24,800,000.00	15,020,000.00
Subtotal of cash inflow from financing activities	42,971,759.33	178,020,000.00
Cash paid for settling debts		320,934,887.55
Cash paid for dividend and profit distributing or interest paying	21,825,829.24	7,095,966.49
Including: Dividend and profit of minority shareholder paid by subsidiaries	3,767,675.45	
Other cash paid concerning financing activities	24,800,000.00	22,962,000.00
Subtotal of cash outflow from financing activities	46,625,829.24	350,992,854.04
Net cash flows arising from financing activities	-3,654,069.91	-172,972,854.04
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	132,748.11	96.73
V. Net increase of cash and cash equivalents	-192,205,601.18	257,820,137.12
Add: Balance of cash and cash equivalents at the period -begin	400,668,257.81	142,848,120.69

VI. Balance of cash and cash equivalents at the period -end	208,462,656.63	400,668,257.81
---	----------------	----------------

Legal Representative: Fu Chunlong

Person in charge of Accounting Works: Lou Hong

Person in charge of Accounting Institution: Liao Zebin

6. Cash Flow Statement of Parent Company

In RMB

Item	2020	2019
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	40,034,070.19	39,784,268.51
Write-back of tax received		
Other cash received concerning operating activities	89,340,030.37	28,770,832.18
Subtotal of cash inflow arising from operating activities	129,374,100.56	68,555,100.69
Cash paid for purchasing commodities and receiving labor service		
Cash paid to/for staff and workers	25,364,055.45	18,387,927.35
Taxes paid	56,569,832.96	3,527,628.11
Other cash paid concerning operating activities	10,874,977.81	19,992,731.75
Subtotal of cash outflow arising from operating activities	92,808,866.22	41,908,287.21
Net cash flows arising from operating activities	36,565,234.34	26,646,813.48
II. Cash flows arising from investing activities:		
Cash received from recovering investment	522,000,000.00	1,260,187,000.00
Cash received from investment	30,170,547.80	24,870,415.22

income		
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		2,385,849.54
Subtotal of cash inflow from investing activities	552,170,547.80	1,287,443,264.76
Cash paid for purchasing fixed, intangible and other long-term assets	94,282,308.52	75,307,375.89
Cash paid for investment	618,747,000.00	978,253,000.00
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	713,029,308.52	1,053,560,375.89
Net cash flows arising from investing activities	-160,858,760.72	233,882,888.87
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	11,171,759.33	143,000,000.00
Other cash received concerning financing activities	24,800,000.00	
Subtotal of cash inflow from financing activities	35,971,759.33	143,000,000.00
Cash paid for settling debts		286,000,000.00
Cash paid for dividend and profit distributing or interest paying	18,104,449.44	5,999,845.45
Other cash paid concerning financing activities	24,800,000.00	
Subtotal of cash outflow from financing activities	42,904,449.44	291,999,845.45
Net cash flows arising from financing	-6,932,690.11	-148,999,845.45

activities		
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	133,134.43	
V. Net increase of cash and cash equivalents	-131,093,082.06	111,529,856.90
Add: Balance of cash and cash equivalents at the period -begin	173,702,343.04	62,172,486.14
VI. Balance of cash and cash equivalents at the period -end	42,609,260.98	173,702,343.04

Legal Representative: Fu Chunlong

Person in charge of Accounting Works: Lou Hong

Person in charge of Accounting Institution: Liao Zebin

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

This Period

In RMB

Item	2020														
	Owners' equity attributable to the parent Company												Min ority inter ests	Tota l own ers' equit y	
	Sha re cap ital	Other equity instrument			Capi tal reser ve	Less : Inve ntor y shar es	Othe r com pre hensi ve inco me	Reas onab le reser ve	Surp lus reser ve	Prov ision of gene ral risk	Reta ined profi t	Othe r			Subt otal
		Pre fer red sto ck	Per pet ual cap ital sec urit ies	Ot her											
I. Balance at the end of the last year	431 ,05 8,3 20. 00				431, 449, 554. 51		26,4 22.0 0		21,0 07,4 88.7 3		387, 423, 510. 78		1,27 0,96 5,29 6.02	68,2 47,7 00.7 7	1,33 9,21 2,99 6.79
Add: Changes of accounting policy															
Error															

correction of the last period															
Enterprise combine under the same control															
Other															
II. Balance at the beginning of this year	431,058,320.00				431,449,554.51		26,422.00		21,007,488.73		387,423,510.78		1,270,965,296.02	68,247,700.77	1,339,212,996.79
III. Increase/Decrease in this year (Decrease is listed with "-")									2,840,996.89		36,718,382.56		39,559,379.45	5,873,725.57	45,433,105.02
(i) Total comprehensive income											57,663,828.89		57,663,828.89	2,641,401.02	60,305,229.91
(ii) Owners' devoted and decreased capital														7,000,000.00	7,000,000.00
1.Common shares invested by shareholders														7,000,000.00	7,000,000.00
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other															
(III) Profit distribution									2,840,996.89		-20,945,446.		-18,104,449.	-3,767,754.	-21,872,124.

										33		44	5	89
1. Withdrawal of surplus reserves								2,840,996.89		-2,840,996.89				
2. Withdrawal of general risk provisions														
3. Distribution for owners (or shareholders)										-18,104,449.44		-18,104,449.44	-3,767.5	-21,872,124.89
4. Other														
(IV) Carrying forward internal owners' equity														
1. Capital reserves converted to capital (share capital)														
2. Surplus reserves converted to capital (share capital)														
3. Remedying loss with surplus reserve														
4. Carry-over retained earnings from the defined benefit plans														
5. Carry-over retained earnings from other comprehensive income														
6. Other														
(V) Reasonable														

reserve															
1. Withdrawal in the report period															
2. Usage in the report period															
(VI)Others															
IV. Balance at the end of the report period	431,058,320.00				431,449,554.51		26,422.00		23,848,485.62		424,141,893.34		1,310,524,675.47	74,121,426.34	1,384,646,101.81

Legal Representative: Fu Chunlong

Person in charge of Accounting Works: Lou Hong

Person in charge of Accounting Institution: Liao Zebin

Last Period

In RMB

Item	2019														
	Owners' equity attributable to the parent Company												Minority interests	Total owners' equity	
	Share capital	Other equity instrument			Capital reserve	Less : Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other			Subtotal
		Preferred stock	Perpetual capital securities	Other											
I. Balance at the end of the last year	297,281,600.00				565,226,274.51		26,422.00		3,139,918.14		184,535,322.70		1,050,209,537.35	49,072,678.52	1,099,282,215.87
Add: Changes of									6,24		1,07		1,08	37,49	1,123

accounting policy								4.84		9,805.36		6,050.20	6.54	,546.74
Error correction of the last period														
Enterprise combine under the same control														
Other														
II. Balance at the beginning of this year	297,281,600.00				565,226,274.51		26,422.00	3,146,162.98		185,615,128.06		1,051,295,587.55	49,110,175.06	1,100,405,762.61
III. Increase/Decrease in this year (Decrease is listed with "-")	133,776,720.00				-133,776,720.00			17,861,325.75		201,808,382.72		219,669,708.47	19,137,525.71	238,807,234.18
(i) Total comprehensive income										219,669,708.47		219,669,708.47	-862,474.29	218,807,234.18
(ii) Owners' devoted and decreased capital													20,000,000.00	20,000,000.00
1.Common shares invested by shareholders													20,000,000.00	20,000,000.00
2. Capital invested by holders of other equity instruments														
3. Amount reckoned into owners equity with share-based														

payment															
4. Other															
(III) Profit distribution								17,861,325.5		-17,861,325.75					
1. Withdrawal of surplus reserves								17,861,325.5		-17,861,325.75					
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)															
4. Other															
(IV) Carrying forward internal owners' equity	133,776,20.00				-133,776,720.00										
1. Capital reserves converted to capital (share capital)	133,776,20.00				-133,776,720.00										
2. Surplus reserves converted to capital (share capital)															
3. Remedying loss with surplus reserve															
4. Carry-over retained earnings from the defined															

benefit plans															
5. Carry-over retained earnings from other comprehensive income															
6. Other															
(V) Reasonable reserve															
1. Withdrawal in the report period															
2. Usage in the report period															
(VI)Others															
IV. Balance at the end of the report period	431,058,320.00				431,449,554.51		26,422.00		21,007,488.73		387,423,510.78		1,270,965,296.02	68,247,700.77	1,339,212,996.79

Legal Representative: Fu Chunlong

Person in charge of Accounting Works: Lou Hong

Person in charge of Accounting Institution: Liao Zebin

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

This Period

In RMB

Item	2020											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surpluses reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. Balance at the end of the	431,0				428,25				21,007	179,		1,060,23

last year	58,32 0.00				6,131. 23				,488.7 3	916, 021. 60		7,961.56
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	431,0 58,32 0.00				428,25 6,131. 23				21,007 ,488.7 3	179, 916, 021. 60		1,060,23 7,961.56
III. Increase/ Decrease in this year (Decrease is listed with "-")									2,840, 996.89	7,46 4,52 2.60		10,305,5 19.49
(i) Total comprehensive income										28,4 09,9 68.9 3		28,409,9 68.93
(ii) Owners' devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit									2,840,	-20,9		-18,104,

distribution									996.89	45,446.33		449.44
1. Withdrawal of surplus reserves									2,840,996.89	-2,840,996.89		
2. Distribution for owners (or shareholders)										-18,104,449.44		-18,104,449.44
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												

2. Usage in the report period												
(VI)Others												
IV. Balance at the end of the report period	431,058,320.00				428,256,131.23				23,848,485.62	187,380,544.20		1,070,543,481.05

Legal Representative: Fu Chunlong

Person in charge of Accounting Works: Lou Hong

Person in charge of Accounting Institution: Liao Zebin

Last period

In RMB

Item	2019											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. Balance at the end of the last year	297,281,600.00				562,032,851.23				3,139,918.14	18,545,850.31		881,000,219.68
Add: Changes of accounting policy									6,244.84	618,239.52		624,484.36
Error correction of the last period												
Other												
II. Balance at the beginning of this year	297,281,600.00				562,032,851.23				3,146,162.98	19,164,089.83		881,624,704.04

III. Increase/ Decrease in this year (Decrease is listed with “-”)	133, 776, 720. 00				-133,7 76,72 0.00				17,86 1,325 .75	160,75 1,931.7 7		178,613, 257.52
(i) Total comprehensiv e income										178,61 3,257.5 2		178,613, 257.52
(ii) Owners’ devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit distribution									17,86 1,325 .75	-17,861 ,325.75		
1. Withdrawal of surplus reserves									17,86 1,325 .75	-17,861 ,325.75		
2. Distribution for owners (or shareholders)												
3. Other												
(IV) Carrying forward internal owners’ equity	133, 776, 720. 00				-133,7 76,72 0.00							

1. Capital reserves converted to capital (share capital)	133,776,720.00				-133,776,720.00							
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI)Others												
IV. Balance at the end of the report period	431,058,320.00				428,256,131.23				21,007,488.73	179,916,021.60		1,060,237,961.56

Legal Representative: Fu Chunlong

Person in charge of Accounting Works: Lou Hong

Person in charge of Accounting Institution: Liao Zebin

Shenzhen Tellus Holding Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020

(All amounts are expressed in Chinese Yuan(“CNY”)unless otherwise stated)

Note 1. BASIC INFORMATION ABOUT THE COMPANY

1.1 Corporate Information

Shenzhen Tellus Holding Co., Ltd. (“ the Company ”) was developed from the Shenzhen Tellus Machinery Co.,Ltd., which established on 11 October, 1986. On 2nd January, 1992, with the approval of Shenzhen Municipal People’ s Government “ shen fu ban fu (1992), No. 1850 ” , Shenzhen Tellus Machinery Co.,Ltd. reorganized to a public limited Company and renamed to Shenzhen Tellus Machinery Holding Company Limited. On 15 March 1993, with the approval of Bank of China Shenzhen branch “ Shen Ren Yin Fu Zi (1993) No.92 ”, the Company issued the initial public registered shares and turned into Limited Liability Company with the name of “ Tellus mechanical and electrical co. LTD, Shenzhen ” . At this moment, the whole share capital is 166.88million shares, including the original 120.9million shares with 45.98million new shares. The new shares is divided into two parts, one is CNY 25.98 million ordinary shares (A shares) ,the other is special shares (B) CNY 20 million shares .

In June 1993, Shenzhen securities management office was about to agree that “ Tellus mechanical and electrical co. LTD, Shenzhen “ was qualified to list in Shenzhenstock exchange market(shen zheng ban fu[1993]34) and (shen zheng shi zi [1993]22).On 30 June 1994, the Company changed name to Shenzhen Tellus Holding Company Limited with the approval of Shenzhen administrative bureau for industry and commerce .

According to the decision made by general meeting of shareholders in 1993, the Company distributed a 2 for 10 bonus shares with cash dividend of CNY 0.5. The whole capital changed into 200,256,000 shares.

On 28 May 1995, the Group shareholder meeting agreed about plan of distributing bonus and increasing capital. On the basis of 200,256,000 shares in the end of 1994, the Group distributed 0.5 of 10 shares, and give CNY 0.5 from every increasing 0.5 share capital. After the Group’ s share capital increased to 220,281,600 shares.

According to the 19th special meeting of the 7th Board Meeting on April 21st,2015, and the 4th stockholders’ meeting on June 3rd, 2015, the Company private issued CNY ordinary shares (A shares) 77,000,000.00 shares to Shenzhen Tefa Group Co. and Shenzhen Yuanzhifuhai Jewerly Investment Co. After plan, the Company’ s capital increased to 297,281,600 shares.

According to the decision made by general meeting of shareholders in 2018, the Company distributed a 4.5 for 10 bonus shares. The whole capital changed into 431,058,320.00 shares.

The Company's principal operating activities are: auto sales, maintenance and inspection, sales of jewelry, property leasing and services, etc.

The financial statements were approved and authorized for issue, upon the resolution of the Company's Board of Directors meeting on April 15, 2021.

1.2 Scope of Consolidation

(a) Incorporated subsidiaries of the Company

At 31 December 2020, subsidiaries of the Company are as follows:

Sequence Number	Name of Subsidiaries	Abbreviation of Subsidiaries	Proportion of Shareholding (or similar equity interest) (%)	
			Direct	Indirect
1	深圳市特力新永通汽车发展有限公司 (Shenzhen Tellus Xinyongtong Automobile Development Co., Ltd.*)	Xinyongtong Automobile	100.00	
2	深圳市宝安石泉实业有限公司 (Shenzhen Bao ' an Shiquan Industrial Co., Ltd.*)	Bao' an Shiquan		100.00
3	深圳市特发特力房地产有限公司 (Shenzhen SDG Tellus Real Estate Co., Ltd.*)	SDG Tellus Real Estate	100.00	
4	深圳市特力创盈科技有限公司 (Shenzhen Tellus Chuangying Technology Co., Ltd.*)	Chuangying Technology	100.00	
5	Shenzhen Xinyongtong Auto Vehicle Inspection Equipment Co., Ltd.	Xinyongtong Inspection	51.00	
6	深圳市汽车工业贸易有限公司 (Shenzhen Automobile Industry and Trade Co., Ltd.*)	Automobile Industry and Trade	100.00	
7	深圳市汽车工业供销公司 (Shenzhen Automobile Industry	Automobile Industry Supply and		100.00

Sequence Number	Name of Subsidiaries	Abbreviation of Subsidiaries	Proportion of Shareholding (or similar equity interest) (%)	
			Direct	Indirect
	Supply and Marketing Co., Ltd.*)	Marketing		
8	深圳特发华日汽车企业有限公司 (Shenzhen SDG Huari Automobile Enterprise Co., Ltd.*)	Huari Automobile	60.00	
9	深圳市华日安信汽车检测有限公司 (Shenzhen Huari Anxin Automobile Inspection Co., Ltd.*)	Anxin Automobile Inspection		100.00
10	深圳市中天实业有限公司 (Shenzhen Zhongtian Industrial Co., Ltd.*)	Zhongtian	100.00	
11	深圳市华日丰田汽车销售服务有限公司 (Shenzhen Huari Toyota Auto Sales Service Co., Ltd.*)	Huari Toyota	60.00	
12	安徽特力星光珠宝投资有限公司 (Anhui Tellus Seon Jewelry Investment Co., Ltd.*)	Tellus Seon Jewelry	51.00	
13	安徽特力星光金尊珠宝有限公司 (Anhui Tellus Seon Jinzun Jewelry Co., Ltd.*)	Tellus Seon Jinzun		60.00
14	四川特力珠宝科技有限公司 (Sichuan Tellus Jewelry Technology Co., Ltd.*)	Sichuan Tellus	66.67	
15	深圳市特力宝库供应链科技有限公司 (Shenzhen Tellus Baoku Supply Chain Technology Co., Ltd.*)	Tellus Baoku	100.00	
16	深圳珠宝产业服务有限公司 (Shenzhen Jewelry Industry Service Co. Ltd.*)	Shenzhen Jewelry	65.00	

For details of the subsidiaries mentioned above, please refer to Note 7 INTEREST IN OTHER ENTITIES

(b) Change of the scope of consolidation

The newly incorporated subsidiaries during the reporting period are as follows:

Sequence Number	Name of Subsidiaries	Abbreviation of Subsidiaries	Reporting Period	Reason of Incorporation
1	Shenzhen Jewelry Industry Service Co. Ltd.	Shenzhen Jewelry	2020	Set up

For the detail of the change of consolidation scope, please refer to Note 6 CHANGES IN THE SCOPE OF CONSOLIDATION.

Note 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation

Based on going concern, according to actually occurred transactions and events, the Company prepares its financial statements in accordance with the Accounting Standards for Business Enterprises – Basic standards and concrete accounting standards, Accounting Standards for Business Enterprises – Application Guidelines, Accounting Standards for Business Enterprises – Interpretations and other relevant provisions (collectively known as “Accounting Standards for Business Enterprises, issued by Ministry of Finance of PRC”).

2.2 Going Concern

The Company has assessed its ability to continually operate for the next twelve months from the end of the reporting period, and no any matters that may result in doubt on its ability as a going concern were noted. Therefore, it is reasonable for the Company to prepare financial statements on the going concern basis.

Note 3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The following significant accounting policies and accounting estimates of the Company are formulated in accordance with the Accounting Standards for Business Enterprises. Businesses not mentioned are complied with relevant accounting policies of the Accounting Standards for Business Enterprises.

3.1 Statement of Compliance with the Accounting Standards for Business Enterprises

The Company prepares its financial statements in accordance with the requirements of the Accounting Standards for Business Enterprises, truly and completely reflecting the Company’s financial position as at 31 December 2020, and its operating results, changes in shareholders' equity, cash flows and other related information for the year then ended.

3.2 Accounting Period

The accounting year of the Company is from January 1 to December 31 in calendar year.

3.3 Operating Cycle

The normal operating cycle of the Company is twelve months.

3.4 Functional Currency

The Company takes Chinese Yuan (“CNY”) as the functional currency.

The Company’ s overseas subsidiaries choose the currency of the primary economic environment in which the subsidiaries operate as the functional currency.

3.5 Accounting Treatment of Business Combinations under and not under Common Control

(a) Business combinations under common control

The assets and liabilities that the Company obtains in a business combination under common control shall be measured at their carrying amount of the acquired entity at the combination date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired party based on the principal of materiality. As for the difference between the carrying amount of the net assets obtained by the acquiring entity and the carrying amount of the consideration paid by it, the capital reserve (capital premium or share premium) shall be adjusted. If the capital reserve (capital premium or share premium) is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

For the accounting treatment of business combination under common control by step acquisitions, please refer to Note 3.6 (6).

(b) Business combinations not under common control

The assets and liabilities that the Company obtains in a business combination not under common control shall be measured at their fair value at the acquisition date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired entity based on the principal of materiality. The acquiring entity shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity as goodwill. The acquiring entity shall, pursuant to the following provisions, treat the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity:

(i) It shall review the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the

acquired entity as well as the combination costs;

(ii) If, after the review, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquired entity, the balance shall be recognized in profit or loss of the reporting period.

For the accounting treatment of business combination under the same control by step acquisitions, please refer to Note 3.6 (f).

(c) Treatment of business combination related costs

The intermediary costs such as audit, legal services and valuation consulting and other related management costs that are directly attributable to the business combination shall be charged in profit or loss in the period in which they are incurred. The costs to issue equity or debt securities for the consideration of business combination shall be recorded as a part of the value of the respect equity or debt securities upon initial recognition.

3.6 Method of Preparing the Consolidated Financial Statements

(a) Scope of consolidation

The scope of consolidated financial statements shall be determined on the basis of control. It not only includes subsidiaries determined based on voting power (or similar) or other arrangement, but also structured entities under one or several contract arrangements.

Control exists when the Company has all the following: power over the investee; exposure, or rights to variable returns from the Company' s involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor' s returns. Subsidiaries are the entities that controlled by the Company (including enterprise, a divisible part of the investee, and structured entity controlled by the enterprise). A structured entity (sometimes called a Special Purpose Entity) is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity.

(b) Special requirement as the parent Company is an investment entity

If the parent Company is an investment entity, it should measure its investments in particular subsidiaries as financial assets at fair value through profit or loss instead of consolidating those subsidiaries in its consolidated and separate financial statements. However, as an exception to this requirement, if a subsidiary provides investment-related services or activities to the investment entity, it should be consolidated.

The parent Company is defined as investment entity when meets following conditions:

- a. Obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- b. Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income

or both; and

c. Measures and evaluates the performance of substantially all of its investments on a fair value basis.

If the parent Company becomes an investment entity, it shall cease to consolidate its subsidiaries at the date of the change in status, except for any subsidiary which provides investment-related services or activities to the investment entity shall be continued to be consolidated. The deconsolidation of subsidiaries is accounted for as though the investment entity partially disposed subsidiaries without loss of control.

When the parent Company previously classified as an investment entity ceases to be an investment entity, subsidiary that was previously measured at fair value through profit or loss shall be included in the scope of consolidated financial statements at the date of the change in status. The fair value of the subsidiary at the date of change represents the transferred deemed consideration in accordance with the accounting for business combination not under common control.

(c) Method of preparing the consolidated financial statements

The consolidated financial statements shall be prepared by the Company based on the financial statements of the Company and its subsidiaries, and using other related information.

When preparing consolidated financial statements, the Company shall consider the entire group as an accounting entity, adopt uniform accounting policies and apply the requirements of Accounting Standard for Business Enterprises related to recognition, measurement and presentation. The consolidated financial statements shall reflect the overall financial position, operating results and cash flows of the group.

- (i) Like items of assets, liabilities, equity, income, expenses and cash flows of the parent are combined with those of the subsidiaries.
- (ii) The carrying amount of the parent's investment in each subsidiary is eliminated (off-set) against the parent's portion of equity of each subsidiary.
- (iii) Eliminate the impact of intragroup transactions between the Company and the subsidiaries or between subsidiaries, and when intragroup transactions indicate an impairment of related assets, the losses shall be recognized in full.
- (iv) Make adjustments to special transactions from the perspective of the group.

(d) Method of preparation of the consolidated financial statements when subsidiaries are acquired or disposed in the reporting period

- (i) Acquisition of subsidiaries or business

A. Subsidiaries or business acquired through business combination under common control

When preparing consolidated statements of financial position, the opening balance of the consolidated balance sheet shall be adjusted. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Incomes, expenses and profits of the subsidiary incurred from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of profit or loss. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Cash flows from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of cash flows. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

B.Subsidiaries or business acquired through business combination not under common control

When preparing the consolidated statements of financial position, the opening balance of the consolidated statements of financial position shall not be adjusted.

Incomes, expenses and profits of the subsidiary incurred from the acquisition date to the end of the reporting period shall be included into the consolidated statement of profit or loss.

Cash flows from the acquisition date to the end of the reporting period shall be included into the consolidated statement of cash flows.

(ii) Disposal of subsidiaries or business

When preparing the consolidated statements of financial position, the opening balance of the consolidated statements of financial position shall not be adjusted.

Incomes, expenses and profits incurred from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of profit or loss.

Cash flows from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of cash flows.

(e) Special consideration in consolidation elimination

(i) Long-term equity investment held by the subsidiaries to the Company shall be recognized as treasury stock of the Company, which is offset with the owner' s equity, represented as “treasury stock” under “owner' s equity” in the consolidated statement of financial position.

Long-term equity investment held by subsidiaries between each other is accounted for taking long-term equity investment held by the Company to its subsidiaries as reference. That is, the long-term equity investment is eliminated (off- set) against the portion of the corresponding subsidiary' s equity.

- (ii) Due to not belonging to paid-in capital (or share capital) and capital reserve, and being different from retained earnings and undistributed profit, “Specific reserves” and “General risk provision” shall be recovered based on the proportion attributable to owners of the parent Company after long-term equity investment to the subsidiaries is eliminated with the subsidiaries’ equity.
- (iii) If temporary timing difference between the book value of the assets and liabilities in the consolidated statement of financial position and their tax basis is generated as a result of elimination of unrealized inter-Company transaction profit or loss, deferred tax assets of deferred tax liabilities shall be recognized, and income tax expense in the consolidated statement of profit or loss shall be adjusted simultaneously, excluding deferred taxes related to transactions or events directly recognized in owner’ s equity or business combination.
- (iv) Unrealised inter-Company transactions profit or loss generated from the Company selling assets to its subsidiaries shall be eliminated against “net profit attributed to the owners of the parent Company” in full. Unrealized inter-Company transactions profit or loss generated from the subsidiaries selling assets to the Company shall be eliminated between “net profit attributed to the owners of the parent Company” and “non-controlling interests” pursuant to the proportion of the Company in the related subsidiaries. Unrealized inter-Company transactions profit or loss generated from the assets sales between the subsidiaries shall be eliminated between “net profit attributed to the owners of the parent Company” and “non-controlling interests” pursuant to the proportion of the Company in the selling subsidiaries.
- (v) If loss attributed to the minority shareholders of a subsidiary in current period is more than the proportion of non-controlling interest in this subsidiary at the beginning of the period, non-controlling interest is still to be written down.

(f) Accounting for Special Transactions

(i) Purchasing of non-controlling interests

Where, the Company purchases non-controlling interests of its subsidiary, in the separate financial statements of the Company, the cost of the long-term equity investment obtained in purchasing non-controlling interests is measured at the fair value of the consideration paid. In the consolidated financial statements, difference between the cost of the long-term equity investment newly obtained in purchasing non-controlling interests and share of the subsidiary’s net assets from the acquisition date or combination date continuingly calculated pursuant to the newly acquired shareholding proportion shall be adjusted into capital reserve (capital premium or share premium). If capital reserve is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn.

(ii) Gaining control over the subsidiary in stages through multiple transactions

A.Business combination under common control in stages through multiple transactions

On the combination date, in the separate financial statement, initial cost of the long-term equity investment is determined according

to the share of carrying amount of the acquiree's net assets in the ultimate controlling entity's consolidated financial statements after combination. The difference between the initial cost of the long-term equity investment and the carrying amount of the long-term investment held prior of control plus book value of additional consideration paid at acquisition date is adjusted into capital reserve (capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be adjusted against surplus reserve and undistributed profit in turn.

In the consolidated financial statements, the assets and liabilities acquired during the combination should be recognized at their carrying amount in the ultimate controlling entity's consolidated financial statements on the combination date unless any adjustment is resulted from the difference in accounting policies. The difference between the carrying amount of the investment held prior of control plus book value of additional consideration paid on the acquisition date and the net assets acquired through the combination is adjusted into capital reserve (capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be adjusted against retained earnings.

If the acquiring entity holds equity investment in the acquired entity prior to the combination date and the equity investment is accounted for under the equity method, related profit or loss, other comprehensive income and other changes in equity which have been recognized during the period from the later of the date of the Company obtaining original equity interest and the date of both the acquirer and the acquiree under common control of the same ultimate controlling party to the combination date should be offset against the opening balance of retained earnings at the comparative financial statements period respectively.

B. Business combination not under common control in stages through multiple transactions

On the consolidation date, in the separate financial statements, the initial cost of long-term equity investment is determined according to the carrying amount of the original long-term investment plus the cost of new investment.

In the consolidated financial statements, the equity interest of the acquired entity held prior to the acquisition date shall be re-measured at its fair value on the acquisition date. Difference between the fair value of the equity interest and its book value is recognized as investment income. The other comprehensive income related to the equity interest held prior to the acquisition date calculated through equity method, should be transferred to current investment income of the acquisition period, excluding other comprehensive income resulted from the remeasurement of the net assets or net liabilities under defined benefit plan. The Company shall disclose acquisition-date fair value of the equity interest held prior to the acquisition date, and the related gains or losses due to the remeasurement based on fair value.

(iii) Disposal of investment in subsidiaries without a loss of control

For partial disposal of the long-term equity investment in the subsidiaries without a loss of control, when the Company prepares consolidated financial statements, difference between consideration received from the disposal and the corresponding share of subsidiary's net assets cumulatively calculated from the acquisition date or combination date shall be adjusted into capital reserve

(capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be offset against retained earnings.

(iv) Disposal of investment in subsidiaries with a loss of control

A. Disposal through one transaction

If the Company loses control in an investee through partial disposal of the equity investment, when the consolidated financial statements are prepared, the retained equity interest should be re-measured at fair value at the date of loss of control. The difference between i) the fair value of consideration received from the disposal plus non-controlling interest retained; ii) share of the former subsidiary's net assets cumulatively calculated from the acquisition date or combination date according to the original proportion of equity interest, shall be recognized in current investment income when control is lost.

Moreover, other comprehensive income and other changes in equity related to the equity investment in the former subsidiary shall be transferred into current investment income when control is lost, excluding other comprehensive income resulted from the remeasurement of the movement of net assets or net liabilities under defined benefit plan.

B. Disposal in stages

In the consolidated financial statements, whether the transactions should be accounted for as "a single transaction" needs to be decided firstly.

If the disposal in stages should not be classified as "a single transaction", in the separate financial statements, for transactions prior of the date of loss of control, carrying amount of each disposal of long-term equity investment need to be recognized, and the difference between consideration received and the carrying amount of long-term equity investment corresponding to the equity interest disposed should be recognized in current investment income; in the consolidated financial statements, the disposal transaction should be accounted for according to related policy in "Disposal of long-term equity investment in subsidiaries without a loss of control".

If the disposal in stages should be classified as "a single transaction", these transactions should be accounted for as a single transaction of disposal of subsidiary resulting in loss of control. In the separate financial statements, for each transaction prior of the date of loss of control, difference between consideration received and the carrying amount of long-term equity investment corresponding to the equity interest disposed should be recognized as other comprehensive income firstly, and transferred to profit or loss as a whole when control is lost; in the consolidated financial statements, for each transaction prior of the date of loss of control, difference between consideration received and proportion of the subsidiary's net assets corresponding to the equity interest disposed should be recognized in profit or loss as a whole when control is lost.

In considering of the terms and conditions of the transactions as well as their economic impact, the presence of one or more of the following indicators may lead to account for multiple transactions as a single transaction:

- (a) The transactions are entered into simultaneously or in contemplation of one another.
- (b) The transactions form a single transaction designed to achieve an overall commercial effect.
- (c) The occurrence of one transaction depends on the occurrence of at least one other transaction.
- (d) One transaction, when considered on its own merits, does not make economic sense, but when considered together with the other transaction or transactions would be considered economically justifiable.
- (iii) Diluting equity share of parent Company in its subsidiaries due to additional capital injection by the subsidiaries' minority shareholders.

Other shareholders (minority shareholders) of the subsidiaries inject additional capital in the subsidiaries, which resulted in the dilution of equity interest of parent Company in these subsidiaries. In the consolidated financial statements, difference between share of the corresponding subsidiaries' net assets calculated based on the parent's equity interest before and after the capital injection shall be adjusted into capital reserve (capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be adjusted against retained earnings.

3.7 Classification of Joint Arrangements and Accounting for Joint Operation

A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangement of the Company is classified as either a joint operation or a joint venture.

(a) Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Company shall recognize the following items in relation to shared interest in a joint operation, and account for them in accordance with relevant accounting standards of the Accounting Standards for Business Enterprises:

- (i) its assets, including its share of any assets held jointly;
- (ii) its liabilities, including its share of any liabilities incurred jointly;
- (iii) its revenue from the sale of its share of the output arising from the joint operation;
- (iv) its share of the revenue from the sale of the output by the joint operation; and
- (v) its expenses, including its share of any expenses incurred jointly.

(b) Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Company accounts for its investment in the joint venture by applying the equity method of long-term equity investment.

3.8 Cash and Cash Equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term (generally within three months of maturity at acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

(a) Determination of the exchange rate for foreign currency transactions

At the time of initial recognition of a foreign currency transaction, the amount in the foreign currency shall be translated into the amount in the functional currency at the spot exchange rate of the transaction date, or at an exchange rate which is determined through a systematic and reasonable method and is approximate to the spot exchange rate of the transaction date (hereinafter referred to as the approximate exchange rate).

(b) Translation of monetary items denominated in foreign currency on the balance sheet date

The foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The balance of exchange arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or prior to the balance sheet date shall be recorded into the profits and losses at the current period. The foreign currency non-monetary items measured at the historical cost shall still be translated at the spot exchange rate on the transaction date; for the foreign currency non-monetary items restated to a fair value measurement, shall be translated into the at the spot exchange rate at the date when the fair value was determined, the difference between the restated functional currency amount and the original functional currency amount shall be recorded into the profits and losses at the current period.

(c) Translation of foreign currency financial statements

Before translating the financial statements of foreign operations, the accounting period and accounting policy shall be adjusted so as

to conform to the Company. The adjusted foreign operation financial statements denominated in foreign currency (other than functional currency) shall be translated in accordance with the following method:

- (i) The asset and liability items in the statement of financial position shall be translated at the spot exchange rates at the date of that statement of financial position.. The owners' equity items except undistributed profit shall be translated at the spot exchange rates when they are incurred.
- (ii) The income and expense items in the statement of profit and other comprehensive income shall be translated at the spot exchange rates or approximate exchange rate at the date of transaction. Foreign currency cash flows and cash flows of foreign subsidiaries shall be translated at the spot exchange rate or approximate exchange rate when the cash flows are incurred. The effect of exchange rate changes on cash is presented separately in the statement of cash flows as an adjustment item.
- (iv) The differences arising from the translation of foreign currency financial statements shall be presented separately as "other comprehensive income" under the owners' equity items of the consolidated statement of financial position.

When disposing a foreign operation involving loss of control, the cumulative amount of the exchange differences relating to that foreign operation recognized under other comprehensive income in the statement of financial position, shall be reclassified into current profit or loss according to the proportion disposed.

3.10 Financial Instruments

Financial instrument is any contract which gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Recognition and derecognition of financial instrument

A financial asset or a financial liability should be recognized in the statement of financial position when, and only when, an entity becomes party to the contractual provisions of the instrument.

A financial asset can only be derecognized when meets one of the following conditions:

- (i) The rights to the contractual cash flows from a financial asset expire
- (ii) The financial asset has been transferred and meets one of the following derecognition conditions:

Financial liabilities (or part thereof) are derecognized only when the liability is extinguished—i.e., when the obligation specified in the contract is discharged or cancelled or expires. An exchange of the Company (borrower) and lender of debt instruments that carry significantly different terms or a substantial modification of the terms of an existing liability are both accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Purchase or sale of financial assets in a regular-way shall be recognized and derecognized using trade date accounting. A regular-way purchase or sale of financial assets is a transaction under a contract whose terms require delivery of the asset within the time frame

established generally by regulations or convention in the market place concerned. Trade date is the date at which the entity commits itself to purchase or sell an asset.

(b) Classification and measurement of financial assets

At initial recognition, the Company classified its financial asset based on both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset: financial asset at amortized cost, financial asset at fair value through profit or loss (FVTPL) and financial asset at fair value through other comprehensive income (FVTOCI). Reclassification of financial assets is permitted if, and only if, the objective of the entity's business model for managing those financial assets changes. In this circumstance, all affected financial assets shall be reclassified on the first day of the first reporting period after the changes in business model; otherwise the financial assets cannot be reclassified after initial recognition.

Financial assets shall be measured at initial recognition at fair value. For financial assets measured at FVTPL, transaction costs are recognized in current profit or loss. For financial assets not measured at FVTPL, transaction costs should be included in the initial measurement. Notes receivable or accounts receivable that arise from sales of goods or rendering of services are initially measured at the transaction price defined in the accounting standard of revenue where the transaction does not include a significant financing component.

Subsequent measurement of financial assets will be based on their categories:

(i) Financial asset at amortized cost

The financial asset at amortized cost category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding. These financial assets are subsequently measured at amortized cost by adopting the effective interest rate method. Any gain or loss arising from derecognition according to the amortization under effective interest rate method or impairment are recognized in current profit or loss.

(ii) Financial asset at fair value through other comprehensive income (FVTOCI)

The financial asset at FVTOCI category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principle and interest on the principal amount outstanding. All changes in fair value are recognized in other comprehensive income except for gain or loss arising from impairment or exchange differences, which should be recognized in current profit or loss. At derecognition, cumulative gain or loss previously recognized under OCI is reclassified to current profit or loss. However, interest income calculated based on

the effective interest rate is included in current profit or loss.

The Company make an irrevocable decision to designate part of non-trading equity instrument investments as measured through FVTOCI. All changes in fair value are recognized in other comprehensive income except for dividend income recognized in current profit or loss. At derecognition, cumulative gain or loss are reclassified to retained earnings.

(iii) Financial asset at fair value through profit or loss (FVTPL)

Financial asset except for above mentioned financial asset at amortized cost or financial asset at fair value through other comprehensive income (FVTOCI), should be classified as financial asset at fair value through profit or loss (FVTPL). These financial assets should be subsequently measured at fair value. All the changes in fair value are included in current profit or loss.

(c) Classification and measurement of financial liabilities

The Company classified the financial liabilities as financial liabilities at fair value through profit or loss (FVTPL), loan commitments at a below-market interest rate and financial guarantee contracts and financial asset at amortized cost.

Subsequent measurement of financial assets will be based on the classification:

(i) Financial liabilities at fair value through profit or loss (FVTPL)

Held-for-trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated at FVTPL are classified as financial liabilities at FVTP. After initial recognition, any gain or loss (including interest expense) are recognized in current profit or loss except for those hedge accounting is applied. For financial liability that is designated as at FVTPL, changes in the fair value of the financial liability that is attributable to changes in the own credit risk of the issuer shall be presented in other comprehensive income. At derecognition, cumulative gain or loss previously recognized under OCI is reclassified to retained earnings.

(ii) Loan commitments and financial guarantee contracts

Loan commitment is a commitment by the Company to provide a loan to customer under specified contract terms. The provision of impairment losses of loan commitments shall be recognized based on expected credit losses model.

Financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts liability shall be subsequently measured at the higher of: The amount of the loss allowance recognized according to the impairment principles of financial instruments; and the amount initially recognized less the cumulative

amount of income recognized in accordance with the revenue principles.

(iii) Financial liabilities at amortized cost

After initial recognition, the Company measured other financial liabilities at amortized cost using the effective interest method.

Except for special situation, financial liabilities and equity instrument should be classified in accordance with the following principles:

- (i) If the Company has no unconditional right to avoid delivering cash or another financial instrument to fulfill a contractual obligation, this contractual obligation meet the definition of financial liabilities. Some financial instruments do not comprise terms and conditions related to obligations of delivering cash or another financial instrument explicitly, they may include contractual obligation indirectly through other terms and conditions.
- (ii) If a financial instrument must or may be settled in the Company's own equity instruments, it should be considered that the Company' s own equity instruments are alternatives of cash or another financial instrument, or to entitle the holder of the equity instruments to sharing the remaining rights over the net assets of the issuer. If the former is the case, the instrument is a liability of the issuer; otherwise, it is an equity instrument of the issuer. Under some circumstances, it is regulated in the contract that the financial instrument must or may be settled in the Company's own equity instruments, where, amount of contractual rights and obligations are calculated by multiplying the number of the equity instruments to be available or delivered by its fair value upon settlement. Such contracts shall be classified as financial liabilities, regardless that the amount of contractual rights and liabilities is fixed, or fluctuate totally or partially with variables other than market price of the entity' s own equity instruments (such as interest rate, price of some kind of goods or some kind of financial instrument).

(d) Derivatives and embedded derivatives

At initial recognition, derivatives shall be measured at fair value at the date of derivative contracts are signed and subsequently measured at fair value. The derivative with a positive fair value shall be recognized as an asset, and with a negative fair value shall be recognized as a liability.

Gains or losses arising from the changes in fair value of derivatives shall be recognized directly into current profit or loss except for the effective portion of cash flow hedges which shall be recognized in other comprehensive income and reclassified into current profit or loss when the hedged items affect profit or loss.

An embedded derivative is a component of a hybrid contract with a financial asset as a host, the Company shall apply the requirements of financial asset classification to the entire hybrid contract. If a host that is not a financial asset and the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss, and the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host, and a separate instrument with the

same terms as the embedded derivative would meet the definition of a derivative, the embedded derivative shall be separated from the hybrid instrument and accounted for as a separate derivative instrument. If the Company is unable to measure the fair value of the embedded derivative at the acquisition date or subsequently at the balance sheet date, the entire hybrid contract is designated as financial assets or financial liabilities at fair value through profit or loss.

(e) Impairment of financial instrument

The Company shall recognize a loss allowance based on expected credit losses on a financial asset that is measured at amortized cost, a debt investment at fair value through other comprehensive income, a contract asset, a lease receivable, a loan commitment and a financial guarantee contract.

(i) Measurement of expected credit losses

Expected credit losses are the weighted average of credit losses of the financial instruments with the respective risks of a default occurring as the weights. Credit loss is 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 (ie all cash shortfalls), discounted at the original effective interest rate or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or the expected lifetime, if the expected life of a financial instrument is less than 12 months).

At each reporting date, the Company classifies financial instruments into three stages and makes provisions for expected credit losses accordingly. A financial instrument of which the credit risk has not significantly increased since initial recognition is at stage 1. The Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired is at stage 2. The Company shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. A financial instrument is considered to be credit-impaired as at the end of the reporting period is at stage 3. The Company shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses.

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 at the reporting date and measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

For financial instrument at stage 1, stage 2 and those have low credit risk, the interest revenue shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset (ie, impairment loss not been deducted). For financial instrument at stage 3, interest revenue shall be calculated by applying the effective interest rate to the amortized cost after deducting of impairment loss.

For notes receivable, accounts receivable and accounts receivable financing, no matter it contains a significant financing component or not, the Company shall measure the loss allowance at an amount equal to the lifetime expected credit losses.

(a)Receivables/Contract Assets

For the notes receivable, accounts receivable, other receivables, accounts receivable financing, contract assets and long-term receivables which are demonstrated to be impaired by any objective evidence, or applicable for individual assessment, the Company shall individually assess for impairment and recognize the loss allowance for expected credit losses. If the Company determines that no objective evidence of impairment exists for notes receivable, accounts receivable, other receivables, accounts receivable financing, contract assets and long-term receivables, or the expected credit loss of a single financial asset cannot be assessed at reasonable cost, such notes receivable, accounts receivable, other receivables, accounts receivable financing, contract assets and long-term receivables shall be divided into several groups with similar credit risk characteristics and collectively calculated the expected credit loss. The determination basis of groups is as following:

Determination basis of notes receivable is as following:

Illustration:

Group 1: Commercial acceptance bills

Group 2: Bank acceptance bills

For each group, the Company calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of accounts receivable is as following:

Illustration:

Group 1: Portfolio grouped with ages

Group 2: Portfolio grouped with business of jewelry sales

For each group, the Company calculates expected credit losses through preparing an aging analysis schedule with the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of other receivables is as following:

Illustration:

Group 1: Interest receivable

Group 2: Dividend receivable

Group 3: Portfolio grouped with ages

Group 4: Deposit and guarantee receivable

Group 5: Portfolio grouped with balances due from consolidated parties

For each group, the Company calculates expected credit losses through default exposure and the 12-months or lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of long-term receivables financing is as following:

Illustration:

Group 1: Others

For group 1, the Company calculates expected credit losses through default exposure and the 12-months or lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

(b) Debt investment and other debt investment

For debt investment and other debt investment, the Company shall calculate the expected credit loss through the default exposure and the 12-month or lifetime expected credit loss rate based on the nature of the investment, counterparty and the type of risk exposure.

(ii) Low credit risk

If the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

(iii) Significant increase in credit risk

The Company shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition, using the change in the risk of a default occurring over the expected life of the financial instrument, through the comparison of the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

To make that assessment, the Company shall consider reasonable and supportable information, that is available without undue cost or

effort, and that is indicative of significant increases in credit risk since initial recognition, including forward-looking information.

The information considered by the Company are as following:

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception
- Existing or forecast adverse change in the business, financial or economic conditions of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;
- An actual or expected significant change in the operating results of the borrower; An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring;
- Significant change that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;
- Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
- Significant changes in the expected performance and behaviour of the borrower;
- Contractual payments are more than 30 days past due.

Depending on the nature of the financial instruments, the Company shall assess whether the credit risk has increased significantly since initial recognition on an individual financial instrument or a group of financial instruments. When assessed based on a group of financial instruments, the Company can group financial instruments on the basis of shared credit risk characteristics, for example, past due information and credit risk rating.

Generally, the Company shall determine the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Company can only rebut this presumption if the Company has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.

(iv) Credit-impaired financial asset

The Company shall assess at each reporting date whether the credit impairment has occurred for financial asset at amortized cost and

debt investment at fair value through other comprehensive income. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidences that a financial asset is credit-impaired include observable data about the following events:

Significant financial difficulty of the issuer or the borrower; a breach of contract, such as a default or past due event; the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(v) Presentation of impairment of expected credit loss

In order to reflect the changes of credit risk of financial instrument since initial recognition, the Company shall at each reporting date remeasure the expected credit loss and recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses addition(or reversal). For financial asset at amortized cost, the loss allowance shall reduce the carrying amount of the financial asset in the statement of financial position; for debt investment 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 the financial asset in the statement of financial position.

(vi) Write-off

The Company shall directly reduce the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the contractual cash flow of a financial asset in its entirety or a portion thereof. Such write-off constitutes a derecognition of the financial asset. This circumstance usually occurs when the Company determines that the debtor has no assets or sources of income that could generate sufficient cash flow to repay the write-off amount.

Recovery of financial asset written off shall be recognized in profit or loss as reversal of impairment loss.

(f) Transfer of financial assets

Transfer of financial assets refers to following two situations:

- Transfers the contractual rights to receive the cash flows of the financial asset;
- Transfers the entire or a part of a financial asset and retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

(i) Derecognition of transferred assets

If the Company transfers substantially all the risks and rewards of ownership of the financial asset, or neither transfers nor retains

substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset, the financial asset shall be derecognized.

Whether the Company has retained control of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the Company has not retained control.

The Company judges whether the transfer of financial asset qualifies for derecognition based on the substance of the transfer.

If the transfer of financial asset qualifies for derecognition in its entirety, the difference between the following shall be recognized in profit or loss:

- The carrying amount of transferred financial asset;
- The sum of consideration received and the part derecognized of the cumulative changes in fair value previously recognized in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of the Accounting Standards for Business Enterprises - Recognition and Measurement of Financial Instruments).

If the transferred asset is a part of a larger financial asset and the part transferred qualifies for derecognition, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognized (For this purpose, a retained servicing asset shall be treated as a part that continues to be recognized) and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between following two amounts shall be recognized in profit or loss:

- The carrying amount (measured at the date of derecognition) allocated to the part derecognized;
- The sum of the consideration received for the part derecognized and part derecognized of the cumulative changes in fair value previously recognized in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of the Accounting Standards for Business Enterprises - Recognition and Measurement of Financial Instruments).

(ii) Continuing involvement in transferred assets

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the Company shall continue to recognize the transferred asset to the extent of its continuing involvement and also recognize an associated liability.

The extent of the Company's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset

(iii) Continue to recognize the transferred assets

If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company shall continue to recognize the transferred asset in its entirety and the consideration received shall be recognized as a financial liability.

The financial asset and the associated financial liability shall not be offset. In subsequent accounting period, the Company shall continuously recognize any income (gain) arising from the transferred asset and any expense (loss) incurred on the associated liability.

(g) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities shall be presented separately in the statement of financial position and shall not be offset.

When meets the following conditions, financial assets and financial liabilities shall be offset and the net amount presented in the statement of financial position:

The Company currently has a legally enforceable right to set off the recognized amounts; The Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

(h) Determination of fair value of financial instruments

Determination of financial assets and financial liabilities please refer to Note 3.11

3.11 Fair Value Measurement

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company determines fair value of the related assets and liabilities based on market value in the principal market, or in the absence of a principal market, in the most advantageous market price for the related asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The principal market is the market in which transactions for an asset or liability take place with the greatest volume and frequency. The most advantageous market is the market which maximizes the value that could be received from selling the asset and minimizes the value which is needed to be paid in order to transfer a liability, considering the effect of transport costs and transaction costs both.

If the active market of the financial asset or financial liability exists, the Company shall measure the fair value using the quoted price in the active market. If the active market of the financial instrument is not available, the Company shall measure the fair value using

valuation techniques.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

- Valuation techniques

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, including the market approach, the income approach and the cost approach. The Company shall use valuation techniques consistent with one or more of those approaches to measure fair value. If multiple valuation techniques are used to measure fair value, the results shall be evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.

When using the valuation technique, the Company shall give the priority to relevant observable inputs. The unobservable inputs can only be used when relevant observable inputs is not available or practically would not be obtained. Observable inputs refer to the information which is available from market and reflects the assumptions that market participants would use when pricing the asset or liability. Unobservable Inputs refer to the information which is not available from market and it has to be developed using the best information available in the circumstances from the assumptions that market participants would use when pricing the asset or liability.

- Fair value hierarchy

To Company establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to Level 1 inputs and second to the Level 2 inputs and the lowest priority to Level 3 inputs. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. 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 3 inputs are unobservable inputs for the asset or liability.

3.12 Inventories

(a) Classification of inventories

Investment property includes land use right of rent-out property and of property held for capital

appreciation and buildings that have been leased out.

(b) Measurement method of cost of inventories sold or used

The cost of inventories used or sold is determined on the first in- first out, or individual valuation method basis.

(c) Inventory system

The perpetual inventory system is adopted. The inventories should be counted at least once a year, and surplus or losses of inventory stocktaking shall be included in current profit and loss.

(d) Provision for impairment of inventory

Inventories are stated at the lower of cost and net realizable value. The excess of cost over net realizable value of the inventories is recognized as provision for impairment of inventory, and recognized in current profit or loss.

Net realizable value of the inventory should be determined on the basis of reliable evidence obtained, and factors such as purpose of holding the inventory and impact of post balance sheet event shall be considered.

(i) In normal operation process, finished goods, products and materials for direct sale, their net realizable values are determined at estimated selling prices less estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices. Net realizable value of materials held for sale shall be measured based on market price.

(ii) For materials in stock need to be processed, in the ordinary course of production and business, net realisable value is determined at the estimated selling price less the estimated costs of completion, the estimated selling expenses and relevant taxes. If the net realisable value of the finished products produced by such materials is higher than the cost, the materials shall be measured at cost; if a decline in the price of materials indicates that the cost of the finished products exceeds its net realisable value, the materials are measured at net realisable value and differences shall be recognized at the provision for impairment.

(iii) Provisions for inventory impairment are generally determined on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory impairment are determined on a category basis.

(iv) If any factor rendering write-downs of the inventories has been eliminated at the reporting date, the amounts written down are recovered and reversed to the extent of the inventory impairment, which has been provided for. The reversal shall be included in

profit or loss.

3.13 Contract assets and Contract liabilities

Effective at 1st January 2020

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance obligations and customers' payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

The Company presents an unconditional right to consideration (i.e., only the passage of time is required before the consideration is due) as a receivable, and presents a right to consideration in exchange for goods that it has transferred to a customer (which is conditional on something other than the passage of time) as a contract asset.

For the Company's determination method and accounting treatment method for the expected credit loss of contract assets, please refer to Note 3.10 **Financial Instruments** for details.

The Company presents an obligation to transfer goods to a customer for which the Company has received consideration (or the amount is due) from the customer as a contract liability.

3.14 Contract costs

Effective at 1st January 2020

Assets related to contract costs including costs of obtaining a contract and costs to fulfil a contract.

The Company recognizes as an asset the incremental costs of obtaining a contract if those costs are expected to be recovered. The costs of obtaining a contract shall be included into profit or loss when incurred if the amortization period of the asset is one year or less.

If the costs incurred in fulfilling a contract are not within the scope of standards related to inventories, fixed assets or intangible assets, etc., the Company shall recognize the costs to fulfil a contract as an asset if all the following criteria are satisfied:

- (i) The costs relate directly to a contract or to an anticipated contract, including direct labor, direct materials, manufacturing overhead cost (or similar cost), cost that are explicitly chargeable to the customer under the contract, and other costs that are only related to the contract;
- (ii) The costs enhance resources of the Company that will be used in satisfying performance obligations in the future;
- (iii) The costs are expected to be recovered.

If the incremental cost incurred by the company to obtain the contract is expected to be recovered, it shall be recognized as an asset as the contract acquisition cost.

The assets related to the contract cost shall be amortized on the same basis as the income from goods or services related to the assets; however, if the amortization period of the contract acquisition cost is less than one year, the company shall include it in the current profit and loss when it occurs.

If the book value of the assets related to the contract cost is higher than the difference between the following two items, the company will make provision for impairment for the excess part and recognize it as the loss of asset impairment, and further consider whether the estimated liabilities related to the loss contract should be made:

(i) The residual consideration expected to be obtained due to the transfer of goods or services related to the asset;

(ii) The estimated cost to be incurred for the transfer of the relevant goods or services.

If the above provision for impairment of assets is subsequently reversed, the book value of the asset after reversal shall not exceed the book value of the asset on the reversal date without provision for impairment.

The contract performance cost recognized as an asset with an amortization period of no more than one year or one normal business cycle at the time of initial recognition shall be listed in the "inventory" item, and the amortization period of no more than one year or one normal business cycle at the time of initial recognition shall be listed in the "other non-current assets" item.

The contract acquisition cost recognized as an asset shall be listed in the item of "other current assets" when the amortization period does not exceed one year or one normal business cycle at the time of initial recognition, and listed in the item of "other non current assets" when the amortization period exceeds one year or one normal business cycle at the time of initial recognition.

3.15 Non-current assets or disposal groups as held for sale

(a) Classification of non-current assets (or disposal groups) as held for sale

The Company classifies a non-current asset (or disposal group) as held for sale if the following requirements are met simultaneously:

(i) The asset or disposal group must be available for immediate sale in its present condition subject only to the terms that are usual and customary for sales of such assets (or disposal groups).

(ii) Its sale must be highly probable, i.e, the Company must be committed to a plan to sell the asset (or disposal group) and obtain definite purchase commitment, and the sale is expected to complete within one year. If the relevant regulations require the approval from the relevant power organisations or supervision departments of the Company before they can be sold, the approval has been obtained.

When the Company acquires a non-current asset (or disposal group) exclusively with a view to its subsequent disposal, it shall

classify the non-current asset (or disposal group) as held for sale at the acquisition date only if the one-year requirement is met and it is highly probable that any other criteria that are not met at that date will be met within a short period following the acquisition (usually within three months).

The Company that is committed to dispose its equity investment in a subsidiary which will lead to its loss of control of the subsidiary shall classify the investment as held for sale in the separate financial statements of the Company, and classify all the assets and liabilities of that subsidiary as held for sale in the consolidated financial statements of the group, when the above criteria are met, regardless of whether the Company will remain part of equity investment in the subsidiary.

(b) Measurement of non-current assets (or disposal groups) held for sale

The principal of measurement of non-current assets (or disposal groups) held for sale does not apply to the following assets: investment properties that are measured in accordance with the fair value model, biological assets that are measured at fair value less costs to sell, assets arising from employee benefits, deferred tax assets, financial assets within the scope of relevant accounting standards related to financial instruments and contractual rights under insurance contracts as defined in accounting standards related to insurance contracts.

When the non-current assets (or disposal groups) as held for sale are initially measured or subsequently measured at balance sheet date, if the carrying amount of the asset (or disposal group) is higher than the fair value less cost to sell, it shall be written-down to its fair value less cost to sell, and the difference shall be recognized as impairment loss into current profit or loss, and provision for asset impairment shall be recognized simultaneously. At subsequent reporting date, if there is any increase in fair value less costs to sell of a non-current asset (or disposal group), the impairment loss recognized in previously shall be reversed to the extent of impairment loss recognized after the asset has been classified as held-for-sale and included in profit or loss. An impairment loss recognized for goodwill shall not be reversed in a subsequent period.

When the assets (or disposal groups) ceases to be classified as held for sale or the non-current assets are removed from disposal groups since the criteria for held for sale are no longer met, the assets shall be measured at the lower of:

- (i) Its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset (or disposal group) not been classified as held for sale, and
- (ii) Its recoverable amount

(c) Presentation

An entity shall present a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single amount.

3.16 Long-term Equity Investments

Long-term equity investments refer to equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures. Associates of the Company are those entities over which the Company has significant influence.

(a) Determination basis of joint control or significant influence over the investee

Joint control is the relevant agreed sharing of control over an arrangement, and the arranged relevant activity must be decided under unanimous consent of the parties sharing control. In assessing whether the Company has joint control of an arrangement, the Company shall assess first whether all the parties, or a group of the parties, control the arrangement. When all the parties, or a group of the parties, considered collectively, are able to direct the activities of the arrangement, the parties control the arrangement collectively. Then the Company shall assess whether decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement. If two or more groups of the parties could control the arrangement collectively, it shall not be assessed as have joint control of the arrangement. When assessing the joint control, the protective rights are not considered.

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 those policies. In determination of significant influence over an investee, the Company should consider not only the existing voting rights directly or indirectly held but also the effect of potential voting rights held by the Company and other entities that could be currently exercised or converted, including the effect of share warrants, share options and convertible corporate bonds that issued by the investee and could be converted in current period.

If the Company holds, directly or indirectly 20% or more but less than 50% of the voting power of the investee, it is presumed that the Company has significant influence of the investee, unless it can be clearly demonstrated that in such circumstance, the Company cannot participate in the decision-making in the production and operating of the investee.

(b) Determination of initial investment cost

(i) Long-term equity investments generated in business combinations

For a business combination involving enterprises under common control, if the Company makes payment in cash, transfers non-cash assets or bears liabilities as the consideration for the business combination, the share of carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party is recognized as the initial cost of the long-term equity investment on the combination date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed shall be adjusted against the capital reserve; if capital reserve is not enough to be offset, undistributed profit shall be offset in turn.

For a business combination involving enterprises under common control, if the Company issues equity securities as the consideration for the business combination, the share of carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party is recognized as the initial cost of the long-term equity investment on the combination date. The total par value of the shares issued is recognized as the share capital. The difference between the initial investment cost and the carrying amount of the total par value of the shares issued shall be adjusted against the capital reserve; if capital reserve is not enough to be offset, undistributed profit shall be offset in turn.

For business combination not under common control, the assets paid, liabilities incurred or assumed and the fair value of equity securities issued to obtain the control of the acquiree at the acquisition date shall be determined as the cost of the business combination and recognized as the initial cost of the long-term equity investment. The audit, legal, valuation and advisory fees, other intermediary fees, and other relevant general administrative costs incurred for the business combination, shall be recognized in profit or loss as incurred.

(ii) Long-term equity investments acquired not through the business combination, the investment cost shall be determined based on the following requirements:

For long-term equity investments acquired by payments in cash, the initial cost is the actually paid purchase cost, including the expenses, taxes and other necessary expenditures directly related to the acquisition of long-term equity investments.

For long-term equity investments acquired through issuance of equity securities, the initial cost is the fair value of the issued equity securities.

For the long-term equity investments obtained through exchange of non-monetary assets, if the exchange has commercial substance, and the fair values of assets traded out and traded in can be measured reliably, the initial cost of long-term equity investment traded in with non-monetary assets are determined based on the fair values of the assets traded out together with relevant taxes. Difference between fair value and book value of the assets traded out is recorded in current profit or loss. If the exchange of non-monetary assets

does not meet the above criterion, the book value of the assets traded out and relevant taxes are recognized as the initial investment cost.

For long-term equity investment acquired through debt restructuring, the book value is determined based on the fair value of waived debts and the taxes and other costs directly attributable to the assets. Difference between fair value and carrying amount of waived debts shall be recorded in current profit or loss.

(c) Subsequent measurement and recognition of profit or loss

Long-term equity investment to an entity over which the Company has ability of control shall be accounted for at cost method.

Long-term equity investment to a joint venture or an associate shall be accounted for at equity method.

(i) Cost method

For Long-term equity investment at cost method, cost of the long-term equity investment shall be adjusted when additional amount is invested or a part of it is withdrawn. The Company recognizes its share of cash dividends or profits which have been declared to distribute by the investee as current investment income.

(ii) Equity method

If the initial cost of the investment is in excess of the share of the fair value of the net identifiable assets in the investee at the date of investment, the difference shall not be adjusted to the initial cost of long-term equity investment; if the initial cost of the investment is in short of the share of the fair value of the net identifiable assets in the investee at the date investment, the difference shall be included in the current profit or loss and the initial cost of the long-term equity investment shall be adjusted accordingly.

The Company recognizes the share of the investee' s net profits or losses, as well as its share of the investee' s other comprehensive income, as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the share of any profit or cash dividends declared to distribute by the investee. The investor' s share of the investee' s owners' equity changes, other than those arising from the investee' s net profit or loss, other comprehensive income or profit distribution, shall be recognized in the investor' s equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The Company recognizes its share of the investee' s net profits or losses after making appropriate adjustments of investee' s net profit based on the fair values of the investee' s identifiable net assets at the investment date. If the accounting policy and accounting period adopted by the investee is not in consistency with the Company, the financial statements of the investee shall be adjusted according to the Company' s accounting policies and accounting period, based on which, investment income or loss and other comprehensive income, etc., shall be adjusted. The unrealized profits or losses resulting from inter-Company transactions between the Company and its associate or joint venture are eliminated in proportion to the Company' s equity interest in the investee, based on which investment income or losses shall be

recognized. Any losses resulting from inter-Company transactions between the investor and the investee, which belong to asset impairment, shall be recognized in full.

Where the Company obtains the power of joint control or significant influence, but not control, over the investee, due to additional investment or other reason, the relevant long-term equity investment shall be accounted for by using the equity method, initial cost of which shall be the fair value of the original investment plus the additional investment. Where the original investment is classified as available-for sale investment, difference between its fair value and the carrying value, in addition to the cumulative changes in fair value previously recorded in other comprehensive income, shall be recognised into current profit or loss using equity method.

If the Company loses the joint control or significant influence of the investee for some reasons such as disposal of equity investment, the retained interest shall be measured at fair value and the difference between the carrying amount and the fair value at the date of loss the joint control or significant influence shall be recognized in profit or loss. When the Company discontinues the use of the equity method, the Company shall account for all amounts previously recognized in other comprehensive income under equity method in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities.

(d) Equity investment classified as held for sale

For an equity investment, or a portion of an equity investment, in an associate or a joint venture is classified as held for sale, the relevant accounting treatment please refer to Note 3.14.

Any retained interest in the equity investment not classified as held for sale, shall be accounted for using equity method.

When an equity investment in an associate or a joint venture previously classified as held for sale no longer meets the criteria to be so classified, it shall be accounted for using the equity method retrospectively as from the date of its classification as held for sale.

Financial statements for the periods since classification as held for sale shall be amended accordingly.

(e) Impairment testing and provision for impairment loss

For investment in subsidiaries, associates or a joint ventures, provision for impairment loss please refer to Note 3.22.

3.17 Investment Properties

(a) Classification of investment properties

Investment properties are properties to earn rentals or for capital appreciation or both, including:

(i) Land use right leased out

(ii) Land held for transfer upon appreciation

(iii) Buildings leased out

(b) The measurement model of investment property

The Company adopts the cost model for subsequent measurement of investment properties. For provision for impairment please refer to Note 3.23.

The Company calculates the depreciation or amortization based on the net amount of investment property cost less the accumulated impairment and the net residual value using straight-line method. The estimated useful life and annual depreciation rates which are determined according to the categories, estimated economic useful lives and estimated net residual rates are listed as followings:

Category	Estimated useful life (year)	Residual rates (%)	Annual depreciation rates (%)
Buildings and constructions	35-40	3	2.77-2.43
Land use right	50	—	2.00

3.18 Fixed Assets

Fixed assets refer to the tangible assets with higher unit price held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one year.

(a) Recognition criteria of fixed assets

Fixed assets will only be recognized at the actual cost paid when obtaining as all the following criteria are satisfied:

- (i) It is probable that the economic benefits relating to the fixed assets will flow into the Company;
- (ii) The costs of the fixed assets can be measured reliably.

Subsequent expenditure for fixed assets shall be recorded in cost of fixed assets, if recognition criteria of fixed assets are satisfied, otherwise the expenditure shall be recorded in current profit or loss when incurred.

(b) Depreciation methods of fixed assets

The Company begins to depreciate the fixed asset from the next month after it is available for intended use using the straight-line-method. The estimated useful life and annual depreciation rates which are determined according to the categories, estimated economic useful lives and estimated net residual rates of fixed assets are listed as followings:

Categories	Depreciation method	Useful life (years)	Estimated residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	10,35-40	0、3	2.43-2.77,10.00
Decoration fees for self-owned houses	Straight-line method	10	0	10.00
Machinery	Straight-line method	12	3	8.08
Transport facilities	Straight-line method	7	3	13.86
Electronic equipment	Straight-line method	5-7	3	13.86-19.40
Office and other equipment	Straight-line method	7	3	13.86

For the fixed assets with impairment provided, the impairment provision should be excluded from the cost when calculating depreciation.

At the end of reporting period, the Company shall review the useful life, estimated net residual value and depreciation method of the fixed assets. Estimated useful life of the fixed assets shall be adjusted if it is changed compared to the original estimation.

(c) Recognition criteria, valuation and depreciation methods of fixed assets obtained through a finance lease

If the entire risk and rewards related to the leased assets have been substantially transferred, the Company shall recognize the lease as a finance lease. The cost of the fixed assets obtained through a finance lease is determined at the lower of the fair value of the leased assets and the present value of the minimum lease payment on the date of the lease. The fixed assets obtained by a finance lease are depreciated in the method which is consistent with the self-owned fixed assets of the Company. For fixed assets obtained through a finance lease, if it is reasonably certain that the ownership of the

leased assets will be transferred to the lessee by the end of the lease term, they shall be depreciated over their remaining useful lives; otherwise, the leased assets shall be depreciated over the shorter of the lease terms or their remaining useful lives.

3.19 Construction in Progress

(a) Classification of construction in progress

Construction in progress is measured on an individual project basis.

(b) Recognition criteria and timing of transfer from construction in progress to fixed assets

The initial book values of the fixed assets are stated at total expenditures incurred before they are ready for their intended use, including construction costs, original price of machinery equipment, other necessary expenses incurred to bring the construction in progress to get ready for its intended use and borrowing costs of the specific loan for the construction or the proportion of the general loan used for the constructions incurred before they are ready for their intended use. The construction in progress shall be transferred to fixed asset when the installation or construction is ready for the intended use. For construction in progress that has been ready for their intended use but relevant budgets for the completion of projects have not been completed, the estimated values of project budgets, prices, or actual costs should be included in the costs of relevant fixed assets, and depreciation should be provided according to relevant policies of the Company when the fixed assets are ready for intended use. After the completion of budgets needed for the completion of projects, the estimated values should be substituted by actual costs, but depreciation already provided is not adjusted.

3.20 Borrowing Costs

(a) Recognition criteria and period for capitalization of borrowing costs

The Company shall capitalize the borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets when meet the following conditions:

- (i) Expenditures for the asset are being incurred;
- (ii) Borrowing costs are being incurred, and;
- (iii) Acquisition, construction or production activities that are necessary to prepare the assets for their intended use or sale are in progress.

Other borrowing cost, discounts or premiums on borrowings and exchange differences on foreign currency borrowings shall be recognized into current profit or loss when incurred.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and the interruption is for a continuous period of more than 3 months.

Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. The expenditure incurred subsequently shall be recognized as expenses when incurred.

(b) Capitalization rate and measurement of capitalized amounts of borrowing costs

When funds are borrowed specifically for purchase, construction or manufacturing of assets eligible for capitalization, the Company shall determine the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any interest income on bank deposit or investment income on the temporary investment of those borrowings.

Where funds allocated for purchase, construction or manufacturing of assets eligible for capitalization are part of a general borrowing, the eligible amounts are determined by the weighted-average of the cumulative capital expenditures in excess of the specific borrowing multiplied by the general borrowing capitalization rate. The capitalization rate will be the weighted average of the borrowing costs applicable to the general borrowing.

3.21 Intangible Assets

(a) Measurement method of intangible assets

Intangible assets are recognized at actual cost at acquisition.

(b) The useful life and amortization of intangible assets

(i) The estimated useful lives of the intangible assets with finite useful lives are as follows:

Category	Estimated useful life	Basis
Land use right	50 years	Legal life
Software	5 years	The service life is determined by reference to the period that can bring economic benefits to the Company
Royalties	10 years	The service life is determined by reference to the period that can bring economic benefits to the Company

For intangible assets with finite useful life, the estimated useful life and amortization method are reviewed annually at the end of each reporting period and adjusted when necessary. No change incurs in current year in the estimated useful life and amortization method upon review.

(ii) Assets of which the period to bring economic benefits to the Company are unforeseeable are regarded as intangible assets with indefinite useful lives. The Company reassesses the useful lives of those assets at every year end. If the useful lives of those assets are still indefinite, impairment test should be performed on those assets at the balance sheet date.

(iii) Amortization of the intangible assets

For intangible assets with finite useful lives, their useful lives should be determined upon their acquisition and systematically amortized on a straight-line basis [units of production method] over the useful life. The amortization amount shall be recognized into current profit or loss according to the beneficial items. The amount to be amortized is cost deducting residual value. For intangible assets which has impaired, the cumulative impairment provision shall be deducted as well. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless: there is a commitment by a third party to purchase the asset at the end of its useful life; or there is an active market for the asset and residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life.

Intangible assets with indefinite useful lives shall not be amortized. The Company reassesses the

useful lives of those assets at every year end. If there is evidence to indicate that the useful lives of those assets become finite, the useful lives shall be estimated and the intangible assets shall be amortized systematically and reasonably within the estimated useful lives.

3.22 Impairment of Long-Term Assets

Impairment loss of long-term equity investment in subsidiaries, associates and joint ventures, investment properties, fixed assets and constructions in progress subsequently measured at cost, productive biological assets, intangible assets, goodwill, the rights and interests of proved mining areas of petroleum and natural gas and wells and other relevant facilities measured at cost (excluding inventories, investment properties measured at fair value, deferred tax assets, financial assets), shall be determined according to following method:

The Company shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the asset and test for impairment. Irrespective of whether there is any indication of impairment, the Company shall test for impairment of goodwill acquired in a business combination, intangible assets with an indefinite useful life or intangible assets not yet available for use annually.

The recoverable amounts of the long-term assets are the higher of their fair values less costs to dispose and the present values of the estimated future cash flows of the long-term assets. The Company estimate the recoverable amounts on an individual basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the groups of assets that the individual asset belongs to. Identification of an group of asset is based on whether the cash inflows from it are largely independent of the cash inflows from other assets or groups of assets.

If, and only if, the recoverable amount of an asset or a group of assets is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and the provision for impairment loss shall be recognized accordingly.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to relevant group of assets based on reasonable method; if it is difficult to allocate to relevant group of assets, good will shall be allocated to relevant combination of asset groups. The relevant group of assets or combination of asset groups is a group of assets or combination of asset groups that is benefit from the synergies of the business combination and is not larger than the reporting segment determined by the Company.

When test for impairment, if there is an indication that relevant group of assets or combination of asset groups may be impaired, impairment testing for group of assets or combination of asset groups excluding goodwill shall be conducted first, and calculate the recoverable amount and recognize the

impairment loss. Then the group of assets or combination of asset groups including goodwill shall be tested for impairment, by comparing the carrying amount with its recoverable amount. If the recoverable amount is less than the carrying amount, the Company shall recognize the impairment loss.

The mentioned impairment loss will not be reversed in subsequent accounting period once it had been recognized.

3.23 Long-term Deferred Expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortized over current and subsequent periods with the amortization period exceeding one year.

Long-term deferred expenses are evenly amortized within its beneficiary period or stipulated period.

3.24 Employee Benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

According to liquidity, employee benefits are presented in the statement of financial position as “Employee benefits payable” and “Long-term employee benefits payable” .

(a) Short-term employee benefits

(i) Employee basic salary (salary, bonus, allowance, subsidy)

The Company recognizes, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to current profit except for those recognized as capital expenditure based on the requirement of accounting standards.

(ii) Employee welfare

The Company shall recognize the employee welfare based on actual amount when incurred into current profit or loss or related capital expenditure. Employee welfare shall be measured at fair value as it is a non-monetary benefits.

(iii) Social insurance such as medical insurance, work injury insurance and maternity insurance, housing funds, labor union fund and

employee education fund

Payments made by the Company of social insurance for employees, such as medical insurance, work injury insurance and maternity insurance, payments of housing funds, and labor union fund and employee education fund accrued in accordance with relevant requirements, in the accounting period in which employees provide services, is calculated according to required accrual bases and accrual ratio in determining the amount of employee benefits and the related liabilities, which shall be recognized in current profit or loss or the cost of relevant asset.

(iv) Short-term paid absences

The Company shall recognize the related employee benefits arising from accumulating paid absences when the employees render service that increases their entitlement to future paid absences. The additional payable amounts shall be measured at the expected additional payments as a result of the unused entitlement that has accumulated. The Company shall recognize relevant employee benefit of non-accumulating paid absences when the absences actually occurred.

(v) Short-term profit-sharing plan

The Company shall recognize the related employee benefits payable under a profit-sharing plan when all of the following conditions are satisfied:

- (i) The Company has a present legal or constructive obligation to make such payments as a result of past events; and
- (ii) A reliable estimate of the amounts of employee benefits obligation arising from the profit-sharing plan can be made.

(b) Post-employment benefits

(i) Defined contribution plans

The Company shall recognize, 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 the current profit or loss or the cost of a relevant asset.

When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, they shall be discounted using relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined contribution obligations) to measure employee benefits payable.

(ii) Defined benefit plan

A.The present value of defined benefit obligation and current service costs

Based on the expected accumulative welfare unit method, the Company shall make estimates about demographic variables and financial variables in adopting the unbiased and consistent actuarial assumptions and measure defined benefit obligation, and determine the obligation period. The Company shall discount the obligation arising from defined benefit plan using relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined benefit obligations) in order to determine the present value of the defined benefit obligation and the current service cost.

B.The net defined benefit liability or asset

The net defined benefit liability (asset) is the deficit or surplus recognized as the present value of the defined benefit obligation less the fair value of plan assets (if any).

When the Company has a surplus in a defined benefit plan, it shall measure the net defined benefit asset at the lower of the surplus in the defined benefit plan and the asset ceiling.

C.The amount recognized in the cost of asset or current profit or loss

Service cost comprises current service cost, past service cost and any gain or loss on settlement. Other service cost shall be recognized in profit or loss unless accounting standards require or allow the inclusion of current service cost within the cost of assets.

Net interest on the net defined benefit liability (asset) comprising interest income on plan assets, interest cost on the defined benefit obligation and interest on the effect of the asset ceiling, shall be included in profit or loss.

D.The amount recognized in other comprehensive income

Changes in the net liability or asset of the defined benefit plan resulting from the remeasurements including:

- Actuarial gains and losses, the changes in the present value of the defined benefit obligation resulting from experience adjustments or the effects of changes in actuarial assumptions;
- Return on plan assets, excluding amounts included in net interest on the net defined benefit liability or asset;
- Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Remeasurements of the net defined benefit liability (asset) recognized in other comprehensive income shall not be reclassified to profit or loss in a subsequent period. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

(c) Termination benefits

The Company providing termination benefits to employees shall recognize an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss of the reporting period, at the earlier of the following dates:

- (i) When the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal.
- (ii) When the Company recognizes costs or expenses related to a restructuring that involves the payment of termination benefits.

If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, the Company shall discount the termination benefits using relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined benefit obligations) to measure the employee benefits.

(d) Other long-term employee benefits

- (i) Meet the conditions of the defined contribution plan

When other long-term employee benefits provided by the Company to the employees satisfies the conditions for classifying as a defined contribution plan, all those benefits payable shall be accounted for as employee benefits payable at their discounted value.

- (ii) Meet the conditions of the defined benefit plan

At the end of the reporting period, the Company recognized the cost of employee benefit from other long-term employee benefits as the following components:

- Service costs;
- Net interest cost for net liability or asset of other long-term employee benefits
- Changes resulting from the remeasurements of the net liability or asset of other long-term employee benefits

In order to simplify the accounting treatment, the net amount of above items shall be recognized in profit or loss or relevant cost of assets.

3.25 Estimated Liabilities

(a) Recognition criteria of estimated liabilities

The Company recognizes the estimated liabilities when obligations related to contingencies satisfy all the following conditions:

- (i) That obligation is a current obligation of the Company;
- (ii) It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation; and
- (iii) The amount of the obligation can be measured reliably.

(b) Measurement method of estimated liabilities

The estimated liabilities of the Company are initially measured at the best estimate of expenses required for the performance of relevant present obligations. The Company, when determining the best estimate, has had a comprehensive consideration of risks with respect to contingencies, uncertainties and the time value of money. The carrying amount of the estimated liabilities shall be reviewed at the end of every reporting period. If conclusive evidences indicate that the carrying amount fails to be the best estimate of the estimated liabilities, the carrying amount shall be adjusted based on the updated best estimate.

3.26 Revenue

Effective at 1st January 2020

(a) Revenue recognition principles

At contract inception, the Company shall assess the contracts and shall identify each performance obligation in the contracts, and determine whether the performance obligation should be satisfied over time or at a point in time.

The Company satisfies a performance obligation over time if one of the following criteria is met, otherwise, the performance obligation is satisfied at a point in time:

- (1) the customer simultaneously receives and consumes the economic benefits provided by the Company' s performance as the Company performs;
- (2) the customer can control goods as they are created by the Company' s performance;
- (3) goods created during the Company' s performance have irreplaceable uses and the Company has an enforceable right to receive the payments for performance completed to date during the whole contract period.

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the

circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress. For each performance obligation satisfied at a point in time, the Company shall recognize revenue at the time point that the client obtains control of relevant goods or services. To determine whether the customer has obtained control of goods, the Company shall consider the following indications:

- (1) the Company has a present right to payment for the goods, i.e., the customer is presently obliged to pay for the goods;
- (2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods;
- (3) the Company has transferred physical possession of the goods to the client, i.e., the customer has physically possessed the goods;
- (4) the Company has transferred significant risks and rewards of ownership of the goods to the client, i.e., the customer has obtained significant risks and rewards of ownership of the goods;
- (5) the customer has accepted the goods;
- (6) other evidence indicating the customer has obtained control over the goods.

Sales return clause

For the sales with return clauses, when the customer obtains the control right of the relevant goods, the company shall recognize the revenue according to the amount of consideration it is entitled to obtain due to the transfer of the goods to the customer, and recognize the amount expected to be returned due to the sales return as the estimated liability; at the same time, the company shall deduct the estimated cost of recovering the goods according to the book value of the expected returned goods at the time of transfer. The balance after deducting the value of the returned goods is recognized as an asset, that is, the cost of return receivable, which is carried forward by deducting the net cost of the above assets according to the book value of the transferred goods at the time of transfer. On each balance sheet date, the Company re estimates the return of future sales and re measures the above assets and liabilities.

Warranty obligations

According to the contract and legal provisions, the company provides quality assurance for the goods sold and the projects constructed. For the guarantee quality assurance to ensure that the goods

sold meet the established standards, the company conducts accounting treatment in accordance with the “Accounting Standards for Business Enterprises No. 13 – Contingencies”. For the service quality assurance which provides a separate service in addition to guaranteeing that the goods sold meet the established standards, the company takes it as a single performance obligation, allocates part of the transaction price to the service quality assurance according to the relative proportion of the separate selling price of the goods and service quality assurance, and recognizes the revenue when the customer obtains the service control right. When evaluating whether the quality assurance provides a separate service in addition to assuring customers that the goods sold meet the established standards, the company considers whether the quality assurance is a statutory requirement, the quality assurance period, and the nature of the company's commitment to perform the task.

Principal responsible person and agent

The company has the right to determine the price of the traded goods after obtaining the control right of the trading goods from the third party and then transferring it to the customer, that is, the company can control the goods before transferring the trading goods to the customer. Therefore, the company is the main responsible person and recognizes the income according to the total consideration received or receivable. Otherwise, the company, as the agent, shall recognize the income according to the amount of commission or service charge that it is expected to be entitled to receive, which shall be determined according to the net amount of the total consideration received or receivable after deducting the price payable to other relevant parties, or according to the established Commission amount or proportion.

Customer consideration payable

If there is consideration payable to the customer in the contract, unless the consideration is to obtain other clearly distinguishable goods or services from the customer, the company will offset the transaction price with the consideration payable, and offset the current income at the later time of confirming the relevant income or paying (or promising to pay) the customer's consideration.

Contractual rights not exercised by customers

If the company advances sales of goods or services to customers, the amount shall be recognized as liabilities first, and then converted into income when relevant performance obligations are fulfilled. When the company does not need to return the advance payment and the customer may give up all

or part of the contract rights, if the company expects to have the right to obtain the amount related to the contract rights given up by the customer, the above amount shall be recognized as income in proportion according to the mode of the customer exercising the contract rights; otherwise, the company only has the very low possibility of the customer requiring to perform the remaining performance obligations. The relevant balance of the above liabilities is converted into income.

(b) Revenue recognition method adopted by the Company

(i) Goods sales contract

The sales contract between the company and the customer includes the performance obligation of transferring the goods, which belongs to the performance obligation at a certain time point.

The recognition of automobile sales revenue and jewelry wholesale revenue shall meet the following conditions: the company has delivered the goods to the customer according to the contract, the customer has accepted the goods, the payment for goods has been collected or the receipt has been obtained, and the relevant economic benefits are likely to flow in, the main risks and rewards of the ownership of the goods have been transferred, and the legal ownership of the goods has been transferred.

(ii) Auto maintenance and testing contract

The performance obligations included in the automobile maintenance and testing contract between the company and its customers belong to the performance obligations at a certain time point.

The following conditions shall be met for the recognition of automobile maintenance and testing Revenue: the company has completed automobile maintenance and testing services according to the contract, settled all materials and working hours expenses with customers, and allowed customers' vehicles to leave the company's maintenance plant.

(iii) Service contract

The service contract between the company and the customer includes the performance obligation of the service related to the rental real estate. As the company's performance at the same time, the customer obtains and consumes the economic benefits brought by the company's performance, the company takes it as the performance obligation within a certain period of time, and allocates it equally during the service provision period.

(iv) Real estate lease contract

Please refer to Note 3.29 LEASES for the revenue recognition method for real estate lease contract.

3.27 Government Grants

(a) Recognition of government grants

A government grant shall not be recognised until there is reasonable assurance that:

- (i) The Company will comply with the conditions attaching to them; and
- (ii) The grants will be received.

(b) Measurement of government grants

Monetary grants from the government shall be measured at amount received or receivable, and non-monetary grants from the government shall be measured at their fair value or at a nominal value of CNY 1.00 when reliable fair value is not available.

(c) Accounting for government grants

- (i) Government grants related to assets

Government grants pertinent to assets mean the government grants that are obtained by the Company used for purchase or construction, or forming the long-term assets by other ways. Government grants pertinent to assets shall be recognized as deferred income, and should be recognized in profit or loss on a systematic basis over the useful lives of the relevant assets. Grants measured at their nominal value shall be directly recognized in profit or loss of the period when the grants are received. When the relevant assets are sold, transferred, written off or damaged before the assets are terminated, the remaining deferred income shall be transferred into profit or loss of the period of disposing relevant assets.

- (ii) Government grants related to income

Government grants other than related to assets are classified as government grants related to income. Government grants related to income are accounted for in accordance with the following principles:

If the government grants related to income are used to compensate the enterprise's relevant expenses or losses in future periods, such government grants shall be recognized as deferred income and included into profit or loss (or write down related expenses) in the same period as the relevant expenses or losses are recognized;

If the government grants related to income are used to compensate the enterprise's relevant expenses or losses incurred, such government grants are directly recognized into current profit or loss (or write down related expenses).

For government grants comprised of part related to assets as well as part related to income, each part is accounted for separately; if it is difficult to identify different part, the government grants are accounted for as government grants related to income as a whole.

Government grants related to daily operation activities are recognized in other income (or write down related expenses) in accordance with the nature of the activities, and government grants irrelevant to daily operation activities are recognized in

non-operating income.

(iii) Repayment of the government grants

Repayment of the government grants shall be recorded by increasing the carrying amount of the asset if the book value of the asset has been written down, or reducing the balance of relevant deferred income if deferred income balance exists, any excess will be recognized into current profit or loss; or directly recognized into current profit or loss for other circumstances.

3.28 Deferred Tax Assets and Deferred Tax Liabilities

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base at the balance sheet date. The Company recognize and measure the effect of taxable temporary differences and deductible temporary differences on income tax as deferred tax liabilities or deferred tax assets using liability method. Deferred tax assets and deferred tax liabilities shall not be discounted.

(a) Recognition of deferred tax assets

Deferred tax assets should be recognized for deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits can be utilised at the tax rates that are expected to apply to the period when the asset is realised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- (i) Is not a business combination; and
- (ii) At the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

The Company shall recognize a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, associates and joint ventures, only to the extent that, it is probable that:

- (i) The temporary difference will reverse in the foreseeable future; and
- (ii) Taxable profit will be available against which the deductible temporary difference can be utilised.

At the end of each reporting period, if there is sufficient evidence that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, the Company recognizes a previously unrecognized deferred tax asset.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. The Company shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it

becomes probable that sufficient taxable profit will be available.

(b) Recognition of deferred tax liabilities

A deferred tax liability shall be recognized for all taxable temporary differences at the tax rate that are expected to apply to the period when the liability is settled.

(i) No deferred tax liability shall be recognized for taxable temporary differences arising from:

- The initial recognition of goodwill; or
- The initial recognition of an asset or liability in a transaction which: is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

(ii) An entity shall recognize a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, except to the extent that both of the following conditions are satisfied:

- The Company is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future.

(c) Recognition of deferred tax liabilities or assets involved in special transactions or events

(i) Deferred tax liabilities or assets related to business combination

For the taxable temporary difference or deductible temporary difference arising from a business combination not under common control, a deferred tax liability or a deferred tax asset shall be recognized, and simultaneously, goodwill recognized in the business combination shall be adjusted based on relevant deferred tax expense (income).

(ii) Items directly recognized in equity

Current tax and deferred tax related to items that are recognized directly in equity shall be recognized in equity. Such items include: other comprehensive income generated from fair value fluctuation of available for sale investments; an adjustment to the opening balance of retained earnings resulting from either a change in accounting policy that is applied retrospectively or the correction of a prior period (significant) error; amounts arising on initial recognition of the equity component of a compound financial instrument that contains both liability and equity component.

(iii) Unused tax losses and unused tax credits

A. Unused tax losses and unused tax credits generated from daily operation of the Company itself

Deductible loss refers to the loss calculated and permitted according to the requirement of tax law that can be offset against taxable income in future periods. The criteria for recognising deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognising deferred tax assets arising from deductible temporary differences. The Company recognizes a deferred tax asset arising from unused tax losses or tax credits only to the extent that there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the Company. Income taxes in current profit or loss shall be deducted as well.

B. Unused tax losses and unused tax credits arising from a business combination

Under a business combination, the acquiree's deductible temporary differences which do not satisfy the criteria at the acquisition date for recognition of deferred tax asset shall not be recognized. Within 12 months after the acquisition date, if new information regarding the facts and circumstances exists at the acquisition date and the economic benefit of the acquiree's deductible temporary differences at the acquisition is expected to be realised, the Company shall recognize acquired deferred tax benefits and reduce the carrying amount of any goodwill related to this acquisition. If goodwill is reduced to zero, any remaining deferred tax benefits shall be recognized in profit or loss. All other acquired deferred tax benefits realised shall be recognized in profit or loss.

(iv) Temporary difference generated in consolidation elimination

When preparing consolidated financial statements, if temporary difference between carrying value of the assets and liabilities in the consolidated financial statements and their taxable bases is generated from elimination of inter-Company unrealized profit or loss, deferred tax assets or deferred tax liabilities shall be recognized in the consolidated financial statements, and income taxes expense in current profit or loss shall be adjusted as well except for deferred tax related to transactions or events recognized directly in equity and business combination.

(v) Share-based payment settled by equity

If tax authority permits tax deduction that relates to share-based payment, during the period in which the expenses are recognized according to the accounting standards, the Company estimates the tax base in accordance with available information at the end of the accounting period and the temporary difference arising from it. Deferred tax shall be recognized when criteria of recognition are satisfied. If the amount of estimated future tax deduction exceeds the amount of the cumulative expenses related to share-based payment recognized according to the accounting standards, the tax effect of the excess amount shall be recognized directly in equity.

3.29 Leases

The Company classifies the lease that substantially transfers all the risks and rewards incidental to ownership of an underlying asset as a finance lease. Other lease shall be classified as an operating lease.

(a) Accounting for operating leases

(i) When the Company as a lessee, the lease payments should be recognized into profit or loss of the reporting period over the lease terms on a straight-line basis or the amount of usage. If the lessor provides the rent-free period, the Company shall allocate total lease payment over the entire lease terms including the rent-free period using straight-line basis or other reasonable method. Lease expense and the corresponding liabilities shall be recognized during the rent-free period. If expenses relating to lease which should be borne by the Company are paid by the lessor of the assets, they shall be deducted from the total lease expenses and the balances shall be amortized over the lease terms by the Company.

Initial direct costs relating to lease transactions incurred by the Company shall be recognized into current profit or loss. Contingent rental, if included in the lease contract, shall be recognized into profit or loss upon occurrence.

(ii) When the Company as a lessor, lease income should be recognized over the lease terms on a straight-line basis. If the lessor provides the rent-free period, the Company shall allocate total lease income over the entire lease terms including the rent-free period using straight-line basis or other reasonable method. Lease income shall be recognized during the rent-free period. If expenses relating to leases which should be borne by the lessee of the assets are paid by the Company, they shall be deducted from the total lease income and the balances shall be amortized over the lease terms by the Company.

Initial direct costs relating to lease transactions incurred by the Company shall be recognized into current profit or loss; if the amounts are material, they shall be capitalized and amortized over the lease terms on the same basis as the recognition of lease income. Contingent rental, if included in the lease contract, shall be recognized into profit or loss upon occurrence.

(b) Accounting for finance leases

(i) When the Company as a lessee, at commencement of the lease, assets obtained through finance leases should be recorded at the lower of their fair values and the present values of the minimum lease payments. The Company shall recognize long-term payables at amounts equal to the minimum

lease payments, and the differences shall be recognized as unrecognized finance charges, which shall be amortized over the lease terms as finance expenses by using effective interest rate method and recognized into finance cost.

Initial direct costs are recorded in the value of the leased assets.

The Company adopts the same depreciation policy for the leased assets as its self-owned fixed assets. Depreciation period is determined according to the lease contract. If it is reasonably certain that the Company will obtain the ownership of the assets at the expiration of the lease, the depreciation period will be the useful lives of the leased assets. If it is not certain that the Company will obtain the ownership of the asset at the expiration of the lease, the depreciation period is the shorter of the lease period and their useful lives.

(ii) When the Company as a lessor, at commencement of the lease, lease receivables shall be measured at minimum lease receivables plus initial direct costs relating to lease transactions and recognized as long-term receivable in the statement of financial position. Unguaranteed residual values are recorded simultaneously. The differences between the total of minimum lease receivable, initial direct cost and unguaranteed residual values and their present value shall be recognized as unearned finance income, and shall amortized over the lease terms as lease income at the effective interest rate method.

3.30 Significant Accounting Policies and Accounting Estimates

Based on the historical experience and other factors, including appropriate expectations of future events, the Company performed continuous assessment of important accounting estimates and key assumptions. The samples of important accounting estimates and key assumptions that are likely to result in significant adjustment risk of the book value of assets and liabilities in the next accounting year are as follows:

Classification of financial assets

The major judgments involved in determining the classification of financial assets include the analysis of business model and contract cash flow characteristics.

The Company determines the business model of managing financial assets at the level of financial portfolios. The factors considered include the way to evaluate and report the performance of financial assets to key management personnel, the risks affecting the performance of financial assets and their management methods, as well as the way for relevant business management personnel to obtain remuneration, etc.

When evaluating whether the contract cash flow of financial assets is consistent with the basic loan arrangements, the Company has the following main judgments: whether the time distribution or amount of the principal may change in the duration due to prepayment and other reasons; whether the interest only includes the time value of money, credit risk, other basic lending risks and the consideration with cost and profit. For example, does the amount of prepayment only reflect the outstanding principal and the interest based on the outstanding principal, as well as the reasonable compensation paid for the early termination of the contract.

Measurement of expected credit loss of accounts receivable

The Company calculates the expected credit loss of accounts receivable through the default risk exposure of accounts receivable and the expected credit loss rate, and determines the expected credit loss rate based on the default probability and the default loss rate. In determining the expected credit loss rate, the Company uses data including the internal historical credit loss experience, and adjusts the historical data according to the current situation and forward-looking information. When considering forward-looking information, the indicators used by the Company include the risk of economic downturn, changes in external market environment, technical environment and customer situation, etc. The Company regularly monitors and reviews the assumptions related to the calculation of expected credit loss.

Deferred tax assets

To the extent that there is likely to be sufficient taxable profits to offset the losses, deferred income tax assets should be recognized for all unused tax losses. The management has to perform a lot of judgment to estimate the time and amount of future taxable profits, combined with tax planning strategy, to determine the amount of deferred income tax assets that should be recognized.

Determination of fair value of unlisted equity investment

The fair value of unlisted equity investment is the estimated future cash flow discounted according to the current discount rate of projects with similar terms and risk characteristics. This kind of valuation requires the company to estimate the expected future cash flow and discount rate, so it is uncertain. In limited circumstances, if the information used to determine the fair value is insufficient, or the distribution range of the possible estimated amount of the fair value is wide, and the cost represents the best estimate of the fair value within the range, the cost can represent the appropriate estimate of the fair value within the distribution range.

3.31 Changes in Significant Accounting Policies and Accounting Estimates

(a) Changes in accounting policies

On July 5, 2017, the Ministry of Finance issued “Accounting Standards for Business Enterprises No. 14 – Revenue” (CK [2017] No. 22) (the "New Revenue Standards"). Domestic listed enterprises are required to implement the New Revenue Standards from January 1, 2020. The Company implemented the New Revenue Standards on January 1, 2020 and adjusted the relevant contents of accounting policies. Please refer to Notes 3.26 REVENUE for details.

The New Revenue Standards requires that the cumulative impact of the first implementation of the standard should be adjusted to the amount of retained earnings and other relevant items in the financial statements at the beginning of the first implementation year (i.e. January 1, 2020), and the information of the comparable period should not be adjusted. When implementing the New Revenue Standards, the Company only adjusted the cumulative impact of contracts that have not been completed on the first execution date.

Due to the implementation of the New Revenue Standards, the Company's consolidated financial statements were adjusted accordingly. As of January 1, 2020, the contract liabilities were CNY 23,062,146.90, other current liabilities were CNY 2,998,079.10, and the advance receipts were CNY -26,060,226.00. The relevant adjustment has no effect on the shareholders' equity belonging to the parent Company in the consolidated financial statements of the Company. There is no need to adjust the financial statements of the parent Company of the Company.

(b) Significant changes in accounting estimates

The Company has no significant changes in accounting estimates for the reporting period.

(c) Adjustments of the financial statements at the beginning of the reporting period for the first year adoption of new financial instruments standards.

Consolidated Financial Statements

Unit: Yuan Currency: CNY

Items	31 December 2019	1 January 2020	Adjustment
-------	------------------	----------------	------------

Items	31 December 2019	1 January 2020	Adjustment
Current liabilities			
Advances from customers	26,060,226.00		-26,060,226.00
Contract liabilities	N/a.	23,062,146.90	23,062,146.90
Other current liabilities	N/a.	2,998,079.10	2,998,079.10

Note 4. TAXATION

4.1 Major Categories of Tax and Tax Rates Applicable to the Company

axes	Tax bases	Tax rates
Value-added tax (VAT)	The taxable revenue from sales of goods or rendering of services	13%, 11%, 9%, 5%, 6%, 3%
Consumption tax	The taxable revenue from sales of goods	10%
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%

Tax rates of income tax of different subsidiaries are stated as below:

Name of Taxpayer	Rate of Income Tax
深圳市新永通机动车检测设备有限公司 (Shenzhen Xinyongtong Auto Vehicle Inspection Equipment Co., Ltd.)	20%
深圳市华日安信汽车检测有限公司 (Shenzhen Huari Anxin Automobile Inspection Co., Ltd.)	20%

Taxpayers other than the above-mentioned	25%
--	-----

4.2 Tax Preference

Pursuant to the document numbered Cai Shui [2019] 13 issued by State Taxation Administration, Shenzhen Xinyongtong Auto Vehicle Inspection Equipment Co., Ltd. and Shenzhen Huari Anxin Auto Vehicle Inspection Co., Ltd. enjoys the preferential tax policy for micro and small-sized enterprises, and is subject to the enterprise income tax rate of 20%.

Note 5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Monetary funds

(1) Details

Items	31 Dec 2020	31 Dec 2019
Cash on hand	20,542.55	120,351.17
Cash in bank	237,605,156.38	428,731,254.87
Total	237,625,698.93	428,851,606.04

(1) The bank deposit of CNY 29,163,042.30 is the supervision fund of the company's development of plot 03 of the upgrading and reconstruction project of Tellus-Jimeng gold jewelry industrial park. In addition, there is no other money with limited use and potential recovery risk due to mortgage, pledge or freezing in the monetary fund at the end of the period.

(2) The monetary fund at the end of the period decreased by 44.59% compared with that at the beginning of the period, mainly due to the payment of enterprise income tax on equity transfer of Xinglong company, the distribution of cash dividends and the purchase of financial products.

5.2 Held-for-trading financial assets

Items	31 Dec 2020	31 Dec 2019
Financial assets classified as at fair value through profit or loss	314,013,869.86	60,486,575.34
Including: Debt instrument investments	314,013,869.86	60,486,575.34
Total	314,013,869.86	60,486,575.34

The trading financial assets at the end of the period increased by 419.15% compared with the beginning of the period, mainly due to the company using idle self owned funds for cash management.

5.3 Accounts receivable

(1) Details on ages

Items	31 Dec 2020	31 Dec 2019
Within 1 year	20,025,574.10	113,750,731.59
1-2 years	3,360.00	
2-3 years		
Over 3 years	49,125,862.29	49,125,862.29
Subtotal	69,154,796.39	162,876,593.88
Less: provision for bad debts	49,326,286.03	50,263,369.61
Total	19,828,510.36	112,613,224.27

Accounts receivable at the end of the period decreased by 82.39% compared with that at the beginning of the period, mainly because Sichuan Tellus Jewelry Technology Co., Ltd. stopped operation this year and recovered all accounts receivable at the beginning of the period.

(2) 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	71.04	49,125,862.29	100.00	
Receivables with provision made on a collective basis	20,028,934.10	28.96	200,423.74	1.00	19,828,510.36
Total	69,154,796.39	100.00	49,326,286.03	71.33	19,828,510.36

(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	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

Specific description of provision for bad debts:

(a) Accounts receivable with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons
深圳市金路工贸公司 (Shenzhen Jinlu Industrial and Trading Co., Ltd.*)	9,846,607.00	9,846,607.00	100.00	Expected to be unrecoverable due to long ages
广东湛江三星汽车股份有限公司 (Guangdong Zhanjiang Sanxing Automobile Co., Ltd.*)	4,060,329.44	4,060,329.44	100.00	Expected to be unrecoverable due to long ages
王昌龙 (WANG Changlong)	2,370,760.40	2,370,760.40	100.00	Expected to be unrecoverable due to long ages
惠州市建达城道桥工程公司 (Huizhou Jiandacheng Road and Bridge	2,021,657.70	2,021,657.70	100.00	Expected to be unrecoverable due to long ages

* The English names are for identification purpose only.

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons
Engineering Co., Ltd.*)				
江铃汽车制造厂 (Jiangling Automobile Factory*)	1,191,059.98	1,191,059.98	100.00	Expected to be unrecoverable due to long ages
阳江市汽车贸易有限公司 (Yangjiang Automobile Trading Co., Ltd.*)	1,150,000.00	1,150,000.00	100.00	Expected to be unrecoverable due to long ages
广东省物资集团 (Guangdong Materials Group Corporation*)	1,862,000.00	1,862,000.00	100.00	Expected to be unrecoverable due to long ages
Others	26,623,447.77	26,623,447.77	100.00	Expected to be unrecoverable due to long ages
Subtotal	49,125,862.29	49,125,862.29	100.00	

(b) Account receivables with provision for bad debts made on a collective basis using age analysis method

Ages	31 Dec 2020		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	20,025,574.10	200,255.74	1.00
1 - 2 years	3,360.00	168.00	5.00
Subtotal	20,028,934.10	200,423.74	1.00

(Continued)

Ages	31 Dec 2019		
	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

* The English names are for identification purpose only.

(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	49,125,862.29							49,125,862.29
Receivables with provision made on a collective basis	1,137,507.32	-937,083.58						200,423.74
Subtotal	50,263,369.61	-937,083.58						49,326,286.03

(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
深圳市金路工贸公司 (Shenzhen Jinlu industry and Trade Co., Ltd.*)	9,846,607.00	14.24	9,846,607.00
广东湛江三星汽车股份有限公司 (Guangdong Samsung Automobile Co., Ltd.*)	4,060,329.44	5.87	4,060,329.44
深圳市尚金缘珠宝实业有限公司 (Shenzhen shangjinyuan Jewelry Industry Co., Ltd.*)	3,390,652.67	4.90	33,906.53
王昌龙(Wang Changlong)	2,370,760.40	3.43	2,370,760.40
广东省物资集团 (Guangdong Materials	1,862,000.00	2.69	1,862,000.00

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
Group)			
Subtotal	21,530,349.51	31.13	18,173,603.37

5.4 Prepayments

(1) Details on ages

Ages	31 Dec 2020		31 Dec 2019	
	Book balance	% to total	Book balance	% to total
Within 1 year	9,834,423.80	99.86	12,671,077.95	99.90
1-2 years	800.00	0.01	632.00	0.01
2-3 years	632.00	0.01		
Over 3 years	11,893.94	0.12	11,893.94	0.09
Total	9,847,749.74	100.00	12,683,603.89	100.00

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

Debtors	Book balance	Proportion to the total balance of advances paid (%)
一汽丰田汽车销售有限公司 (FAW Toyota Motor Sales Co., Ltd.*)	7,906,522.88	80.29
丰田汽车(中国)投资有限公司 (Toyota Motor (China) Investment Co., Ltd.*)	1,283,704.00	13.04
深圳聚融丰科技有限公司 (Shenzhen jurongfeng Technology Co., Ltd.*)	192,890.99	1.96
中国太平洋财产保险股份有限公司深圳分 公司 (Shenzhen Branch of China Pacific Property Insurance Co., Ltd.*)	154,717.00	1.57
小鹏汽车销售有限公司	102,554.58	1.04

* The English names are for identification purpose only.

Debtors	Book balance	Proportion to the total balance of advances paid (%)
(Xiaopeng Automobile Sales Co., Ltd.*)		
Subtotal	9,640,389.45	97.89

5.5 Other Receivables

(1) Details

Items	Closing balance	Opening balance
Interest receivable		
Dividend receivable	24,647,732.42	39,647,732.42
Other receivables	4,622,058.41	5,260,813.98
Total	29,269,790.83	44,908,546.40

(2) Dividend receivable

(a) Details

Items	Closing balance	Opening balance
中国浦发机械工业股份有限公司 (China Perfect Machinery Industry Corp., Ltd.*)	547,184.35	547,184.35
深圳东风汽车有限公司 (Shenzhen Dongfeng Automobile Co., Ltd.*)	24,100,548.07	39,100,548.07
Subtotal	24,647,732.42	39,647,732.42
Less: provision for bad debts		
Total	24,647,732.42	39,647,732.42

(b) Dividend receivable over 1 year

Items	Closing balance	Ages	Reasons	Notes
深圳东风汽车有限公司 (Shenzhen Dongfeng Automobile Co., Ltd.*)	24,100,548.07	1 - 2 years	Not yet paid until 2022.08 through BOD decision	No impairment

* The English names are for identification purpose only.

Items	Closing balance	Ages	Reasons	Notes
Total	24,100,548.07			

(3) Other receivables

(a) Other receivables categorized by ages

Ages	Closing Balance	Opening Balance
Within 1 year	1,800,294.61	2,120,412.24
1 - 2 years	161,722.86	663,633.11
2 - 3 years	417,554.97	116,202.70
Over 3 years	54,005,535.26	54,715,279.65
Subtotal	56,385,107.70	57,615,527.70
Less: provision for bad debts	51,763,049.29	52,354,713.72
Total	4,622,058.41	5,260,813.98

(b) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Deposit as security	477,190.50	35,477.21
Reserve fund	13,822.20	43,385.72
Temporary advance payment receivable	55,894,095.00	57,536,664.77
Subtotal	56,385,107.70	57,615,527.70
Less: provision for bad debts	51,763,049.29	52,354,713.72
Total	4,622,058.41	5,260,813.98

(c) Other receivables categorized by methods of provision for bad debts

A. As of 2020-12-31, provision for bad debts according to the model of phase I/II/III:

Phase	Closing balance	Provision for bad debts	Opening balance
I	2,379,572.44	109,600.10	2,269,972.34
II			
III	54,005,535.26	51,653,449.19	2,352,086.07

Phase	Closing balance	Provision for bad debts	Opening balance
Total	56,385,107.70	51,763,049.29	4,622,058.41

As of 2020-12-31, provision for bad debts at phase I:

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts	Carrying Amount	Reasons for provision made
Receivables with provision made on an individual basis					
Receivables with provision made on a collective basis	2,379,572.44	4.61	109,600.10	2,269,972.34	
1. ortfolio grouped with ages	1,931,494.44	5.44	105,119.32	1,826,375.12	no dramatic credit risk change after confirmed
2. ortfolio grouped with deposit as security	448,078.00	1.00	4,480.78	443,597.22	no dramatic credit risk change after confirmed
Total	2,379,572.44	4.61	109,600.10	2,269,972.34	

As of 2020-12-31, provision for bad debts at phase III:

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts	Carrying Amount	Reasons for provision made
Receivables with provision made on an individual basis	49,301,363.12	100.00	49,301,363.12		credit risk change dramatically after confirmed
Receivables with	4,704,172.14	50.00	2,352,086.07	2,352,086.07	

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts	Carrying Amount	Reasons for provision made
provision made on a collective basis					
1. portfolio grouped with ages	4,675,059.64	50.00	2,337,529.82	2,337,529.82	credit risk change dramatically after confirmed
2. portfolio grouped with deposit as security	29,112.50	50.00	14,556.25	14,556.25	
Total	54,005,535.26	95.64	51,653,449.19	2,352,086.07	

B. As of 2019-12-31, provision for bad debts according to the model of phase I/II/III:

Phase	Closing balance	Provision for bad debts	Opening balance
I	7,776,632.54	2,515,818.56	5,260,813.98
II			
III	49,838,895.16	49,838,895.16	
Total	57,615,527.70	52,354,713.72	5,260,813.98

As of 2019-12-31, provision for bad debts at phase I:

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts	Carrying Amount	Reasons for provision made
Receivables with provision made on an individual basis					
Receivables with provision made on a	7,776,632.54	73.52	2,515,818.56	5,260,813.98	

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts	Carrying Amount	Reasons for provision made
collective basis					
1. ortfolio grouped with ages	7,741,155.33	32.31	2,501,198.66	5,239,956.67	no dramatic credit risk change after confirmed
2. ortfolio grouped with deposit as security	35,477.21	41.21	14,619.90	20,857.31	no dramatic credit risk change after confirmed
Total	7,776,632.54	73.52	2,515,818.56	5,260,813.98	

As of 2019-12-31, provision for bad debts at phase III:

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts	Carrying Amount	Reasons for provision made
Receivables with provision made on an individual basis	49,838,895.16	100.00	49,838,895.16		credit risk change dramatically after confirmed
Receivables with provision made on an collective basis					
Total	49,838,895.16	100.00	49,838,895.16		

As of 2020-12-31, other receivables with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)
中汽华南汽车销售公司 (Zhongqi South China Automobile Sales Co., Ltd.*)	9,832,956.37	9,832,956.37	100.00
南方工贸深圳实业公司 (Shenzhen Nanfang Industry and Trade Co.,	7,359,060.75	7,359,060.75	100.00

* The English names are for identification purpose only.

Debtors	Book balance	Provision for bad debts	Provision proportion (%)
Ltd.*)			
深圳中浩（集团）股份有限公司 (Shenzhen Zhonghao (Group) Co., Ltd.*)	5,000,000.00	5,000,000.00	100.00
金贝丽家电公司 (Jinbeili Household Appliances Co., Ltd.*)	2,706,983.51	2,706,983.51	100.00
深圳市新兴泰贸易有限公司 (Shenzhen Xinxingtai Trading Co., Ltd.*)	2,418,512.90	2,418,512.90	100.00
深圳石油化工（集团）股份有限公司 (Shenzhen Petrochemical (Group) Co., Ltd.*)	1,903,819.59	1,903,819.59	100.00
深圳市特发华通包装实业有限公司 (Shenzhen SDG Huatong Packaging Co., Ltd.*)	1,212,373.79	1,212,373.79	100.00
深圳金鹤标准件模具有限公司 (Shenzhen Jinhe Mould Co., Ltd.*)	1,023,560.00	1,023,560.00	100.00
Others	17,844,096.21	17,844,096.21	100.00
Total	49,301,363.12	49,301,363.12	100.00

As of 2020-12-31, other receivables with provision made on an collective basis

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts
1. ortfolio grouped with ages	6,606,554.08	2,442,649.14	36.97
Including: Within 1 year	1,352,216.61	13,522.17	1.00
1 - 2 years	161,722.86	8,086.15	5.00
2 - 3 years	417,554.97	83,511.00	20.00
Over 3 years	4,675,059.64	2,337,529.82	50.00
2. ortfolio grouped with deposit as security	477,190.5	19,037.0	3.99

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts
Total	7,083,744.58	2,461,686.14	34.75

As of 2019-12-31, other receivables with provision made on an collective basis

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts
1. ortfolio grouped with ages	7,741,155.33	2,514,044.83	32.48
Including: Within 1 year	2,120,409.03	21,204.09	1.00
1 - 2 years	628,159.11	31,407.95	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
2. ortfolio grouped with deposit as security	35,477.21	1,773.73	5.00
Total	7,776,632.54	2,515,818.56	32.35

(d) 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	2,515,818.56		49,838,895.16	52,354,713.72
Opening balance in current period	-2,352,086.07		2,352,086.07	
--Transferred to phase II		NA	NA	
--Transferred to phase III	-2,352,086.07		2,352,086.07	
--Reversed to phase II	NA	NA		

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)	
--Reversed to phase I	NA			
Provision made in current period	-54,132.39		-44,236.71	-98,369.10
Provision recovered in current period			493,295.33	493,295.33
Provision reversed in current period				
Provision written-off in current period				
Other changes				
Closing balance	109,600.10		51,653,449.19	51,763,049.29

(e) 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 South China Automobile Sales Co., Ltd.	Current account	9,832,956.37	Over 3 years	17.44	9,832,956.37
Shenzhen Nanfang Industry and Trade Co., Ltd.	Current account	7,359,060.75	Over 3 years	13.05	7,359,060.75
Shenzhen Zhonghao (Group) Co., Ltd.	Current account	5,000,000.00	Over 3 years	8.87	5,000,000.00

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
深圳凯丰特种汽车工业有限公司 (Shenzhen Kaifeng Special Automobile Industry Co., Ltd.*)	Current account	4,413,728.50	Over 3 years	7.83	4,413,728.50
Jinbeili Household Appliances Co., Ltd.	Current account	2,706,983.51	Over 3 years	4.80	2,706,983.51
Total		29,312,729.13		51.99	29,312,729.13

5.6 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	15,481,888.98	14,772,382.17	709,506.81	15,079,409.32	14,772,382.17	307,027.15
Goods on hand	35,515,473.74	14,145,300.62	21,370,173.12	35,204,057.35	14,121,481.67	21,082,575.68
Goods on consignment-in	6,307,872.38		6,307,872.38			
Goods on consignment-in sold	-6,307,872.38		-6,307,872.38			
Total	50,997,362.72	28,917,682.79	22,079,679.93	50,283,466.67	28,893,863.84	21,389,602.83

(2) Provision for inventory write-down

Items	Opening balance	Increase	Decrease	Closing
-------	-----------------	----------	----------	---------

		Provision	Others	Reversal or written-off	Others	
Raw materials	14,772,382.17					14,772,382.17
Goods on hand	14,121,481.67	23,818.95				14,145,300.62
Subtotal	28,893,863.84	23,818.95				28,917,682.79

(3) The closing balance of inventory contains a statement of borrowing expenses capitalization:

As of 2020-12-31, the closing balance of inventory do not contain the capitalization of borrowing expenses.

(4) Goods on consignment-in: sold by Shenzhen jewelry company.

5.7 Other Current Assets

Items	Closing balance	Opening balance [Note]
Input VAT to be credited	6,000,566.69	3,403,969.23
Total	6,000,566.69	3,403,969.23

The closing balance of other current assets increased by 76.28% compared with the opening balance, mainly due to the increase of VAT to be deducted by “Baoku supply chain company” and “Shenzhen jewelry company” .

5.8 Long-term receivables

(1) Details of long-term receivables

Items	31 Dec 2020			31 Dec 2019			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

(a) As of December 31, 2020, the provision for bad debts shall be made according to the following three stages:

Stage	Book balance	Provision for bad debts	Carrying accounts
Stage 3	2,179,203.68	2,179,203.68	

Stage	Book balance	Provision for bad debts	Carrying accounts
Total	2,179,203.68	2,179,203.68	

As of December 31, 2020, the provision for bad debts of long-term receivables in the third stage is as follows:

Category	Book balance	Provision rate (%)	Provision for bad debts	Carrying accounts	Reason
Provision for bad debts by single item	2,179,203.68	100.00	2,179,203.68		Risk increased after originally recognized
Total	2,179,203.68	100.00	2,179,203.68		

(b) As of December 31, 2019, the provision for bad debts is calculated and drawn according to the third stage model as follows:

Stage	Book balance	Provision for bad debts	Carrying accounts
Stage 3	2,179,203.68	2,179,203.68	
Total	2,179,203.68	2,179,203.68	

On December 31, 2019, the provision for bad debts of long-term receivables in the third stage is as follows:

Category	Book balance	Provision rate (%)	Provision for bad debts	Carrying accounts	Reason
Provision for bad debts by single item	2,179,203.68	100.00	2,179,203.68		Risk increased after originally recognized
Total	2,179,203.68	100.00	2,179,203.68		

(3) Changes on provision for bad debts

	Stage 1	Stage 2	Stage 3	
Provision for bad debts	Expected credit loss in the next 12 months	Expected credit loss for the whole life (no credit impairment)	Expected credit loss for the whole life (credit impairment occurred)	Total
Balance on 1 Jan 2020			2,179,203.68	2,179,203.68
Balance on 1 Jan 2020 in the current period	—	—	—	—
--turn into stage 2		NA	NA	
-- turn into stage 3			NA	

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the whole life (no credit impairment)	Expected credit loss for the whole life (credit impairment occurred)	
-- turn back to stage 2	NA	NA		
-- turn back to stage 1	NA			
Accrued in current period				
Reversal in current period				
Current write off				
Write off in current period				
Other changes				
Balance on 31 Dec 2020			2,179,203.68	2,179,203.68

5.9. 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	87,921,195.60	14,644,406.04	73,276,789.56	94,822,114.42	14,644,406.04	80,177,708.38
Investments in joint ventures	50,364,166.01		50,364,166.01	82,000,835.67		82,000,835.67
Other equity investments	8,656,000.00	8,656,000.00		8,656,000.00	8,656,000.00	
Total	146,941,361.61	23,300,406.04	123,640,955.57	185,478,950.09	23,300,406.04	162,178,544.05

(2) Details

Investees	Opening balance	Increase/Decrease
-----------	-----------------	-------------------

		Investment s increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Joint ventures					
深圳特力吉盟投资有限公司 (Shenzhen Tellus Jimeng Investment Co., Ltd.*)	70,155,383.50		35,000,000.00	10,511,357.63	
深圳市特力行投资有限公司 (Shenzhen Tellus Xing Investment Co., Ltd.*)	11,845,452.17			851,972.71	
Subtotal	82,000,835.67		35,000,000.00	11,363,330.34	
Associates					
深圳市仁孚特力汽车服务有 限 公 司 (Shenzhen Renfu Tellus Automobiles Service Co., Ltd.*)	33,313,732.20			10,793,413.94	
深圳市汽车工业进出口有限 公 司 (Shenzhen Automobile Industry Import and Export Co., Ltd.*)	2,026,407.98			-1,031,137.65	
Shenzhen Dongfeng Automobile Co., Ltd.	44,837,568.20			-6,163,195.11	
深圳市新永通油泵环保有限 公 司 (Shenzhen Xinyongtong Oil Pump and Environmental Protection Co., Ltd.*)					
深圳市新永通咨询有限公司 (Shenzhen Xinyongtong Consulting Co., Ltd.*)					

* The English names are for identification purpose only.

Investees	Opening balance	Increase/Decrease			
		Investment s increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
深圳特力汽车服务连锁有限 公 司 (Shenzhen Tellus Automobile Services Chain Co., Ltd.*) [Note 3]					
深圳市新永通汽车服务有限 公 司 (Shenzhen Xinyongtong Automobile Service Co., Ltd.*) [Note 3]					
深圳市新永通东晓汽车服务 有限公司 (Shenzhen Xinyongtong Dongxiao Automobile Service Co., Ltd.*) [Note 3]					
深圳市永通信达检测设备有 限 责 任 公 司 (Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd.*) [Note 3]					
湖南昌阳实业股份有限公司 (Hunan Changyang Industrial Co., Ltd.*) [Note 1]					
深圳捷成电子有限公司 (Shenzhen Jiecheng Electronic Co., Ltd.*) [Note 1]					
深圳先导新材料有限公司 (Shenzhen Xiandao New Materials Co., Ltd.*) [Note 1]					
中国汽车工业深圳贸易公司 (China Automobile Shenzhen					

Investees	Opening balance	Increase/Decrease			
		Investment s increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Trading Co., Ltd. *) [Note 1]					
深圳通用标准件有限公司 (Shenzhen General Standard Parts Co., Ltd. *) [Note 1]					
Zhongqi South China Automobile Sales Co., Ltd. [Note 1]					
深圳百力源电源有限公司 (Shenzhen Bailiyuan Power Co., Ltd. *) [Note 1]					
深圳市益民汽车贸易公司 (Shenzhen Yimin Automobile Trading Co., Ltd. *) [Note 1]					
深圳火炬火花塞工业公司 (Shenzhen Torch Spark Plug Industrial Co., Ltd. *)					
Subtotal	80,177,708.38			3,599,081.18	
深圳汉力高技术陶瓷有限公 司 (Shenzhen Haneco Technologies Ceramics Co., Ltd. *) [Note 2]					
深圳市南方汽车维修中心 (Nanfang Automobile Repairing Center *) [Note 2]					
Subtotal					
Total	162,178,544.05		35,000,000.00	14,962,411.52	

(Continued)

Investees	Increase/Decrease	Closing	Closing
-----------	-------------------	---------	---------

* The English names are for identification purpose only.

	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment	Others		
Joint ventures						
Shenzhen Tellus Jimeng Investment Co., Ltd.	8,000,000.00				37,666,741.13	
Shenzhen Tellus Xing Investment Co., Ltd.					12,697,424.88	
Subtotal	8,000,000.00				50,364,166.01	
Associates						
Shenzhen Renfu Tellus Automobiles Service Co., Ltd.	10,500,000.0				33,607,146.14	
Shenzhen Automobile Industry Import and Export Co., Ltd.					995,270.33	
Shenzhen Dongfeng Automobile Co., Ltd.					38,674,373.09	
Shenzhen Xinyongtong Oil Pump and Environmental Protection Co., Ltd.						127,836.59
Shenzhen Xinyongtong Consulting Co., Ltd.						41,556.83
Shenzhen Tellus Automobile Services Chain Co., Ltd. [Note 3]						
Shenzhen Xinyongtong Automobile Service Co., Ltd. [Note 3]						
Shenzhen Xinyongtong Dongxiao Automobile Service Co., Ltd. [Note 3]						

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 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 New Materials Co., Ltd. [Note 1]						4,751,621.62
China Automobile Shenzhen Trading Co., Ltd. [Note 1]						400,000.00
Shenzhen General Standard Parts 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.						17,849.20
Subtotal	10,500,000.00				73,276,789.56	14,644,406.04
Shenzhen Haneco						1,956,000.00

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		
Technologies Ceramics Co., Ltd. [Note 2]						
Shenzhen Nanfang Automobile Repairing Center[Note 2]						6,700,000.00
Subtotal						8,656,000.00
Total	18,500,000.00				123,640,955.57	23,300,406.04

Note 1: Industrial and commercial registration of these companies has been revoked, and the Company has made full provision for impairment for these long-term equity investments.

Note 2: The operating period of Shenzhen Haneco Technologies Ceramics Co., Ltd. ran from September 21, 1993 to September 21, 1998. The operating period of Shenzhen Nanfang Automobile Repairing Center ran from July 12, 1994 to July 11, 2002. These companies have ceased operation for many years and their industrial and commercial registration has been revoked because they did not participate in the annual industrial and commercial inspection. The Company is unable to exercise effective control over these companies. Therefore, they are not included in the consolidated scope of the Company's consolidated financial statements. The carrying amount of the Company's investment in these companies is zero.

Note 3: The book balances of these long-term equity investments have been adjusted to 0 yuan through the recognition of profit and loss adjustments under equity method.

Note 4: The equity of the company held by us has been transferred in the current period.

Note 5: We hold 51% of the equity of the Company. According to the articles of association of the company, the rights of voting and nominated directors cannot be unilaterally decided on the relevant decisions by the company's shareholders' meeting and the board of directors, and we do not control the company.

5.10 Other equity instrument investments

(1) Details of other equity instrument investments

Items	31 Dec 2020	31 Dec 2019
-------	-------------	-------------

Items	31 Dec 2020	31 Dec 2019
Public equity instrument investment		
Non-public equity instrument investment	10,176,617.20	10,176,617.20
Total	10,176,617.20	10,176,617.20

(2) Details of non-held-for-trading equity instrument investments

Items	Dividend income recognized in the current period	Accumulated profits	Accumulated loss	Amount of other comprehensive income transferred to retained earnings	Reasons designated as fair value measurement with changes included in other comprehensive income	Reasons for transferring other comprehensive income into retained earnings
China Perfect Machinery Industry Corp., Ltd.					Strategic investment expected to be held for a long time	

5.11 Investment property

(1) Investment real estate with cost measurement model

Items	Buildings and structures	Land use right	Total
Cost			
Opening balance	614,240,458.56	49,079,520.00	663,319,978.56
Increase	37,438,357.93		37,438,357.93
1) Transferred in from construction in progress	37,438,357.93		37,438,357.93
Decrease	12,443,191.04		12,443,191.04
1) Disposal	12,443,191.04		12,443,191.04
Closing balance	639,235,625.45	49,079,520.00	688,315,145.45
Accumulated depreciation and			

Items	Buildings and structures	Land use right	Total
amortization			
Opening balance	107,605,031.33	1,115,443.68	108,720,475.01
Increase	17,906,594.06	1,115,443.68	19,022,037.74
1) Accrual	17,906,594.06	1,115,443.68	19,022,037.74
Decrease	7,673,983.43		7,673,983.43
1) Disposal	7,673,983.43		7,673,983.43
Closing balance	117,837,641.96	2,230,887.36	120,068,529.32
Provision for impairment			
Carrying amount			
Closing balance	521,397,983.49	46,848,632.64	568,246,616.13
Opening balance	506,635,427.23	47,964,076.32	554,599,503.55

(2) Investment property with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
水贝珠宝大厦一期（房屋及建筑物） (Shuibei Jewelry Building Phase I (Buildings and structures))	412,443,066.95	The project has not been settled.
笋岗 12 栋(Building 12, Sungang)	15,040.85	Due to historical reasons, certificate of titles has not been applied for.
笋岗 12 栋商铺(Building 12 stores, Sungang)	46,793.43	Due to historical reasons, certificate of titles has not been applied for.
Subtotal	412,504,901.23	

5.12 Fixed assets

(1) Details by category

Items	31 Dec 2020	31 Dec 2019
Fixed assets	119,136,917.91	107,119,796.59
Liquidation of fixed assets		
Total	119,136,917.91	107,119,796.59

(2) Fixed assets

(a) Details of fixed assets

Items	Buildings and structures	General equipment	Transport facilities	Electronic equipment	Office and other equipment	Total
Cost						
Opening balance	268,959,874.26	11,370,001.49	5,187,935.34	9,732,341.99	3,030,248.40	298,280,401.48
Increase	12,443,191.04	11,186,927.89	219,281.00	1,278,771.32	3,709,362.43	28,837,533.68
1) Acquisition		11,186,927.89	219,281.00	1,278,771.32	3,709,362.43	16,394,342.64
2) Investment property transfer	12,443,191.04					12,443,191.04
Decrease		272,894.67	230,000.00	110,066.13	20,528.99	633,489.79
1) Disposal/scrap		272,894.67	230,000.00	110,066.13	20,528.99	633,489.79
Closing balance	281,403,065.30	22,284,034.71	5,177,216.34	10,901,047.18	6,719,081.84	326,484,445.37
Accumulated depreciation						
Opening balance	166,475,800.36	8,364,746.10	3,201,785.74	6,873,351.21	1,999,468.42	186,915,151.83
Increase	14,775,455.46	442,617.47	431,742.26	809,244.24	264,009.74	16,723,069.17
1) Accrual	7,101,472.03	442,617.47	431,742.26	809,244.24	264,009.74	9,049,085.74
2) Investment property transfer	7,673,983.43					7,673,983.43
Decrease		245,605.22	207,000.00	81,354.82	2,186.56	536,146.60
1) Disposal/scrap		245,605.22	207,000.00	81,354.82	2,186.56	536,146.60
Closing balance	181,251,255.82	8,561,758.35	3,426,528.00	7,601,240.63	2,261,291.60	203,102,074.40
Provision for impairment						
Opening balance	3,836,768.43	319,675.11	6,165.00	17,984.71	64,859.81	4,245,453.06
Increase						

Items	Buildings and structures	General equipment	Transport facilities	Electronic equipment	Office and other equipment	Total
1) Accrual						
Decrease						
1) Disposal/scrap						
Closing balance	3,836,768.43	319,675.11	6,165.00	17,984.71	64,859.81	4,245,453.06
Carrying amount						
Closing balance	96,315,041.05	13,402,601.25	1,744,523.34	3,281,821.84	4,392,930.43	119,136,917.91
Opening balance	98,647,305.47	2,685,580.28	1,979,984.60	2,841,006.07	965,920.17	107,119,796.59

(b) Fixed assets rented-out under operating leases

Items	Carrying amount
Buildings and structures	70,237,123.25
Subtotal	70,237,123.25

(c) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Yongtong Building	31,023,972.67	Due to historical reasons, certificate of titles has not been applied for.
Automobile Building	15,560,410.09	Due to historical reasons, certificate of titles has not been applied for.
Tellus Building underground parking lot	8,991,413.36	Unable to apply for certificate of titles for parking lot
Zhonghe Office Building	4,645,064.13	Due to historical reasons, certificate of titles has not been applied for.
Third - Fifth floor of Plant 1, Plant 2, and Plant 3 on Taoyuan Road	3,522,418.75	Due to historical reasons, certificate of titles has not been applied for.
Tellus Building transfer story	1,538,482.04	Unable to apply for certificate of titles
Building 16 of Taohua Yuan	1,374,667.14	Due to historical reasons, certificate of titles has not been applied for.

Items	Carrying amount	Reasons for unsettlement
Shuibei Zhongtian Complex Building	889,629.30	Due to historical reasons, certificate of titles has not been applied for.
First floor of commercial and residential building in Bao' an	885,412.77	Due to historical reasons, certificate of titles has not been applied for.
Warehouse	839,327.89	Due to historical reasons, certificate of titles has not been applied for.
Warehouse of trade department	71,133.73	Due to historical reasons, certificate of titles has not been applied for.
Songquan Apartment (Mix)	10,086.79	Due to historical reasons, certificate of titles has not been applied for.
Hostel on North Renmin Road	5,902.41	Due to historical reasons, certificate of titles has not been applied for.
Subtotal	69,357,921.07	

5.13 Construction in progress

(1) Details by category

Projects	31 Dec 2020	31 Dec 2019
Construction in progress	101,740,485.48	47,654,393.55
Engineer materials		
Total	101,740,485.48	47,654,393.55

The construction in progress at the end of the period increased by 113.50% compared with that at the beginning of the period, mainly due to the increase in construction investment of Tellus Diamond Trading building.

(2) Construction in progress

(a) details

Projects	31 Dec 2020			31 Dec 2019		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount

Projects	31 Dec 2020			31 Dec 2019		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
特力金钻交易大厦(Teli Diamond Trading Building)	100,252,309.72		100,252,309.72	35,321,704.26		35,321,704.26
特力水贝珠宝大厦地下连通工程(Underground connection project of telishuibe jewelry building)				3,710,247.00		3,710,247.00
421 厂房改造升级项目(421 plant renovation and upgrading project)				8,593,316.07		8,593,316.07
宝库项目(Treasure house project)				29,126.22		29,126.22
05 地块(Plot 05)	1,391,331.44		1,391,331.44			
其他工程(Other construction)	96,844.32		96,844.32			
Total	101,740,485.48		101,740,485.48	47,654,393.55		47,654,393.55

(b) changes on significant construction in progress

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance
特力金钻交易大厦(Teli Diamond Trading Building)	515,460,000	35,321,704.26	64,930,605.46			100,252,309.72
特力水贝珠宝大厦地下连通工程(Underground connection project of telishuibe jewelry building)	13,330,000	3,710,247.00	9,620,961.88	13,331,208.88		

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance
connection project of telishuibe jewelry building)						
421 厂房改造升级项目 (421 plant renovation and upgrading project)	29,910,000	8,593,316.07	15,513,832.98	24,107,149.05		
Total		47,625,267.33	90,065,400.32	37,438,357.93		100,252,309.72

(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
特力金钻交易大厦 (Teli Diamond Trading Building)	19.45	19.45				Self-owned fund / Bank loan
特力水贝珠宝大厦地下连通工程 (Underground connection project of telishuibe jewelry building)	100.00	100				Self-owned fund
421 厂房改造升级项目 (421 plant renovation and upgrading project)	100.00	100				Self-owned fund
Total						

5.14 Intangible assets

(1) Details on intangible assets

Items	Land use right	Trademarks	Software	Total
Cost				
Opening balance	50,661,450.00	128,500.00	1,582,145.00	52,372,095.00
Increase			2,575,109.20	2,575,109.20
1) Acquisition			2,575,109.20	2,575,109.20
Decrease				
1) Transferred to investment property				
Closing balance	50,661,450.00	128,500.00	4,157,254.20	54,947,204.20
Accumulated amortization				
Opening balance	713,015.84	89,622.68	1,008,230.81	1,810,869.33
Increase	1,077,443.16	5,349.96	425,868.54	1,508,661.66
1) Accrual	1,077,443.16	5,349.96	425,868.54	1,508,661.66
Decrease				
1) Transferred to investment property				
Closing balance	1,790,459.00	94,972.64	1,434,099.35	3,319,530.99
Provision for impairment				
Carrying amount				
Closing balance	48,870,991.00	33,527.36	2,723,154.85	51,627,673.21
Opening balance	49,948,434.16	38,877.32	573,914.19	50,561,225.67

(2) As of December 31, 2020, the land use right with book value of CNY 48,870,991.00 of the company has been mortgaged to Bank of China as the mortgage of bank loan.

5.15 Deferred charges

Items	Opening balance	Increase	Amortization	Other decreases	Closing balance
Decoration costs	13,606,805.49	20,603,423.42	3,169,898.43	325,451.26	30,714,879.22
Total	13,606,805.49	20,603,423.42	3,169,898.43	325,451.26	30,714,879.22

5.16 Deferred tax assets

(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 credit impairment	33,995,288.38	8,498,822.10	34,635,849.55	8,658,962.39
Total	33,995,288.38	8,498,822.10	34,635,849.55	8,658,962.39

(2) Details of unrecognized deferred tax assets

Items	Closing balance	Opening balance
Deductible temporary difference	126,380,054.13	127,244,422.02
Deductible losses	27,588,656.95	19,619,056.75
Subtotal	153,968,711.08	146,863,478.77

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

Maturity years	Closing balance	Opening balance	Remarks
Year 2020		505,851.30	
Year 2021	513,356.86	1,484,364.61	
Year 2022	4,702,701.91	4,702,701.91	
Year 2023	5,238,151.51	5,499,309.62	
Year 2024	7,380,279.17	7,426,829.31	
Year 2025	9,754,167.50		
Subtotal	27,588,656.95	19,619,056.75	

5.17 Other non-current assets

Items	31 Dec 2020	31 Dec 2019
Prepayment for engineering equipment	49,478,268.29	6,789,167.54
VAT input tax to be certified	6,415,199.70	
Others	100,000.00	100,000.00
Total	55,993,467.99	6,889,167.54

Other non current assets at the end of the period increased by 712.78% compared with that at the beginning of the period, mainly due to the payment of CNY 46,757,600.00 for the bundling construction of public facilities in project 02 and 03 of the upgrading and reconstruction project of Tali Jimeng gold jewelry industrial park.

5.18 Accounts payable

(1) Details by nature

Items	Closing balance	Opening balance
Payment for goods and services	5,130,983.91	5,671,144.03
Payment for engineering equipment	71,452,182.62	63,416,286.39
Total	76,583,166.53	69,087,430.42

(2) Significant accounts payable with age over one year

Items	Closing balance	Reasons for unsettlement
深圳市英龙建安（集团）有限公司	29,695,887.90	The project has not

Items	Closing balance	Reasons for unsettlement
(Shenzhen Yinglong Jian' an (Group) Co., Ltd.*)		been settled.
深圳市特发地产有限公司 (Shenzhen SDG Real Estate Co., Ltd.*)	6,054,855.46	No repayment from related company.
深圳市易诺建设工程有限公司 (Shenzhen Yinuo Construction Engineering Co., Ltd.*)	4,274,022.22	The project has not been settled.
深圳瑞和建筑装饰股份有限公司 (Shenzhen Ruihe Construction Decoration Co., Ltd.*)	3,621,859.50	The project has not been settled.
Subtotal	43,646,625.08	

5.19 Advance from customers

Items	Closing balance	Opening balance
Rent fee	2,403,580.47	491,560.38
Loan		26,808,262.33
Total	2,403,580.47	27,299,822.71

The closing advances received decreased by 91.20% compared with the opening advances received, mainly due to the fact that since January 1, 2020, the Company classified the advance payment received from the sale of goods and services as contract liabilities and other current liabilities according to the new revenue criteria.

5.20 Contract Liability

Items	Closing balance	Opening balance
Item received in advance for goods	17,833,476.50	
Item received in advance for services	1,155,151.63	
Total	18,988,628.13	

5.21 Employee benefits payable

(1) Employee benefits payable

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	30,503,178.16	55,756,280.37	57,893,773.32	28,365,685.21

* The English names are for identification purpose only.

Items	Opening balance	Increase	Decrease	Closing balance
Post-employment benefits - defined contribution plan	701,616.73	390,770.27	1,092,387.00	
Termination benefits		1,406,957.63	1,406,957.63	
Total	31,204,794.89	57,554,008.27	60,393,117.95	28,365,685.21

(2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	28,178,495.98	49,966,130.85	49,993,755.23	28,150,871.60
Employee welfare fund		1,059,812.71	1,059,812.71	
Social insurance premium	8,358.59	1,630,467.85	1,638,826.44	
Including: Medicare premium	7,172.62	1,466,360.35	1,473,532.97	
Occupational injuries premium	513.72	2,552.51	3,066.23	
Maternity premium	672.25	161,554.99	162,227.24	
Housing provident fund	2,041,648.34	1,850,972.45	3,892,620.79	
Trade union fund and employee education fund	274,675.25	1,248,896.51	1,308,758.15	214,813.61
Subtotal	30,503,178.16	55,756,280.37	57,893,773.32	28,365,685.21

(3) Details of defined contribution plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	142,418.85	376,176.09	518,594.94	
Unemployment insurance premium	1,352.03	14,594.18	15,946.21	
Company annuity payment	557,845.85		557,845.85	

Items	Opening balance	Increase	Decrease	Closing balance
Subtotal	701,616.73	390,770.27	1,092,387.00	

5.22 Taxes and fees payable

Items	Closing balance	Opening balance
VAT	1,003,221.74	551,626.76
Enterprise income tax	13,891,223.58	64,461,051.35
Individual income tax withheld for tax authorities	281,053.06	342,986.08
Urban maintenance and construction tax	79,176.17	134,816.64
Land appreciation tax	5,362,682.64	5,362,682.64
Land use tax	26,459.98	26,459.98
Education surcharge	43,391.83	82,529.27
Local education surcharge	28,927.88	55,019.51
Stamp duty	346,017.44	407,829.34
Others		266.04
Total	21,062,154.32	71,425,267.61

The closing balance of tax payable should be reduced by 70.51% compared with the opening balance of tax payable, mainly due to the settlement of enterprise income tax in the previous year.

5.23 Other payables

(1) Details

Items	Closing balance	Opening balance
Interest payable		
Dividend payable	46,295.65	
Other payable	158,617,678.97	101,266,802.49
Total	158,663,974.62	101,266,802.49

Other accounts payable at the end of the period increased by 56.63% compared with that at the beginning of the period, mainly due to

the company's subsidiary Shenzhen Jinlu Industrial and Trading Co., Ltd. receiving the performance bond of CNY 50,000,000.00 paid by Hubei Hans' Industry Investment Group Co., Ltd., see Note 13.2 **Others** for details.

(2) Dividend payables

Items	31 Dec 2020	31 Dec 2019
Dividends of common shares	46,295.65	
Total	46,295.65	

(3) Other payables

(a) Other payables listed by nature

Items	31 Dec 2020	31 Dec 2019
Deposit as security	37,603,031.07	29,630,854.41
Current accounts between related parties	76,457,197.82	28,310,337.10
Accruals	15,300,654.81	14,218,478.78
Temporary receipts payable	29,256,795.27	29,107,132.20
Total	158,617,678.97	101,266,802.49

(b) Other important accounts payable with an aging of more than one year at the end of the period

Items	31 Dec 2020	Reasons for non repayment or carry forward
深圳市特发集团有限公司(Shenzhen SDG Group Co., Ltd.*)	17,429,247.94	No repayment from related company
香港裕嘉投资有限公司(Hong Kong Yujia Investment Co., Ltd. *)	2,172,091.54	No repayment from related company
Total	2,237,573.19	

5.24 Other Current Liability

Items	31 Dec 2020	31 Dec 2019
-------	-------------	-------------

Items	31 Dec 2020	31 Dec 2019
Output VAT on pending	2,237,573.19	
Total	2,237,573.19	

Other current liabilities at the end of the period increased by CNY 2,237,573.19 compared with that at the beginning of the period, which is due to the fact that the company classified the value-added tax included in the advance receipts from sales of goods and services as the output tax to be transferred as other current liabilities according to the new income standard from January 1, 2020.

5.25 Long-term borrowings

(1) Categories on long-term borrowings

Items	Closing balance	Opening balance
Mortgaged borrowings	11,171,759.33	
Less: Long-term borrowings due within 1 year		
Total	11,171,759.33	

(2) Remarks on Categories on long-term borrowings

The long-term borrowings at the end of the period are the fixed assets loan of the newly added Tellus Jinzuan Trading Building in the current period, with a loan term of 15 years.

5.26 Long-term payables

Items	Closing balance	Opening balance
Employee housing deposit	3,908,848.40	3,908,848.40
Appropriation for technical innovation project	11,311.96	11,311.96
Total	3,920,160.36	3,920,160.36

5.27 Accrued liabilities

Items	31 Dec 2020	31 Dec 2019	Reasons for balance
Pending lawsuit	268,414.80	2,225,468.76	
Total	268,414.80	2,225,468.76	

The estimated liabilities at the end of the period decreased by 87.94% compared with that at the beginning of the period, mainly due to the adjustment of the estimated liabilities in accordance with the debt repayment amount determined by the court for pending litigation in this year.

5.28 Deferred income

(1) Deferred income

Items	31 Dec 2019	Increase	Decrease	31 Dec 2020	Reasons for balance
Government grants	139,400.00		8,297.62	131,102.38	Government grants related to assets
Total	139,400.00		8,297.62	131,102.38	

(2) Details of government grants

Items	31 Dec 2019	Increase	Grants included into profit or loss/offsetting relevant cost	31 Dec 2020	Related to assets/income
Subsidy from Futian District Old Elevator Renovation Working Group for elevator renewal	139,400.00		8,297.62	131,102.38	Related to assets
Subtotal	139,400.00		8,297.62	131,102.38	

5.29 Share capital

Items	31 Dec 2019	Movements					31 Dec 2020
		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	
Total shares	431,058,320.00						431,058,320.00

5.30 Capital reserves

Items	31 Dec 2019	Increase	Decrease	31 Dec 2020
Capital premium (Share premium)	425,768,053.35			425,768,053.35

Items	31 Dec 2019	Increase	Decrease	31 Dec 2020
Other capital reserve	5,681,501.16			5,681,501.16
Total	431,449,554.51			431,449,554.51

5.31 Other comprehensive income

Items	Opening balance	Current period cumulative						31 Dec 2020
		Current period cumulative before income tax	Less: OCI carried forward transferred to profit or loss	Less: OCI carried forward transferred to retained earnings	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

5.32 Surplus reserve

Items	Opening balance	Increase	Decrease	31 Dec 2020
Statutory surplus reserve	21,007,488.73	2,840,996.89		23,848,485.62
Total	21,007,488.73	2,840,996.89		23,848,485.62

5.33 Retained earnings

Items	Current period cumulative	Preceding period comparative
Balance before adjustment at the end of preceding	387,423,510.78	184,535,322.70

Items	Current period cumulative	Preceding period comparative
period		
Add: Increase due to adjustment (or less: decrease)		1,079,805.36
Opening balance after adjustment	387,423,510.78	185,615,128.06
Add: Net profit attributable to owners of the parent company	57,663,828.89	219,669,708.47
Less: Appropriation of statutory surplus reserve	2,840,996.89	17,861,325.75
Ordinary share dividend payable	18,104,449.44	
Closing balance	424,141,893.34	387,423,510.78

5.34 Operating revenue/Operating cost

Items	2020		2019	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	416,306,597.14	316,547,493.71	561,948,296.72	428,796,930.66
Other activities	8,112,606.20	2,713,707.88	9,124,597.18	2,224,381.98
Total	424,419,203.34	319,261,201.59	571,072,893.90	431,021,312.64

(a) Revenue from principal activities (by industry or business)

Industry (business)	2020		2019	
	Revenue	Costs of sales	Revenue	Costs of sales
Auto Sales	204,928,883.35	191,680,818.07	168,551,160.58	156,655,616.45
Auto Maintenance & Inspection	41,913,088.24	32,521,898.98	46,766,020.98	39,663,299.92
Lease and Service	134,609,167.52	57,587,615.11	153,247,354.66	50,778,065.89
Jewelry Sales and Service	34,855,458.03	34,757,161.55	193,383,760.50	181,699,948.40
Total	416,306,597.14	316,547,493.71	561,948,296.72	428,796,930.66

(b) Revenue from principal activities (by sales model)

Model	2020		2019	
	Revenue	Costs of sales	Revenue	Costs of sales

Model	2020		2019	
	Revenue	Costs of sales	Revenue	Costs of sales
Direct Sales	416,306,597.14	316,547,493.71	561,948,296.72	428,796,930.66
Agent Sales				
Total	416,306,597.14	316,547,493.71	561,948,296.72	428,796,930.66

(c) Revenue from principal activities (by region)

Region	2020		2019	
	Revenue	Costs of sales	Revenue	Costs of sales
Shenzhen	399,343,292.94	300,537,120.26	368,564,536.22	246,591,834.40
Sichuan	16,963,304.20	16,010,373.45	188,861,996.63	177,346,699.15
Anhui			4,521,763.87	4,858,397.11
Total	416,306,597.14	316,547,493.71	561,948,296.72	428,796,930.66

(d) Revenue breakdown information

Items	2020				
	Auto Sales	Auto Maintenance & Inspection	Lease and Service	Jewelry Sales and Service	Total
By revenue recognition time					
Goods(transferred at a certain point of time)	204,928,883.35	41,913,088.24		34,178,602.47	281,020,574.06
Service(provided within a certain period of time)			134,609,167.52	676,855.56	135,286,023.08
Total	204,928,883.35	41,913,088.24	134,609,167.52	34,855,458.03	416,306,597.14

5.35 Taxes and Surcharges

Items	2020	2019
-------	------	------

City construction tax	588,739.23	830,132.08
Educational surcharge	236,564.31	355,770.92
Local educational surcharge	157,709.54	237,180.61
Resource tax	386,763.32	764,026.93
Property tax	2,376,613.48	3,364,402.93
Land use tax	352,296.47	484,217.61
Vehicle and vessel usage tax	5,791.06	5,244.16
Stamp duty		228,084.61
Total	4,104,477.41	6,269,059.85

Note: Tax and surcharges of this year decreased by 34.53% compared with the previous year, mainly due to the reduction of VAT surcharges and the reduction of real estate tax.

5.36 Sales Expenses

Items	2020	2019
Employee benefits	8,887,537.69	14,630,038.53
Advertising promotion expense	2,138,496.21	1,703,759.37
Depreciation and amortization	2,001,011.81	2,943,208.89
Material consumption	1,065,923.75	1,056,542.05
Utility	65,067.01	852,678.19
Office expense	675,305.56	617,180.27
Business hospitality	331,419.91	441,467.35
Other	2,550,370.49	1,711,227.65
Total	17,715,132.43	23,956,102.30

5.37 General and Administrative Expenses

Items	2020	2019
Employee benefits	25,671,670.92	32,664,417.76
Consultation and service expenses	7,196,540.38	3,880,477.15
Depreciation and amortization	3,107,517.18	2,022,219.63
Office expenses	1,574,023.34	1,536,671.33

Items	2020	2019
Business hospitality expenses	280,305.45	492,374.20
Advertising promotion expenses	911,387.33	490,165.08
Travel expenses	127,650.74	353,362.25
Other	1,115,148.73	2,228,576.52
Total	39,984,244.07	43,668,263.92

5.38 Financial costs

Items	2020	2019
Interest Expenses	1,042,694.54	7,000,636.08
Less: interest income	4,473,218.76	2,317,143.23
Exchange gains and losses	-132,748.11	59,540.03
Other	257,388.65	239,732.67
Total	-3,305,883.68	4,982,765.55

Note: Financial expenses of this year decreased by 166.35% compared with the previous year, mainly due to the year on year decrease of interest expenses.

5.39 Other Income

Items	2020	2019	Related to assets /income
1. Government grant recognized in other income	1,522,079.42	276,907.09	
Including: Government grant related to deferred income (related to assets)	8,297.62		Related to assets
Government grant directly recognized in current profit or loss	1,513,781.80	276,907.09	Related to income
2. Others related to daily operation activities and recognized in other income	44,839.26	15,990.23	
Including: Charges of withholding individual income tax	44,839.26	9,378.94	
Input tax plus deduction		6,611.29	

Items	2020	2019	Related to assets /income
Total	1,566,918.68	292,897.32	

5.40 Investment Income

Items	2020	2019
Investment income from long-term equity investments under equity method	14,962,411.52	19,134,325.91
Gains on disposal of long-term equity investments	1.00	210,680,848.23
Investment income from financial assets at fair value through profit or loss during holding period	8,495,993.07	10,207,296.49
Including: financial assets measured at fair value with changes included in current profits and losses	8,495,993.07	10,207,296.49
Investment in other equity instruments		547,184.35
Total	23,458,405.59	240,569,654.98

Note: Investment income of this year decreased by 90.25% compared with the previous year, mainly due to the impact of the investment income generated from the disposal of long-term equity investment of Shenzhen Xinglong Machinery Mould Co., Ltd. last year.

5.41 Gains from Changes in Fair Values

Sources of gains on changes in fair value	2020	2019
Held-for-trading financial assets	316,475.19	477,394.67
Including: Changes in fair value of designated as held-for-trading financial assets	316,475.19	477,394.67
Total	316,475.19	477,394.67

Note: The income from the change in fair value of this year decreased by 33.71% compared with the previous year, mainly due to the carry forward investment income from the income from the change in fair value of the held-for-trading financial assets at the beginning of the year when it was recovered in the current year.

5.42 Impairment Loss of Credit

Items	2020	2019
Bad debt of notes receivable	934,154.48	-272,030.60

Items	2020	2019
Bad debt of other receivables	594,593.53	1,542,510.68
Total	1,528,748.01	1,270,480.08

5.43 Impairment Loss of Asset

Items	2020	2019
Impairment of inventories	-23,818.95	-19,028.39
Other impairment loss of assets		-643,261.62
Total	-23,818.95	-662,290.01

Note: Asset impairment loss of this year decreased by 96.40% compared with the previous year, mainly due to the impact of other asset impairment losses withdrawn by Teli Xingguang Jinzun Company in the previous year.

5.44 Gains/ (losses) from Disposal of Assets

Items	2020	2019
Gains/(losses) from disposal of fixed assets, construction in progress, productive biological assets and intangible assets not classified as held for sale		216,207.53
Including: Fixed assets		216,207.53
Total		216,207.53

Note:

5.45 Non-operating Income

Items	2020	2019	Recognized in current extraordinary gains and losses
Gains from damage and retirement of non-current assets	2,919.56	109,998.46	109,998.46
Gains from inability to pay the proceeds	497,187.91		497,187.91
Other	2,789,050.65	194,622.17	2,789,050.65
Total	3,289,158.12	304,620.63	3,289,158.12

The non-operating income in the current year increased by 979.76% compared with the previous year, mainly due to the reduction of

estimated liabilities related to pending litigation.

5.46 Non-operating Expenses

Items	2020	2019	Recognized in current extraordinary gains and losses
Loss from damage and retirement of non-current assets	28,814.21	214,918.34	28,814.21
Fines and expenses from breach of contract	43,127.49	834,167.39	43,127.49
Other	20,810.00		20,810.00
Total	92,751.70	1,049,085.73	92,751.70

Note: The non-operating expenses of this year, decreased by 91.16% compared with the previous year, mainly due to the impact of early rent termination expenses Teli Xingguang Jinzun Company last year.

5.47 Income Tax Expenses

(a) Details of income tax expenses

Items	2020	2019
Current tax expenses	16,683,064.79	68,071,018.71
Deferred tax expenses	160,140.29	15,696,124.32
Previous tax expenses	-445,268.53	20,891.90
Total	16,397,936.55	83,788,034.93

Note: The income tax expense of this year decreased by 80.43% compared with the previous year, mainly due to the impact of the enterprise income tax accrued from the long-term equity investment of Shenzhen Xinglong Machinery Mould Co., Ltd. and the deferred income tax related to the difference of equity investment recognized in the previous year's reversal.

(b) Reconciliation of accounting profit and income tax expenses

Items	2020	2019
Profit before tax	76,703,166.46	302,595,269.11
Income tax expense at the statutory /applicable tax rate	19,175,791.62	75,894,191.34
Effect of different tax rate of subsidiaries	-96,771.41	-116,827.10
Adjustments of impact from prior period income tax	-445,268.53	20,891.90

Items	2020	2019
Long term equity investment income and equity instrument investment income	-3,740,602.88	-4,920,377.57
Effect of non-deductible costs, expenses or losses	409,611.27	187,968.31
Effect of previously unrecognized deductible losses recognized as deferred tax assets	-372,335.43	-1,432,355.39
Effect of deductible temporary differences and deductible losses not recognized as deferred tax assets	2,222,449.90	14,154,543.44
Other (the impact of small low profit enterprises on the reduction of taxable income and the expected balance of liabilities at the end of the period)	-754,937.99	
Income tax expenses	16,397,936.55	83,788,034.93

5.48 Other Comprehensive Income

For details of net amount after tax of the other comprehensive income, please refer to Note 5.31 **Other Comprehensive Income** for details.

5.49 Notes to the Statement of Cash Flow

(a) Other cash received relating to operating activities

Items	2020	2019
Security deposit	7,335,328.03	28,834,845.75
Interest income	3,015,893.77	1,521,342.50
Government subsidies received	1,513,781.80	416,307.09
Other income received	44,839.26	9,378.94
Current account and others	4,209,581.52	16,979,131.53
Total	16,119,424.38	47,761,005.81

(b) Other cash payments relating to operating activities

Items	2020	2019
Cash expenses	16,559,142.10	15,604,214.08
Security deposit	441,713.29	20,695,465.01
Fines and expenses from breach of contract	63,937.49	834,167.39

Current account and others	436,758.81	13,905,542.01
Total	17,501,551.69	51,039,388.49

(c) Other cash received relating to investing activities

Items	2020	2019
Performance bond for equity transfer received	50,000,000.00	
Related loan		2,385,849.54
Other	69,962.11	
Total	50,069,962.11	2,385,849.54

(d) Other cash payments relating to investing activities

Items	2020	2019
Service expenses for equity transfer paid		5,000.00
Total		5,000.00

(e) Other cash received relating to financing activities

Items	2020	2019
Loans from non-financial institutions	24,800,000.00	15,020,000.00
Total	24,800,000.00	15,020,000.00

(f) Other cash payments relating to financing activities

Items	2020	2019
Repayment of loans from non-financial institution	24,800,000.00	22,962,000.00
Total	24,800,000.00	22,962,000.00

5.50 Supplementary Information to the Statement of Cash Flows**(a) Supplementary information to the statement of cash flows**

Supplementary information	2020	2019
(i) Adjustments of net profit to cash flows from operating activities:		

Supplementary information	2020	2019
Net profit	60,305,229.91	218,807,234.18
Add: Provisions for impairment of assets	23,818.95	-608,190.07
Impairment Loss of Credit	-1,528,748.01	
Depreciation of fixed assets, Investment Properties ,oil and gas asset and productive biological assets	27,990,380.00	26,429,872.30
Amortization of intangible assets	534,789.66	229,471.59
Amortization of long-term deferred expenses	3,169,898.43	2,898,140.55
Losses /(gains as ‘-’) on disposal of fixed assets, intangible assets and other long-term assets	25,894.65	-216,207.53
Losses /(gains as ‘-’) on scrapping of fixed assets		104,919.88
Losses /(gains as ‘-’) on changes in fair value	-316,475.19	-477,394.67
Finance costs /(income as ‘-’)	-547,378.56	7,060,176.11
Investment losses /(income as ‘-’)	-23,458,405.59	-240,569,654.98
Decreases /(increases as ‘-’) in deferred tax assets	160,140.29	15,696,124.32
Increases /(decreases as ‘-’) in deferred tax liabilities		
Decreases /(increases as ‘-’) in inventories	-713,896.05	-9,065,776.82
Decreases /(increases as ‘-’) in operating receivables	89,142,199.52	-24,176,109.62
Increases /(decreases as ‘-’) in operating payables	-45,682,145.13	82,798,747.79
Others		
Net cash flows from operating activities	109,105,302.88	78,911,353.03
(ii)Significant investing and financing		

Supplementary information	2020	2019
activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under finance leases		
(iii)Net increases in cash and cash equivalents:		
Cash at the end of the reporting period	208,462,656.63	400,668,257.81
Less: Cash at the beginning of the reporting period	400,668,257.81	142,848,120.69
Add: Cash equivalents at the end of the reporting period		
Less: Cash equivalents at the beginning of the reporting period		
Net increase in cash and cash equivalents	-192,205,601.18	257,820,137.12

(b) The components of cash and cash equivalents

Items	31 December 2020	31 December 2019
(i) Cash	208,462,656.63	400,668,257.81
Including: Cash on hand	20,542.55	120,351.17
Cash in bank available for immediate use	208,442,114.08	400,547,906.64
Other monetary funds available for immediate use		
(ii) Cash equivalents		
Including: Bond investments maturing within three months		
(iii) Cash and cash equivalents at the end of the reporting period	208,462,656.63	400,668,257.81

Including: Restricted cash and cash equivalents of the parent Company and the subsidiaries of the group		
---	--	--

5.51 Restricted Assets

Items	Carrying amount at 31 December 2020	Reason
Cash and cash equivalents	29,163,042.30	Please refer to Note 5.1 for details
Intangible assets	48,870,991.00	Bank loan mortgage
Total	78,034,033.30	

5.52 Foreign Currency Monetary Items

(a) Foreign currency monetary items at 31 December 2020:

Items	Carrying amount at foreign currency	Exchange rate	Carrying amount at CNY
Cash and cash equivalents			
Including: USD	856.00	6.5249	5,585.31
HKD	21,082.31	0.84164	17,743.72
Total	—		23,329.03

5.53 Government Grants

(a) Government grants related to assets

Items	Amount	Items presented in the statement of financial position	Recognized in current profit or loss or directly as deduct of related cost		Presented items that recognized in current profit or loss or directly as deduct of related cost
			2020	2019	
Subsidy fund for elevator	131,102.38	Deferred income	8,297.62		Other income

Items	Amount	Items presented in the statement of financial position	Recognized in current profit or loss or directly as deduct of related cost		Presented items that recognized in current profit or loss or directly as deduct of related cost
			2020	2019	
renewal of old elevator renewal and transformation working group in Futian District					

(b) Government grants related to income

Items	Amount	Items presented in the statement of financial position	Recognized in current profit or loss or directly as deduct of related cost		Presented items that recognized in current profit or loss or directly as deduct of related cost
			2020	2019	
Shenzhen Luohu District Bureau of industry and information technology transferred into support fees for consumer activities	1,156,106.19	N/A	1,156,106.19		Other income
2019 Industrial support funds	241,700.00	N/A	241,700.00	268,700.00	Other income
Subsidies for enterprise trial training in Luohu District	76,380.00	N/A	76,380.00		Other income
Social Security Bureau subsidy	29,480.01	N/A	29,480.01	8,207.09	Other income
Subsidy for water & power supply	10,115.60	N/A	10,115.60		Other income
Total	1,513,781.80		1,513,781.80	276,907.09	

Note 6. CHANGES IN THE SCOPE OF CONSOLIDATION

6.1 The Scope of Consolidation Increased

Name of the acquirees	Ways to acquire the equity interests	Date of acquiring the equity interests	Acquisition costs	Interest acquired (%)
Shenzhen jewelry industry Service Co., Ltd	Newly establish	July 2020	13,000,000.00	65.00

Note 7. INTERESTS IN OTHER ENTITIES

7.1 Interests in Subsidiaries

(a) Composition of corporate group

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways of acquisition
				Direct	Indirect	
深圳市特力新永通汽车发展有限公司 (Shenzhen Tellus Xinyongtong Automobile Development Co., Ltd.*)	Shenzhen	Shenzhen	Commercial	100.00		Set up
深圳市宝安石泉实业有限公司 (Shenzhen Bao'an Shiquan Industrial Co., Ltd.*)	Shenzhen	Shenzhen	Commercial		100.00	Set up
深圳市特发特力房地产有限公司 (Shenzhen SDG Tellus Real Estate Co., Ltd.*)	Shenzhen	Shenzhen	Manufacture	100.00		Set up
深圳市特力创盈科技有限公司 (Shenzhen Tellus Chuangying Technology Co., Ltd.*)	Shenzhen	Shenzhen	Commercial	100.00		Set up
深圳市新永通机动车检测设	Shenzhen	Shenzhen	Commercial	51.00		Set up

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways of acquisition
				Direct	Indirect	
备 有 限 公 司 (Shenzhen Xinyongtong Auto Vehicle Inspection Equipment Co., Ltd.*)						
深圳市汽车工业贸易有限公司 (Shenzhen Automobile Industry and Trade Co., Ltd.*)	Shenzhen	Shenzhen	Commercial	100.00		Set up
深圳市汽车工业供销公司 (Shenzhen Automobile Industry Supply and Marketing Co., Ltd.*)	Shenzhen	Shenzhen	Commercial		100.00	Set up
深圳特发华日汽车企业有限公司 (Shenzhen SDG Huari Automobile Enterprise Co., Ltd.*)	Shenzhen	Shenzhen	Commercial	60.00		Set up
深圳市华日安信汽车检测有限公司 (Shenzhen Huari Anxin Automobile Inspection Co., Ltd.*)	Shenzhen	Shenzhen	Commercial		100.00	Set up
深圳市中天实业有限公司 (Shenzhen Zhongtian Industrial Co., Ltd.*)	Shenzhen	Shenzhen	Commercial	100.00		Set up
深圳市华日丰田汽车销售服务有限公司 (Shenzhen Huari Toyota Auto Sales Service Co., Ltd.*)	Shenzhen	Shenzhen	Commercial	60.00		Set up
安徽特力星光珠宝投资有限公司 (Anhui Tellus Seon	Hefei	Hefei	Commercial	51.00		Set up

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways of acquisition
				Direct	Indirect	
Jewelry Investment Co., Ltd.*)						
安徽特力星光金尊珠宝有限公司 (Anhui Tellus Seon Jinzun Jewelry Co., Ltd.*)	Hefei	Hefei	Commercial		60.00	Set up
四川特力珠宝科技有限公司 (Sichuan Tellus Jewelry Technology Co., Ltd.*)	Chengdu	Chengdu	Commercial	66.67		Set up
深圳市特力宝库供应链科技有限公司 (Shenzhen Tellus Baoku Supply Chain Technology Co., Ltd.*)	Shenzhen	Shenzhen	Commercial	100.00		Set up
深圳珠宝产业服务有限公司 (Shenzhen Jewelry Industry Service Co. Ltd.*)	Shenzhen	Shenzhen	Commercial		65.00	Set up

(b) Significant non-wholly owned subsidiaries

Name of subsidiary	Proportion of ownership interest held by non-controlling interests	Profit or loss attributable to non-controlling interests during the reporting period	Dividends declared to distribute to non-controlling interests during the reporting period	Non-controlling interests at the end of the reporting period
深圳市华日丰田汽车销售服务有限公司 (Shenzhen Huari Toyota Auto Sales Co., Ltd.*)	40.00	2,429,620.42		4,108,006.99
深圳特发华日汽车企业有限公司 (Shenzhen Huari Toyota Auto Sales Service Co., Ltd.*)	40.00	1,253,041.70		10,954,974.96

(c) Main financial information of significant non-wholly owned subsidiaries

Name of subsidiary	31 December 2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
深圳市华日丰田汽车销售服务有限公司 (Shenzhen Huari Toyota Auto Sales Co., Ltd.*)	67,507,256.67	6,694,509.17	74,201,765.84	63,931,748.36		63,931,748.36
深圳特发华日汽车企业有限公司 (Shenzhen Huari Toyota Auto Sales Service Co., Ltd.*)	52,641,986.30	22,198,318.35	74,840,304.65	47,302,867.25		47,302,867.25

(Continued)

Name of subsidiary	31 December 2019					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
深圳市华日丰田汽车销售服务有限公司 (Shenzhen Huari Toyota Auto Sales Co., Ltd.*)	66,208,279.12	4,780,912.24	70,989,191.36	66,793,224.94		66,793,224.94
深圳特发华日汽车企业有限公司 (Shenzhen Huari Toyota Auto Sales Service Co., Ltd.*)	48,495,244.11	24,078,718.09	72,573,962.20	48,169,129.04		48,169,129.04

Name of subsidiary	2020			
	Revenue	Net profit/(loss)	Total comprehensive income	Net cash flows from operating activities
深圳市华日丰田汽车销售服务有限公司 (Shenzhen Huari Toyota Auto Sales Service Co., Ltd.*)	250,984,420.93	6,074,051.06	6,074,051.06	4,948,345.76

Name of subsidiary	2020			
	Revenue	Net profit/(loss)	Total comprehensive income	Net cash flows from operating activities
Toyota Auto Sales Co., Ltd.*)				
深圳特发华日汽车企业有限公司 (Shenzhen Huari Toyota Auto Sales Service Co., Ltd.*)	34,313,269.53	3,132,604.24	3,132,604.24	4,440,264.62

(Continued)

Name of subsidiary	2019			
	Revenue	Net profit/(loss)	Total comprehensive income	Net cash flows from operating activities
深圳市华日丰田汽车销售服务有限公司 (Shenzhen Huari Toyota Auto Sales Co., Ltd.*)	219,302,518.27	2,099,623.78	2,099,623.78	-1,555,308.78
深圳特发华日汽车企业有限公司 (Shenzhen Huari Toyota Auto Sales Service Co., Ltd.*)	38,745,157.90	-3,089,360.18	-3,089,360.18	5,401,481.18

7.2 Interests in Joint Arrangements or Associates

(a) Significant joint ventures or associates

Company name	Principal place of business	Registered address	Nature of business	Proportion of equity interests by the Company (%)		Measurement methods
				Direct	Indirect	
Joint ventures						
深圳特力吉盟投资有限公司 (Shenzhen Tellus Jimeng)	Shenzhen	Shenzhen	Investment in industries	50.00		Accounting by equity method

Investment Co., Ltd.*)						
Associates						
深圳市仁孚特力汽车服务有限公司 (Shenzhen Renfu Tellus Automobiles Service Co., Ltd.*)	Shenzhen	Shenzhen	Mercedes Benz sales	35.00		Accounting by equity method
深圳东风汽车有限公司 (Shenzhen Dongfeng Automobile Co., Ltd.*)	Shenzhen	Shenzhen	Auto manufacturing and sales		25.00	Accounting by equity method

(b) Main financial information of the significant joint ventures

Items	31 Dec 2020/2020	31 Dec 2019/2019
	深圳特力吉盟投资有限公司 (Shenzhen Tellus Jimeng Investment Co., Ltd.*)	深圳特力吉盟投资有限公司 (Shenzhen Tellus Jimeng Investment Co., Ltd.*)
Current assets	37,797,029.81	56,022,041.04
Including: Cash and cash equivalents	34,281,101.96	9,770,310.11
Non-current assets	360,906,421.80	363,958,852.65
Total assets	398,703,451.61	419,980,893.69
Current liabilities	27,947,969.41	34,420,126.74
Non-current liabilities	295,422,000.00	245,250,000.00
Total liabilities	323,369,969.41	279,670,126.74
Non-controlling interests		
Total owner's equity attributable to parent Company	75,333,482.20	140,310,766.95

Items	31 Dec 2020/2020	31 Dec 2019/2019
	深圳特力吉盟投资有限公司 (Shenzhen Tellus Jimeng Investment Co., Ltd.*)	深圳特力吉盟投资有限公司 (Shenzhen Tellus Jimeng Investment Co., Ltd.*)
Share of net assets calculated at the proportion of equity interests	37,666,741.13	70,155,383.48
Adjustment matters		
—Goodwill		
—Unrealized profit from intragroup transaction		
—Others		
Carrying amount of investment in the joint venture	37,666,741.13	70,155,383.48
Fair value of publicly quoted equity investment in joint venture		
Revenue	87,082,384.96	91,769,888.39
Finance expenses	15,850,179.92	14,266,181.96
Income tax expenses	6,905,938.48	5,473,045.83
Net profit/(loss)	21,022,715.25	16,232,739.76
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	21,022,715.25	16,232,739.76
Dividends received from the joint venture	8,000,000.00	

(c) Main financial information of significant associates

Items	31 Dec 2020/2020		31 Dec 2019/2019	
	深圳市仁孚特力 汽车服务有限公 司(Shenzhen Renfu Tellus Automobiles Service Co., Ltd.*)	深圳东风汽车 有限公司 (Shenzhen Dongfeng Automobile Co., Ltd.*)	深圳市仁孚特力 汽车服务有限公 司(Shenzhen Renfu Tellus Automobiles Service Co., Ltd.*)	深圳东风汽车 有限公司 (Shenzhen Dongfeng Automobile Co., Ltd.*)
Current Assets	214,297,861.00	378,483,991.85	229,415,509.00	479,352,285.14
Non-current assets	23,368,404.54	172,244,888.77	22,735,996.00	214,963,230.31
Total assets	237,666,265.54	550,728,880.62	252,151,505.00	694,315,515.45
Current liabilities	141,645,848.00	344,958,726.39	156,969,413.00	459,613,457.00
Non-current liabilities	-	65,583,477.43		66,941,248.16
Total liabilities	141,645,848.00	410,542,203.82	156,969,413.00	526,554,705.16
Non-controlling interests		-14,510,815.59		-11,589,462.52
Total owner' s equity attributable to parent Company	96,020,417.54	154,697,492.39	95,182,092.00	179,350,272.81
Share of net assets calculated at the proportion of equity interests	33,607,146.14	38,674,373.09	33,313,732.20	44,837,568.20
Adjustment matters				
—Goodwill				
— Unrealized profit from intragroup transaction				
—Others				

Items	31 Dec 2020/2020		31 Dec 2019/2019	
	深圳市仁孚特力汽车服务有限公司(Shenzhen Renfu Tellus Automobiles Service Co., Ltd.*)	深圳东风汽车有限公司(Shenzhen Dongfeng Automobile Co., Ltd.*)	深圳市仁孚特力汽车服务有限公司(Shenzhen Renfu Tellus Automobiles Service Co., Ltd.*)	深圳东风汽车有限公司(Shenzhen Dongfeng Automobile Co., Ltd.*)
Carrying amount of investment in the associate	33,607,146.14	38,674,373.09	33,313,732.20	44,837,568.20
Fair value of publicly quoted equity investment in associate				
Revenue	1,247,864,433.00	399,893,712.73	1,146,987,875.00	502,282,870.47
Net profit/(loss)	30,838,325.75	-26,791,281.02	30,315,168.00	18,741,639.29
Net profit from discontinued operations				
Other comprehensive income				
Total comprehensive income	30,838,325.75	-26,791,281.02	30,315,168.00	18,741,639.29
Dividends received from the associate	10,500,000.00		17,500,000.00	

(d) Summarized financial information about insignificant joint ventures and associates

	31 December 2020/2020	31 December 2019/2019
--	-----------------------	-----------------------

Joint venture:		
Total carrying amount of investments	12,697,424.88	11,845,452.17
The aggregate amount of below items calculated based on proportion of equity interests:		
—Net profit/(loss)	1,365,105.69	855,101.45
—Other comprehensive income		
—Total comprehensive income	1,365,105.69	855,101.45
Associate:		
Total carrying amount of investments	995,270.33	2,026,407.98
The aggregate amount of below items calculated based on proportion of equity interests:		
—Net profit/(loss)	-4,655,318.50	-15,260,873.57
—Other comprehensive income		
—Total comprehensive income	-4,655,318.50	-15,260,873.57

(e) Excess deficit in joint ventures or associates

Name of joint ventures or associates	Cumulative unrecognized loss at 31 December 2019	Unrecognized profit in the reporting period (or share of net profit in the reporting period)	Cumulative unrecognized loss at 31 December 2020
深圳特力汽车服务连锁有限公司 (Shenzhen Tellus Automobile Services Chain Co., Ltd.*)	98,865.26		98,865.26
深圳市永通信达检测设备	916,937.25	259,275.48	1,176,212.73

Name of joint ventures or associates	Cumulative unrecognized loss at 31 December 2019	Unrecognized profit in the reporting period (or share of net profit in the reporting period)	Cumulative unrecognized loss at 31 December 2020
有 限 责 任 公 司 (Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd.*)			

Note 8. RISKS RELATED TO FINANCIAL INSTRUMENTS

Risks related to the financial instruments of the Company arise from the recognition of various financial assets and financial liabilities during its operation, including credit risk, liquidity risk and market risk.

Management of the Company is responsible for determining risk management objectives and policies related to financial instruments. Operational management is responsible for the daily risk management through functional departments (e.g. credit management department of the Company reviews each credit sale). Internal audit department is responsible for the daily supervision of implementation of the risk management policies and procedures, and report their findings to the audit committee in a timely manner. Overall risk management objective of the Company is to establish risk management policies to minimize the risks without unduly affecting the competitiveness and resilience of the Company.

8.1 Credit Risk

Credit risk is the risk of one party of the financial instrument face to a financial loss because the other party of the financial instrument fails to fulfill its obligation. The credit risk of the Company is related to cash and equivalent, notes receivable, accounts receivables, other receivables and long-term receivables. Credit risk of these financial assets is derived from the counterparty's breach of contract. The maximum risk exposure is equal to the carrying amount of these financial instruments.

Cash and cash equivalent of the Company has lower credit risk, as they are mainly deposited in such financial institutions as commercial bank, of which the Company thinks with higher reputation and financial position.

For notes receivable, other receivables and long-term receivables, the Company establishes related policies to control their credit risk exposure. The Company assesses credit capability of its customers and determines their credit terms based on their financial position, possibility of the guarantee from third party, credit record and other factors (such as current market status, etc.). The Company monitors its customers' credit record periodically, and for those customers with poor credit record, the Company will take measures such as written call, shortening or cancelling their credit terms so as to ensure the overall credit risk of the Company is controllable.

(i) Determination of significant increases in credit risk

The Company assesses at each reporting date as to whether the credit risk on financial instruments has increased significantly since initial recognition. When the Company determines whether the credit risk has increased significantly since initial recognition, it considers based on reasonable and supportable information that is available without undue cost or effort, including quantitative and qualitative analysis of historical information, external credit ratings and forward-looking information. The Company determines the changes in the risk of a default occurring over the expected life of the financial instrument through comparing the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition based on individual financial instrument or a group of financial instruments with the similar credit risk characteristics.

When met one or more of the following quantitative or qualitative criteria, the Company determines that the credit risk on financial instruments has increased significantly: the quantitative criteria applied mainly because as at the reporting date, the increase in the probability of default occurring over the lifetime is more than a certain percentage since the initial recognition; the qualitative criteria applied if the debtor has adverse changes in business and economic conditions, early warning list of customer, and etc.

(ii) Definition of credit-impaired financial assets

The criteria adopted by the Company for determination of credit impairment are consistent with internal credit risk management objectives of relevant financial instruments in considering both quantitative and qualitative indicators.

When the Company assesses whether the debtor has incurred the credit impairment, the main factors considered are as following: Significant financial difficulty of the issuer or the borrower; a breach of contract, e.g., default or past-due event; a lender having granted a concession to the borrower for economic or contractual reasons relating to the borrower's financial difficulty that the lender would not otherwise consider; the probability that the borrower will enter bankruptcy or other financial re-organisation; the disappearance of an active market for the financial asset because of financial difficulties of the issuer or the borrower; the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(iii) The parameter of expected credit loss measurement

The Company measures impairment provision for different assets with the expected credit loss of 12-month or the lifetime based on whether there has been a significant increase in credit risk or credit impairment has occurred. The key parameters for expected credit loss measurement include default probability, default loss rate and default risk exposure. The Company sets up the model of default probability, default loss rate and default risk exposure in considering the quantitative analysis of historical statistics (such as counterparties' ratings, guarantee method and collateral type, repayment method, etc.) and forward-looking information.

Relevant definitions are as following:

Default probability refers to the probability of the debtor will fail to discharge the repayment obligation over the next 12 months or the entire remaining lifetime;

Default loss rate refers to the Company's expectation of the loss degree of default risk exposure. The default loss rate varies depending on the type of counterparty, recourse method and priority, and the collateral. The default loss rate is the percentage of the risk exposure loss when default has occurred and it is calculated over the next 12 months or the entire lifetime;

The default risk exposure refers to the amount that the Company should be repaid when default has occurred in the next 12 months or the entire lifetime. Both the assessment of significant increase in credit risk of forward-looking information and the calculation of expected credit losses involve forward-looking information. Through historical data analysis, the Company identifies key economic indicators that have impact on the credit risk and expected credit losses for each business.

The maximum exposure to credit risk of the Company is the carrying amount of each financial asset in the statement of financial position. The Company does not provide any other guarantees that may expose the Company to credit risk.

8.2 Liquidity Risk

Liquidity risk is the risk of shortage of funds when fulfilling the obligation of settlement by delivering cash or other financial assets. The Company is responsible for the capital management of all of its subsidiaries, including short-term investment of cash surplus and dealing with forecasted cash demand by raising loans. The Company's policy is to monitor the demand for short-term and long-term floating capital and whether the requirement of loan contracts is satisfied so as to ensure to maintain adequate cash and cash equivalents.

As at 31 December 2020, the maturity profile of the Company's financial liabilities is as follows:

Items	31 December 2020			
	Within 6 months	1-2 years	2-3 years	Above 3 years
Accounts payable	76,583,166.53			
Other payables	158,617,678.97			
Long-term loans	469,213.89	469,213.89	774,906.74	14,207,964.22
Long-term payables	3,920,160.36			
Total	239,590,219.75	469,213.89	774,906.74	14,207,964.22

(Continued)

Items	31 December 2019			
	Within 6 months	1-2 years	2-3 years	Above 3 years
Accounts payable	69,087,430.42			
Other payables	101,266,802.49			

Long-term payables	3,920,160.36			
Total	174,274,393.27			

8.3 Market Risk

(a) 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 is mainly operated in mainland China, whose main activities are denominated in CNY, hence, the Company bears insignificant market risk arising from foreign exchange changes.

Please refer to Note 5.52 **Foreign Currency** for details in foreign currency financial assets and liabilities on the balance sheet date.

(b) Interest rate risk

Interest rate risk of the Company primarily arises from its long-term interest-bearing debts, such as long-term loans and bonds payables, etc. Financial liabilities with floating interest rate make the Company subject to cash flow interest rate risk, and financial liabilities with fixed interest rate make the Company subject to fair value interest rate risk. The Company determines the relative proportion of the fixed interest contracts and floating interest contracts based on the current market environment.

Finance department of the Company's headquarter monitors interest rate of the group continuously. Increase of the interest rate will result in the increase of the cost of new interest-bearing debts and the interest expense of the unpaid interest-bearing debts with floating rate, and subsequently lead to significant negative impact on the financial performance of the Company. The management makes adjustment in accordance with the update market condition in a timely manner.

Note 9. FAIR VALUE DISCLOSURES

The inputs used in the fair value measurement in its entirety are to be classified in the level of the hierarchy in which the lowest level input that is significant to the measurement is classified.

Level 1: Inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Inputs for the assets or liabilities (other than those included in Level 1) that are either directly or indirectly observable.

Level 3: Inputs are unobservable inputs for the assets or liabilities

9.1 Assets and Liabilities Measured at Fair Value at 31 December 2020

Items	Fair value at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
(a) Held-for-trading financial assets			314,013,869.86	314,013,869.86
(i) Financial assets designated as at fair value through profit or loss				

Items	Fair value at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Structured deposits and financial products			314,013,869.86	314,013,869.86
(b) Other equity instrument investment			10,176,617.20	10,176,617.20
Total assets measured at fair value on a recurring basis			324,190,487.06	324,190,487.06

The fair value of financial instruments traded in an active market is based on quoted market prices at the reporting date. The fair value of financial instruments not traded in an active market is determined by using valuation techniques. Specific valuation techniques used to value the above financial instruments include discounted cash flow and market approach to comparable Company model. Inputs in the valuation technique include risk-free interest rates, benchmark interest rates, exchange rates, credit spreads, liquidity premiums, discount for lack of liquidity.

9.2 Valuation Technique(s), Qualitative and Quantitative Information about the Significant Inputs Used for Fair Value Measurement in Level 3 on a Recurring or Nonrecurring Basis

The trading financial assets are the structured deposits and financial products purchased. The future cash flow is predicted by the expected rate of return, and the unobservable estimate is the expected rate of return. As the business environment, operation and financial situation of the invested enterprise China Pudong Development Machinery Industry Co., Ltd. have not changed significantly, the Company measures the investment cost as a reasonable estimate of the fair value.

Note 10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Recognition of related parties: The Company has control or joint control of, or exercise significant influence over another party; or the Company is controlled or jointly controlled, or significant influenced by another party.

10.1 General Information of the Parent Company

Name of the parent	Registered address	Nature of the business	Registered capital	Percentage of equity interests in the Company (%)	Voting rights in the Company (%)
Shenzhen SDG Group Co., Ltd.	Shenzhen	Real estate development and management,	3,582.82 million	49.09	49.09

		domestic business			
--	--	-------------------	--	--	--

(1) Remarks on the parent Company

Shenzhen SDG Group Co., Ltd. was invested by the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal (the "Shenzhen SASAC") and established on August 1, 1981. Shenzhen SDG Group Co., Ltd. currently holds a business license with unified social credit code of 91440300192194195C, with registered capital of CNY 3,582.82 million.

(2) The Company's ultimate controlling party is Shenzhen SASAC.

10.2 General Information of Subsidiaries

Details of the subsidiaries please refer to Notes 7 INTERESTS IN OTHER ENTITIES.

10.3 Joint Ventures and Associates of the Company**(a) General information of significant joint ventures and associates**

Details of significant joint ventures and associates please refer to Notes 7 INTERESTS IN OTHER ENTITIES

(b) Details of other joint ventures or associates trading with or with outstanding to the Company during the reporting period

Name	Relationship with the Company
深圳市新永通汽车服务有限公司 (Shenzhen Xinyongtong Dongxiao Automobile Service Co., Ltd.*)	Associate
深圳市特力新永通汽车服务有限公司 (Shenzhen Tellus Xinyongtong Automobile Service Co., Ltd.*)	Associate
深圳市新永通东晓汽车服务有限公司 (Shenzhen Xinyongtong Dongxiao Automobile Service Co., Ltd.*)	Associate originally, transferred in current period
深圳特力汽车服务连锁有限公司 (Shenzhen Tellus Automobile Services Chain Co., Ltd.*)	Associate
深圳市永通信达检测设备有限责任公司 (Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd.*)	Associate
深圳市先导新材料有限公司 (Shenzhen Xiandao New Materials Co., Ltd.*)	Associate

深圳市特力行投资有限公司 (Shenzhen Tellus Xing Investment Co., Ltd.*)	Joint venture
---	---------------

10.4 Other Related Parties of the Company

Name	Relationship with the Company
深圳市特发小额贷款有限公司 (Shenzhen SDG Microfinance Co., Ltd.*)	Holding subsidiary of the parent Company
深圳市特发天鹅实业公司 (Shenzhen SDG Swan Industrial Co., Ltd.*)	Holding subsidiary of the parent Company
深圳市机械设备进出口公司 (Shenzhen Machinery and Equipment Import and Export Co., Ltd.*)	Holding subsidiary of the parent Company
深圳市特发地产有限公司 (Shenzhen SDG Real Estate Co., Ltd.*)	Holding subsidiary of the parent Company
香港裕嘉投资有限公司 (Hong Kong Yujia Investment Co., Ltd.*)	Holding subsidiary of the parent Company
深圳市特发工程管理有限责任公司 (Shenzhen SDG Engineering Management Co., Ltd.*)	Holding subsidiary of the parent Company
深圳市特力阳春房地产公司 (Shenzhen Tellus Yangchun Real Estate Co., Ltd.*)	Holding subsidiary of the parent Company
深圳龙岗特力房地产公司 (Shenzhen Longgang Tellus Real Estate Co., Ltd.*)	Holding subsidiary of the parent Company
深圳市特发特力物业管理有限公司 (Shenzhen SDG Tellus Property Management Co., Ltd.*)	Holding subsidiary of the parent Company
深圳市特发服务股份有限公司珠宝园分公司 (Shenzhen SDG Service Co., Ltd. Jewelry Park Branch*)	Holding subsidiary of the parent Company
安徽金尊珠宝有限公司 (Anhui Jinzun Jewelry Co., Ltd.*)	Participating shareholder
汉成能源集团有限公司 (Hubei Han's Industry Investment Co., Ltd.*)	Shareholder of significant associates

10.5 Related Party Transactions

(a) Purchases or sales of goods, rendering or receiving of services

Purchases of goods, receiving of services:

Related parties	Nature of the transaction(s)	2020	2019
深圳市特发工程管理有限责任公司 (Shenzhen SDG Engineering Management Co., Ltd.*)	Receiving of services	838,867.91	354,705.66
深圳市特发特力物业管理有限公司 (Shenzhen SDG Tellus Property Management Co., Ltd.*)	Receiving of services	14,396,112.96	13,609,599.18
深圳市特发服务股份有限公司珠宝园分公司 (Shenzhen SDG Service Co., Ltd. Jewelry Park Branch)	Receiving of services	1,046,227.65	336,006.14

Sales of goods and rendering of services:

Related parties	Nature of the transaction(s)	2020	2019
深圳市特发小额贷款有限公司 (Shenzhen SDG Microfinance Co., Ltd.*)	Rendering of services	161,205.25	161,205.24
深圳市特发特力物业管理有限公司 (Shenzhen SDG Tellus Property Management Co., Ltd.*)	Rendering of services	6,868.14	4,784.39

(b) Leases

The Company as lessor:

The lessee	Type of assets leased	2020	2019
深圳市仁孚特力汽车服务有限公司 (Shenzhen Renfu Tellus Automobiles Service Co., Ltd.*)	House leasing	3,857,142.90	5,047,619.20
深圳市新永通汽车服务有限公司 (Shenzhen Xinyongtong Automobile Service Co., Ltd.*)	House leasing	527,029.51	713,410.48
深圳市新永通东晓汽车服务有限公司	House leasing	173,534.28	523,285.74

司 (Shenzhen Xinyongtong Dongxiao Automobile Service Co., Ltd.*)			
深圳市特发小额贷款有限公司 (Shenzhen SDG Microfinance Co., Ltd.*)	House leasing	975,808.45	1,409,263.84
深圳市特发特力物业管理有限公司 (Shenzhen SDG Tellus Property Management Co., Ltd.*)	House leasing	44,754.54	56,586.66
深圳市特发服务股份有限公司珠宝园分公司 (Shenzhen SDG Service Co., Ltd. Jewelry Park Branch*)	House leasing	1,801,091.36	1,014,501.78

(c) Call loans between related parties

Related parties	Amount	Effective date	Expiry date	Notes
Borrowings				
深圳市特发集团有限公司 (Shenzhen SDG Group Co., Ltd.*)	24,800,000.00	04/14/2020	05/14/2020	No interest
汉成能源集团有限公司 (Hubei Han ' s Industry Investment Co.,Ltd.*)	51,000,000.00	07/17/2020		CNY 1,000,000.00 interest payable included

(d) Key management personnel compensation

Items	2020	2019
Key management personnel compensation	6,954,700.00	6,583,600.00

10.6 Receivables and Payables with Related Parties

(a) Receivables

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts	深圳市新永通汽车服务有	927,602.00	927,602.00	927,602.00	927,602.00

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
receivable	限公司(Shenzhen Xinyongtong Automobile Service Co., Ltd.*)				
	深圳市新永通东晓汽车服务有限公司(Shenzhen Xinyongtong Dongxiao Automobile Service Co., Ltd.*)			680,400.00	680,400.00
	深圳市特发小额贷款有限公司(Shenzhen SDG Microfinance Co., Ltd.*)	115,481.80	1,154.82	283,583.81	2,835.84
Subtotal		1,043,083.80	928,756.82	1,891,585.81	1,610,837.84
Dividend receivable	深圳东风汽车有限公司(Shenzhen Dongfeng Automobile Co., Ltd.*)	24,100,548.07		39,100,548.07	
Subtotal		24,100,548.07		39,100,548.07	
Other receivables	深圳特力汽车服务连锁有限公司(Shenzhen Tellus Automobile Services Chain Co., Ltd.*)	1,359,297.00	1,359,297.00	1,359,297.00	1,359,297.00
	深圳市永通信达检测设备有限责任公司(Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd.*)	531,882.24	531,882.24	531,882.24	531,882.24
	深圳市先导新材料有限公司(Shenzhen Xiandao New Materials Co., Ltd.*)	660,790.09	660,790.09	660,790.09	660,790.09
	深圳市特力新永通汽车服	114,776.33	114,776.33	114,776.33	114,776.33

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	务有限公司(Shenzhen Tellus Xinyongtong Automobile Service Co., Ltd.*)				
	深圳市特力行投资有限公司(Shenzhen Tellus Xing Investment Co., Ltd.*)			55,125.04	551.25
Subtotal		2,666,745.66	2,666,745.66	2,721,870.70	2,667,296.91
Long-term receivables	深圳特力汽车服务连锁有限公司(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

(b) Payables

Items	Related parties	Closing balance	Opening balance
Accounts payable	深圳市特发地产有限公司(Shenzhen SDG Real Estate Co., Ltd.*)	6,054,855.46	6,054,855.46
	深圳市机械设备进出口公司(Shenzhen Machinery and Equipment Import and Export Co., Ltd.)	45,300.00	45,300.00
	深圳特力吉盟投资有限公司(Shenzhen Tellus Jimeng Investment Co., Ltd.)	200,000.00	200,000.00
	深圳市特发工程管理有限责任公司(Shenzhen SDG Engineering Management Co., Ltd.)	12,905.66	42,205.66
	深圳市特发服务股份有限公司珠宝园分公司(Shenzhen SDG Service Co., Ltd. Jewelry Park Branch)		36,103.11

Items	Related parties	Closing balance	Opening balance
	深圳市特发特力物业管理有限公司 (Shenzhen SDG Tellus Property Management Co., Ltd.	2,516,323.68	
Subtotal		8,829,384.80	6,378,464.23
Advance Payment	深圳市仁孚特力汽车服务有限公司 (Shenzhen Renfu Tellus Automobiles Service Co., Ltd.	492,095.20	
Subtotal		492,095.20	
Other payables	香港裕嘉投资有限公司(Hong Kong Yujia Investment Co., Ltd. *)	2,172,091.54	2,172,091.54
	深圳市特发天鹅实业公司(Shenzhen SDG Swan Industrial Co., Ltd. *)	20,703.25	20,703.25
	深圳市机械设备进出口公司(Shenzhen Machinery and Equipment Import and Export Co., Ltd. *)	1,554,196.80	1,554,196.80
	深圳市特发集团有限公司(Shenzhen SDG Group Co., Ltd. *)	17,429,247.94	20,378,046.74
	深圳龙岗特力房地产公司(Shenzhen Longgang Tellus Real Estate Co., Ltd. *)	1,095,742.50	1,095,742.50
	深圳市特力阳春房地产公司(Shenzhen Tellus Yangchun Real Estate Co., Ltd. *)	476,217.49	476,217.49
	深圳市特力行投资有限公司(Shenzhen Tellus Xing Investment Co., Ltd. *)	122,978.63	
	深圳市永通信达检测设备有限责任公司 (Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd. *)	5,600.00	29,940.00
	安徽金尊珠宝有限公司(Anhui Jinzun Jewelry Co., Ltd. *)	1,330,000.00	1,330,000.00
	深圳市特发特力物业管理有限公司 (Shenzhen SDG Tellus Property Management	124,550.87	192,227.98

Items	Related parties	Closing balance	Opening balance
	Co., Ltd. *)		
	深圳市特发服务股份有限公司珠宝园分公司(Shenzhen SDG Service Co., Ltd. Jewelry Park Branch)	6,598.00	
	深圳市仁孚特力汽车服务有限公司(Shenzhen Renfu Tellus Automobiles Service Co., Ltd. *)	833,334.00	833,334.00
	深圳市特发小额贷款有限公司(Shenzhen SDG Microfinance Co., Ltd. *)	227,836.80	227,836.80
	深圳市特发工程管理有限责任公司(Shenzhen SDG Engineering Management Co., Ltd. *)	58,100.00	
	汉成能源集团有限公司(Hubei Han' s Industry Investment Co.,Ltd. *)	51,000,000.00	
Subtotal		76,457,197.82	28,310,337.10

Note 11. COMMITMENTS AND CONTINGENCIES

11.1 Significant Commitments

(a) Capital commitments:

Capital commitments signed but not yet recognized in the financial statements	31 December 2020	31 December 2019
Large contract	220,523,772.58	

11.2 Contingencies

Significant contingencies existing at the balance sheet date:

In October 2005, the Company filed a lawsuit to the Shenzhen Luohu District People' s Court, requesting 金田实业（集团）股份有限公司 (Gintian Industry (Group) Co., Ltd.*, hereinafter referred to as “Gintian Company”) to compensate its mandatory deduction due to the guarantee provided for bank borrowings of Gintian Company. The total amount was CNY 4,081,830, including

* The English name is for identification purpose only.

principal of CNY 3 million, interests of CNY 1,051,380, litigation costs of CNY 25,160, and execution costs of CNY 5,290. The court has decided in favor of the Company, and the Company has applied for enforcement. The funds deducted in previous years have been accounted for as losses.

In April 2006, 深圳发展银行 (Shenzhen Development Bank Co., Ltd.*) filed a lawsuit against Gintian Company for overdue repayment of USD 2 million and against the Company as the guarantor. After paying the principal of USD 2 million and interests thereof on behalf of Gintian Company, the Company filed an appeal to Shenzhen Luohu District People's Court, requesting Gintian Company to repay fund of USD 2,960,490 and interests thereof. Through the mediation from Shenzhen Luohu District People's Court in 2008, a civil mediation agreement ((2008) Shen Luo Fa Min Yi Chu Zi No. 937) was issued, and it was agreed that: Gintian Company shall pay the Company USD 2,960,490 before October 31, 2008, with interests exempted; if Gintian Company fails to make payment on time, it shall pay the liquidated damages for overdue payment based on the CNY benchmark loan interest rate published by the People's Bank of China for the same period.

Gintian Company went through bankruptcy reorganization process. On January 29, 2016, the Shenzhen Intermediate People's Court ruled that the reorganization plan of Gintian Company was completed and the bankruptcy process was terminated. Gintian Company shall make additional allocations to creditors including the Company according to the reorganization plan, and the Company should obtain cash of CNY 325,000, A shares of 427,604 shares and B shares of 163,886 shares of Gintian Company. As of the date of approval for issuing this financial report, the Company hasn't received the allocated assets.

The Company filed a lawsuit to Qianhai Cooperation District People's Court on August 15, 2018 after repeatedly failed to communicate with Jintian Company about the cash and equity that should be distributed to the Company after the bankruptcy and reorganization of Jintian Company. The court ordered on February 13, 2020 ((2018) Yue 0391 minchu No. 3104 civil judgment) Jintian Company to pay CNY 325,000 to the Company within five days after the judgment came into force, and 427604 A shares and 163886 B shares of Jintian Company (if the shares can not be delivered, they can be paid after being converted into cash according to the stock market price on the last day of the performance period). On January 7, 2021, the Company applied for compulsory execution by Qianhai Cooperation District People's Court. As of the approval date of this financial report, the Company has not received the execution payment.

Note 12. EVENTS AFTER THE REPORTING PERIOD

12.1 Profit Distribution

According to the profit distribution plan for 2020 approved by the 10th formal meeting of the ninth board of directors on April 15, 2021, the Company plans to distribute cash dividend of CNY 0.06 (tax included) to all shareholders for every 10 shares, with 431,058,320 total shares as the base as of December 31, 2020, and a total of CNY 2,586,349.92 in cash, without bonus shares or

capital reserve. The above profit distribution plan has yet to be reviewed and approved by the general meeting of shareholders of the Company.

12.2 Description of other events after the balance sheet date

On January 14, 2021, the 19th interim meeting of the ninth board of directors of the Company deliberated and passed “Proposal on liquidation and cancellation of a holding subsidiary, Sichuan Teli jewelry Technology Co., Ltd.”, and authorized the management to handle matters related to liquidation and cancellation in accordance with legal procedures.

As of April 15, 2021 (the report date approved by the board of directors), the Company has no other events after the balance sheet date that should be disclosed.

Note 13. OTHER SIGNIFICANT MATTERS

13.1 Segment Information

(a) Basis of identification and accounting policies of 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. Business performance of auto sales, vehicle maintenance and inspection, leasing and services, and wholesale and retail of jewelry were evaluated separately. Assets and liabilities shared by different segments are allocated between segments proportionate to their respective size.

(b) Financial information of reportable segments

Items	Auto sales	Vehicle maintenance and inspection	Leasing and services	Sales and service of jewelry	Inter-segment offsetting	Total
Revenue from main operations	204,928,883.35	72,248,549.73	143,987,615.85	34,855,458.03	-39,713,909.82	416,306,597.14
Cost of main operations	191,680,818.07	62,855,217.99	66,296,404.54	35,405,982.74	-39,690,929.63	316,547,493.71
Total assets	43,853,056.13	112,658,122.35	2,824,685,628.78	67,046,534.86	-1,339,801,040.97	1,708,442,301.15
Total liabilities	44,109,734.73	74,794,120.79	744,795,208.68	7,442,184.42	-547,345,049.28	323,796,199.34

13.2 Others

On July 17, 2020, the 17th interim meeting of the ninth board of directors of the company deliberated and passed “Proposal on

signing the agreement of intent between the subsidiary and Hubei Hans' Industry Investment Co., Ltd." According to the agreement signed on the same day between the company's subsidiary Shenzhen Automobile Industry and Trade Co., Ltd. (Party A) and Hubei Hans' Industry Investment Co., Ltd. (Party B), Party B undertakes to participate in the project of Party A's plan to sell 25% equity of Shenzhen Dongfeng Motor Co., Ltd. through Shanghai United Property Exchange in accordance with the law and regulations, and transfer the target equity with the price that is not less than 1 / 2 of the transaction price of 50% equity of Shenzhen Dongfeng Motor Co., Ltd. sold by Dongfeng special Commercial Vehicle Co., Ltd. transferred by Party B, and is not less than the evaluation made by the third-party intermediary selected or recognized by Party A. Party B shall pay a performance bond of CNY 50,000,000.00 to Party A, and the interest of the bond shall be calculated according to the agreement. Shenzhen Automobile Industry and Trade Co., Ltd. has received the performance bond of CNY 50,000,000.00 from Hubei Hans' Industry Investment Co., Ltd. in July 2020. As of December 31, 2020, the accrued interest of the bond is CNY 1,000,000.00. Up to now, Shenzhen Automobile Industry and Trade Co., Ltd. has not been publicly listed to sell the above shares.

Note 14. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

14.1 Accounts Receivable

(1) Age analysis

Ages	Dec 31, 2020	Dec 31, 2019
Within 1 year	248,723.43	208,798.75
1 - 2 years	3,360.00	
2 - 3 years		
Over 3 years	484,803.08	484,803.08
Subtotal	736,886.51	693,601.83
Less: provision for bad debts	487,458.31	486,891.07
Total	249,428.20	206,710.76

(2) 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	65.79	484,803.08	100.00	0.00

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	252,083.43	34.21	2,655.23	1.05	249,428.20
Total	252,083.43	34.21	2,655.23	1.05	249,428.20

(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	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

a) Accounts receivable with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
深圳笔架山娱乐公司 (Shenzhen Bijiaoshan Entertainment Company*)	172,000.00	172,000.00	100.00	Expected to be unrecoverable due to long ages
龚炎清 (Gong Yanqing)	97,806.64	97,806.64	100.00	Expected to be unrecoverable due to long ages
广州乐敏电脑中心 (Guangzhou Lemin)	86,940.00	86,940.00	100.00	Expected to be unrecoverable due

* The English names are for identification purpose only.

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
Computer Center*)				to long ages
Others	128,056.44	128,056.44	100.00	Expected to be unrecoverable due to long ages
Subtotal	484,803.08	484,803.08	100.00	

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

Ages	Dec 31, 2020		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	248,723.43	2,487.23	1.00
1 - 2 Years	3,360.00	168.00	5.00
Subtotal	252,083.43	2,655.23	1.05

(continued)

Ages	Dec 31, 2019		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	208,798.75	2,087.99	1.00
Subtotal	208,798.75	2,087.99	1.00

(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

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversal	Written-off	Others	
Receivables with provision made on a collective basis	2,087.99	567.24						2,655.23
Subtotal	486,891.07	567.24						487,458.31

(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
深圳市金城银域珠宝首饰有限公司 (Shenzhen Jincheng Yinyu Jewelry Co., Ltd.*)	248,723.43	33.75	2,487.23
深圳笔架山娱乐公司 (Shenzhen Bijiashan Entertainment Company)	172,000.00	23.34	172,000.00
龚炎清(Gong Yanqing)	97,806.64	13.27	97,806.64
广州乐敏电脑中心(Guangzhou Lemin Computer Center)	86,940.00	11.80	86,940.00
兰州大船电子公司 (Lanzhou Dachuan Electronics Co., Ltd.*)	37,308.00	5.06	37,308.00
Subtotal	642,778.07	87.22	396,541.87

14.2 Other Receivables

(1) Details by category

Items	Closing balance	Opening balance
Interest receivable		

* The English names are for identification purpose only.

Items	Closing balance	Opening balance
Dividend receivable	547,184.35	547,184.35
Other receivables	126,422,912.78	115,490,588.74
Total	126,970,097.13	116,037,773.09

(2) Dividend receivable

(a) Details

Items	Closing balance	Opening balance
China Perfect Machinery Industry Corp., Ltd.	547,184.35	547,184.35
Total	547,184.35	547,184.35

(b) Dividend receivable over 1 year

Items	Closing balance	Ages	Reasons	Notes
China Perfect Machinery Industry Corp., Ltd.	547,184.35	1 - 2 years	not yet paid	No impairment
Total	547,184.35			

(3) Other receivables

(a) Other receivables categorized by ages

Ages	Closing Balance	Opening Balance
Within 1 year	126,378,704.11	115,387,153.52
1 - 2 years	46,698.00	
2 - 3 years		
Over 3 years	13,588,345.66	14,334,831.39
Subtotal	140,013,747.77	129,721,984.91
Less: provision for bad debts	13,590,834.99	14,231,396.17
Total	126,422,912.78	115,490,588.74

(b) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Temporary advance payment receivable	13,650,486.51	14,450,215.85
Related transactions within the consolidation scope	126,363,261.26	115,271,769.06
Total	140,013,747.77	129,721,984.91

(c) Other receivables categorized by methods of provision for bad debts

A. As of 2020-12-31, provision for bad debts according to the model of phase I/II/III:

Phase	Closing balance	Provision for bad debts	Opening balance
I	126,425,402.11	2,489.33	126,422,912.78
II			
III	13,588,345.66	13,588,345.66	
Total	140,013,747.77	13,590,834.99	126,422,912.78

As of 2020-12-31, provision for bad debts at phase I:

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts	Carrying Amount	Reasons for provision made
Receivables with provision made on an individual basis					
Receivables with provision made on a collective basis	126,425,402.11	0.00	2,489.33	126,422,912.78	
3. Portfolio grouped with ages	62,140.85	4.01	2,489.33	59,651.52	no dramatic credit risk change after confirmed
4. Portfolio grouped with balances due from	126,363,261.26			126,363,261.26	no dramatic credit risk change after

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts	Carrying Amount	Reasons for provision made
consolidated parties					confirmed
Total	126,425,402.11	4.01	2,489.33	126,422,912.78	

As of 2020-12-31, provision for bad debts at phase III:

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts	Carrying Amount	Reasons for provision made
Receivables with provision made on an individual basis	13,588,345.66	100.00	13,588,345.66		credit risk change dramatically after confirmed
Total	13,588,345.66	100.00	13,588,345.66		

B. As of 2019-12-31, provision for bad debts according to the model of phase I/II/III:

Phase	Closing balance	Provision for bad debts	Opening balance
I	115,596,331.65	105,742.91	115,490,588.74
II			
III	14,125,653.26	14,125,653.26	
Total	129,721,984.91	14,231,396.17	115,490,588.74

As of 2019-12-31, provision for bad debts at phase I:

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts	Carrying Amount	Reasons for provision made
Receivables with provision made on an individual basis					
Receivables with	115,596,331.65	0.09	105,742.91	115,490,588.74	

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts	Carrying Amount	Reasons for provision made
provision made on a collective basis					
3. ortfolio grouped with ages	324,562.59	32.58	105,742.91	218,819.68	no dramatic credit risk change after confirmed
4. ortfolio grouped with balances due from consolidated parties	115,271,769.06			115,271,769.06	
Total	115,596,331.65	0.09	105,742.91	115,490,588.74	

As of 2019-12-31, provision for bad debts at phase III:

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts	Carrying Amount	Reasons for provision made
Receivables with provision made on an individual basis	14,125,653.26	100.00	14,125,653.26		credit risk change dramatically after confirmed
Total	14,125,653.26	100.00	14,125,653.26		

As of 2020-12-31, other receivables with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)
Shenzhen Zhonghao (Group) Co., Ltd.	5,000,000.00	5,000,000.00	100.00
Jinbeili Household Appliances Co., Ltd.	2,706,983.51	2,706,983.51	100.00
Shenzhen Petrochemical (Group) Co., Ltd.	1,903,819.59	1,903,819.59	100.00
Shenzhen SDG Huatong	1,212,373.79	1,212,373.79	100.00

Debtors	Book balance	Provision for bad debts	Provision proportion (%)
Packaging Co., Ltd.			
Shenzhen Xiandao New Materials Co., Ltd.	660,790.09	660,790.09	100.00
Others	2,104,378.68	2,104,378.68	100.00
Total	13,588,345.66	13,588,345.66	100.00

As of 2020-12-31, other receivables with provision made on an collective basis

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts
3. ortfolio grouped with ages	62,140.85	2,489.33	4.01
Including: Within 1 year	15,442.85	154.43	1.00
1 - 2 years	46,698.00	2,334.90	5.00
2 - 3 years			
Over 3 years			
4. ortfolio grouped with balances due from consolidated parties	126,363,261.26		
Total	126,425,402.11	2,489.33	0.00

As of 2019-12-31, other receivables with provision made on an collective basis

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts
5. ortfolio grouped with ages	324,562.59	105,742.91	32.58
Including: Within 1 year	115,384.46	1,153.84	1.00
1 - 2 years			
2 - 3 years			
Over 3 years	209,178.13	104,589.07	50.00

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts
6. ortfolio grouped with balances due from consolidated parties	115,271,769.06		
Total	115,596,331.65	105,742.91	0.09

(d) 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	115,596,331.65		14,125,653.26	129,721,984.91
Opening balance in current period				
--Transferred to phase II				
--Transferred to phase III				
--Reversed to phase II				
--Reversed to phase I				
Provision made in current period	10,829,070.46		-44,236.71	10,784,833.75
Provision recovered in current period			493,070.89	493,070.89
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	126,425,402.11		13,588,345.66	140,013,747.77

(e) 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.	Internal accounts	124,943,380.53	Within 1 year	89.24	
Shenzhen Zhonghao (Group) Co., Ltd.	Current accounts	5,000,000.00	Over 5 years	3.57	5,000,000.00
Jinbeili Household Appliances Co., Ltd.	Current accounts	2,706,983.51	Over 5 years	1.93	2,706,983.51
Shenzhen Petrochemical (Group) Co., Ltd.	Current accounts	1,903,819.59	Over 5 years	1.36	1,903,819.59
Shenzhen SDG Huatong Packaging Co., Ltd.	Current accounts	1,212,373.79	Over 5 years	0.87	1,212,373.79
Subtotal		135,766,557.42		96.97	10,823,176.89

14.3 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
Investments in subsidiaries	799,743,472.73	6,954,000.00	792,789,472.73	745,996,472.73	1,956,000.00	744,040,472.73

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in associates and joint ventures	93,758,474.47	9,787,162.32	83,971,312.15	125,101,730.19	9,787,162.32	115,314,567.87
Total	893,501,947.20	16,741,162.32	876,760,784.88	871,098,202.92	11,743,162.32	859,355,040.60

(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 SDG Tellus Real Estate Co., Ltd.	31,152,888.87			31,152,888.87		
Shenzhen Tellus Chuangying Technology Co., Ltd.	14,000,000.00			14,000,000.00		
Shenzhen Tellus Xinyongtong Automobile Development Co., Ltd.	57,672,885.22			57,672,885.22		
Shenzhen Zhongtian Industrial Co., Ltd.	369,680,522.90			369,680,522.90		
Shenzhen Automobile	126,251,071.57			126,251,071.57		

Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment made in current period	Closing balance of provision for impairment
Industry and Trade Co., Ltd.						
Shenzhen SDG Huari Automobile Enterprise Co., Ltd.	19,224,692.65			19,224,692.65		
Shenzhen Huari Toyota Auto Sales Service Co., Ltd.	1,807,411.52			1,807,411.52		
Shenzhen Xinyongtong Auto Vehicle Inspection Equipment Co., Ltd.	10,000,000.00			10,000,000.00		
Anhui Tellus Seon Jewelry Investment Co., Ltd.	4,998,000.00		4,998,000.0 0		4,998,000.0 0	4,998,000.00
Sichuan Tellus Jewelry Technology Co., Ltd.	100,000,000.00			100,000,000.00		
Shenzhen Tellus Baoku Supply Chain Technology Co., Ltd.	9,253,000.00	40,747,000.00		50,000,000.00		
Shenzhen Haneco Technologies Ceramics Co., Ltd.						1,956,000.00
Shenzhen Jewelry Industry Service Co., Ltd		13,000,000.00		13,000,000.00		
Subtotal	744,040,472.73	53,747,000.00	4,998,000.0	792,789,472.73	4,998,000.0	6,954,000.00

Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment made in current period	Closing balance of provision for impairment
			0		0	

Note: As the Company decided to liquidate Anhui Tellus Seon Jewelry Investment Co., Ltd., the impairment provision for book long-term equity investment was CNY 4998000.00. See Note 12 EVENTS AFTER THE REPORTING PERIOD to for details.

(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 Investment Co., Ltd.	70,155,383.50		35,000,000.00	10,511,357.63	
Shenzhen Tellus Xing Investment Co., Ltd.	11,845,452.17			851,972.71	
Subtotal	82,000,835.67		35,000,000.00	11,363,330.34	
Associates					
Shenzhen Renfu Tellus Automobiles Service Co., Ltd.	33,313,732.20			10,793,413.94	
Hunan Changyang Industrial Co., Ltd.					
Shenzhen Jiecheng Electronic Co., Ltd.					
Shenzhen Xiandao New Materials Co., Ltd.					
Subtotal	33,313,732.20			10,793,413.94	
Total	115,314,567.87		35,000,000.00	22,156,744.28	

(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.		8,000,000.00			37,666,741.13	
Shenzhen Tellus Xing Investment Co., Ltd.					12,697,424.88	
Subtotal		8,000,000.00			50,364,166.01	
Associates						
Shenzhen Renfu Tellus Automobile Service Co., Ltd.		10,500,000.00			33,607,146.14	
Hunan Changyang Industrial Co., Ltd.						1,810,540.70
Shenzhen Jiecheng Electronic Co., Ltd.						3,225,000.00
Shenzhen Xiandao New Materials Co., Ltd.						4,751,621.62
Subtotal		10,500,000.00			33,607,146.14	9,787,162.32
Total		18,500,000.00			83,971,312.15	9,787,162.32

14.4 Operating revenue/Operating cost

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	37,241,063.15	10,754,749.28	38,042,399.39	3,772,642.43
Total	37,241,063.15	10,754,749.28	38,042,399.39	3,772,642.43

14.5 Investment Income

Items	Current period cumulative	Preceding period comparative
	8,400,304.32	
Investment income from long-term equity investments under equity method	22,156,744.28	19,318,549.22
Gains on disposal of long-term equity investments		210,680,848.23
Investment income from financial instruments	3,270,243.48	6,004,427.88
Including: Financial assets classified as at fair value through profit or loss	3,270,243.48	6,004,427.88
Other equity instrument investments		547,184.35
Investment income from available-for-sale financial assets		
Total	33,827,292.08	236,551,009.68

Note 15. Other SUPPLEMENTARY INFORMATION

15.1 Non-recurring profit or loss

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

Items	Amount	Remarks
Gains on disposal of non-current assets, including written-off of provision for impairment	1.00	
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)	1,522,079.42	
Fund possession charge from non-financial entities and	435,887.15	

Items	Amount	Remarks
included in profit or loss		
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	8,812,468.26	
The reversed provision for impairment of receivables based on impairment testing on an individual basis	493,295.33	
Gains on designated loans		
Gains on changes in fair value of investment properties with subsequent measurement at the fair value mode		

Items	Amount	Remarks
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	3,196,406.42	
Other profit or loss satisfying the definition of non-recurring profit or loss	44,839.26	
Subtotal	14,504,976.84	
Less: Enterprise income tax affected	3,123,780.55	
Non-controlling interest affected (after tax)	1,437,257.12	
Net non-recurring profit or loss attributable to shareholders of the parent company	9,943,939.17	

15.2 RONA and EPS

1. 2020

Profit of the reporting period	Weighted average RONA (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	4.48	0.13	0.13
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	3.71	0.11	0.11

2. 2019

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

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

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 2020 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).