

深圳市特力(集团)股份有限公司

SHENZHEN TELLUS HOLDING CO., LTD.

Annual Report 2021

April 2022

Section I. Important Notice, Contents and Interpretation

Board of Directors, Supervisory Committee, all directors, supervisors and senior executives of Shenzhen Tellus Holding Co., Ltd. (hereinafter referred to as the Company) hereby guarantees the truthfulness, accuracy and completeness of the annual report and that there are no fictitious records, misleading statements, or important omissions carried in this report, and assumes individual and joint legal responsibilities.

Fu Chunlong, Principal of the Company, Lou Hong, person in charge of accounting works and accounting organ (accounting executive) hereby guarantees that the Financial Report of Annual Report 2021 is authentic, accurate and complete.

All directors are attended the Board Meeting for report deliberation.

Concerning the forward-looking statements with future planning involved in the Report, they do not constitute a substantial commitment for investors, investors and relevant persons should maintain sufficient risk awareness and the difference between planning, forecasting and commitment should be understood, the investors are advised to exercise caution of investment risks.

The profit distribution plan deliberated and approved by the Board was: based on a total share capital of 431,058,320 as of 31 December 2021, a cash dividend of 0.25 yuan (tax included) per 10 shares and 0 bonus shares (tax included) will be distributed to all shareholders, and no share capital increase from accumulation fund.

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Documents Available for Reference

(i) Financial Statement containing the signature and seals of the person in charge of the Company, the person in charge of the accounting works and person in charge of the accounting organization (accounting executive).

(ii) Original audit report containing the seal of the accounting firms and signature and seal of the CPA.

(iii) Original copies of all documents and announcements that have been released publicly during the reporting period.

Interpretation

Items	Refers to	Contents
CSRC	Refers to	China Securities Regulatory Commission
SZE	Refers to	Shenzhen Stock Exchange
Shenzhen Branch of CSDC	Refers to	China Securities Depository and Clearing Corporation Limited-Shenzhen Branch
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 2021
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 SDG Huari Auto Enterprise Co., Ltd.
Huari Toyota	Refers to	Shenzhen Huari Toyota Auto Sales 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.
Tellus Property	Refers to	Shenzhen SDG Tellus Property Management Co., Ltd.
SD, SDG, controlling shareholder	Refers to	Shenzhen Special Development Group Co., Ltd.
Treasury Supply Chain Company	Refers to	Shenzhen Tellus Baoku 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
Shanghai Fanyue	Refers to	Shanghai Fanyue Diamond 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, Shuibei 2nd Road, Luohu District, Shenzhen	3/F, Tellus Building, Shuibei 2nd 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

Website of the Stock Exchange where the annual report of the Company disclosed	Shenzhen Stock Exchange- http://www.szse.cn/
Media and Website where the annual report of the	Securities Times, Hong Kong Commercial Daily and Juchao Website

Company disclosed	(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.</p> <p>2. As controlling shareholder of the Company, after the equity separation reform, the non-public offering of A share and reducing some of the shares with unlimited sales conditions, SDG held 49.09% of the total shares of the Company as of the end of the reporting period, and remained 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

	2021	2020	Changes in the current year over the previous year (+,-)	2019
Operating revenue (Yuan)	508,520,026.18	424,419,203.34	19.82%	571,072,893.90
Net profit attributable to	131,020,764.38	57,663,828.89	127.21%	219,669,708.47

shareholders of the listed Company(Yuan)				
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses(Yuan)	71,731,038.87	47,719,889.72	50.32%	53,738,507.05
Net cash flow arising from operating activities(Yuan)	126,611,734.90	109,105,302.88	16.05%	78,911,353.03
Basic earnings per share (RMB/Share)	0.3040	0.1338	127.20%	0.5096
Diluted earnings per share (RMB/Share)	0.3040	0.1338	127.20%	0.5096
Weighted average ROE	9.56%	4.48%	5.08%	18.92%
	Year-end of 2021	Year-end of 2020	Changes at end of the current year compared with the end of previous year (+,-)	Year-end of 2019
Total assets (Yuan)	1,859,645,205.43	1,708,442,301.15	8.85%	1,645,782,144.03
Net assets attributable to shareholder of listed Company (Yuan)	1,432,924,273.45	1,310,524,675.47	9.34%	1,270,965,296.02

The lower one of net profit before and after deducting the non-recurring gains/losses in the last three fiscal years is negative, and the audit report of last year shows that the ability to continue operating is uncertain

Yes No

The lower one of net profit before and after deducting the non-recurring gains/losses is negative

Yes No

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.

VIII. Quarterly main financial index

In RMB

	Q 1	Q 2	Q 3	Q 4
Operating revenue	144,033,886.08	105,458,375.16	136,697,968.79	122,329,796.15
Net profit attributable to shareholders of the listed Company	21,691,438.24	22,851,277.08	25,443,244.99	61,034,804.07
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses	20,476,430.15	21,114,162.32	23,496,249.31	6,644,197.09
Net cash flow arising from operating activities	-4,764,233.42	64,335,632.44	37,452,152.98	29,588,182.90

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	2021	2020	2019	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	66,654,129.65	1.00	210,897,055.76	Income from disposal of the Dongfeng Company's equity
Governmental subsidy calculated into current gains and losses(while closely related with the normal business of the Company, the government subsidy that accord with the provision of national policies and are continuously enjoyed in line with a certain standard quota or	2,923,779.58	1,522,079.42	276,907.09	The government subsidy from preferential enterprise policy

quantity are excluded)				
Fund possession cost reckoned into current gains/losses charged from non-financial business	629,671.75	435,887.15	47,083.32	Interest receivable from Dongfeng Company's dividend
Gains/losses of fair value changes arising from holding of the trading financial asset, trading financial liability and investment earnings obtained from disposing the trading financial asset, trading financial liability, and financial assets available for sale, except for the effective hedging business related to normal operation of the Company	10,073,533.17	8,812,468.26	10,684,691.16	Financial income
Restoring of receivable impairment provision that tested individually		493,295.33	935,476.72	
Other non-operating income and expenditure except for the aforementioned items	730,552.50	3,196,406.42	-744,465.10	
Other gain/loss that meet the definition of non-recurring gain/loss	46,275.77	44,839.26	9,378.94	Refund of handling charge for individual tax
Less: Impact on income tax	19,790,228.25	3,123,780.55	55,755,620.55	
Impact on minority shareholders' equity (post-tax)	1,977,988.66	1,437,257.12	419,305.92	
Total	59,289,725.51	9,943,939.17	165,931,201.42	--

Details of other gains/losses items that meets the definition of non-recurring gains/losses:

Applicable Not applicable

There are no other gains/losses items that meet the definition of non-recurring gains/losses in the Company.

Explain 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*

Applicable Not applicable

There are no 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 Management Discussion and Analysis

I. Industry of the Company during the reporting period

(i) Overall economic conditions

The year 2021 was the first year of China's post-pandemic economy, the beginning of the “14th Five-Year Plan”, and also the year of two centenary goals convergence and strategic transformation. Although factors such as variation of virus, flood disasters, policy tightening, and imported pandemic control disrupted the short-term economy, under the influence of low base effect, enhanced endogenous momentum and trend-returning forces, in 2021, China's macro economy showed significant characteristics of “overall high growth rate”, “seemingly falling quarter by quarter”, and “actually recovering quarter by quarter”. From the production side, China's production recovered steadily and the structure was further optimized. From the demand side, the comparison of the three demand forces was more reasonable. In August, the scissors difference between PPI and CPI hit a record high. At the same time, due to the impact of the pandemic, the growth rate of disposable personal income declined, the household consumption tendency declined, and the income gap widened. The growth rate of household consumption expenditure has not yet recovered to the growth level before the pandemic, indicating that the economic recovery remained uneven. There was more room for proactive fiscal policy during the year, which boosted the economy. A prudent monetary policy increased support for key fields and weak links.

(ii) Jewelry Industry

Under the influence of the pandemic, the demand for jewelry had been deferred until 2021, which brought about a rapid recovery of the jewelry industry. The pandemic also accelerated the clearance of small and medium-sized enterprises and stores with bad management, bringing about an increase in industry concentration and an improvement in the competitive landscape. Since the beginning of 2021, the domestic gold and jewelry retail market has been recovering after the pandemic was further controlled in China. From January to August, the total retail sales of gold, silver and jewelry consumer goods reached 198.04 billion yuan, a year-on-year increase of 43.4%, which was also an increase compared to 2019, the market demand increased somewhat. However, the competition for the sinking market share was fierce, the homogenization and price wars intensified. At the same time, the policy of deferred consumption tax on jewelry and jade had been promulgated for more than one year, but has not been implemented yet, the import rate except for diamonds was high, and the motivation for enterprises to operate in compliance was insufficient. The differentiation of the jewelry industry has become more and more obvious under the pandemic, the sales volume of leading enterprises continued to grow with their advantages in brands and channels, and the jewelry ornaments has continued to increase market share with the promotion of e-commerce and live streaming, while it is increasingly difficult for small and medium-sized brands lack of innovation to operate.

(iii) Commercial operation industry

The overall supply of rental service in Shenzhen exceeds demand, the vacancy rate of some office buildings and commercial shops has increased, and the unit rental price of shops and office buildings has dropped significantly. Working from home has also reduced the demand for rentals to a certain extent. The requirements for operating service models and operating standards of commercial entities have been further enhanced.

(iv) Automobile industry

New energy vehicles have become the biggest bright spot in the automobile industry, whose sales volume increased by 157.57% on a year-on-year basis, and production and sales hit a record high. The impact of pandemic on fuel vehicles exceeded expectations, and the impact on new vehicle sales and after-sales service was huge, especially for mid-to-low-end brands. The chip supply crisis intensified, and various auto manufacturers significantly reduced production and stopped production. In August, September, and October, most manufacturers reduced production by more than 50%, which directly affected the business of each store. The impact of the new insurance policy and annual vehicle examination policy issued at the end of last year became visible, and the maintenance business and overhaul business were significantly reduced.

II. Main businesses of the Company in the reporting period

Main business of the Company during the reporting period was jewelry service business, commercial operation management; sales of automobile, testing, maintenance and accessories sales.

1. Jewelry service business: Established for just over one year, Tellus Group Jewelry Bonded Platform has had more than 200 settled enterprises and nearly 400 service enterprises, achieved the total amount of import and export of 2.3 billion yuan, and paid import tax of more than 30 million yuan. The import amount of pearl accounted for 53% of the same period throughout the country, and the domestic sales of colored gems accounted for 39% of the same period throughout the country. In order to strengthen the third-party service capability of diamonds, the company established Shanghai Fanyue, a member company of the Shanghai Diamond Exchange, in June, and carried out trial operation at the end of August, realizing the closed-loop service from the bonded exhibition transaction to the general trade import of diamonds. According to market demand, the company has reshaped the safe deposit box service, so as to mainly achieve breakthroughs in safe deposit box sales by relying on the service model design application scenarios of bonded platform, and actively expand other business scenarios.

2. Commercial operation management: The monthly occupancy rate of the tower of Tellus Jewelry Building was 99% all year round, and the occupancy rate of podium building was 95% by the end of the year. The Building held 20 "Heart Warming" activities throughout the year, it invited high-quality commercial tenants to attend the Shenzhen International Jewelry Fair for the first time, and successfully upgraded to be the Shenzhen Municipal Cultural and Creative Industry Park. The company made outstanding achievements in energy saving and carbon

reduction, and the Building was awarded the first three-star green building in Luohu District. The occupancy rate of Tellus Life Experience Hall reached 98% by the end of the year, and the traditional property still maintained an average annual occupancy rate of 99% in the unfavorable market environment. In terms of management, internalized the consulting and research results, improved its own operation system, and created a high-quality service experience. Innovated the way of publicity and promotion, and shot video of shops via Tik Tok to help the merchants gain both fame and fortune.

3. Automobile sales, testing, maintenance and parts sales: In terms of automobile sales, increased monthly in-store marketing activities, adjusted sales policies in a timely manner, optimized internal and external promotion policies for value chain products of new vehicles sales, and promoted the increase in sales added value. In terms of fuel vehicle maintenance services, timely solved customer problems by telephone follow-up and remote diagnosis to faulty vehicles through the Internet of Vehicles function; improved customer experience through digital marketing; improved customer viscosity through the establishment of a one-customer-one-group system and the sales of service packages for multiple regular maintenance; turned dissatisfied customers into loyal customers through customer complaint deduction; increased the output value of customer maintenance orders through key commodity marketing. In terms of new energy vehicle maintenance services, comprehensively strengthened the after-sales service of Xiaopeng new energy vehicles, especially customer experience.

III. Core Competitiveness Analysis

1. Deeply cultivate the jewelry industry, play the identity advantages and build an industrial platform
Solidly promoted the third-party ecosystem construction of the jewelry, which rapidly improved the company's popularity and influence in the jewelry industry. The company kept trying to innovate business models and steadily promoted the implementation of transformation projects, gave full play to the credit advantages of a state-owned listed company and the physical platform resources in Shuibei area, a jewelry industry gathering place, and went deeply into the jewelry industry chain so as to help the jewelry third-party business achieve leapfrog development. In 2019, Shenzhen Tellus Baoku Supply Chain Tech. Co., Ltd. was established to carry out jewelry supply chain business, which consolidated the third-party service foundation for jewelry. In 2020, Shenzhen Jewelry Industry Service Co., Ltd. was established to provide services such as bonded exhibition, bonded warehousing, customs declaration, logistics, and settlement, which shall be built into a comprehensive element trading service platform with international influence integrating jewelry raw materials and finished products exhibition, spot trading, testing, identification, design, processing, e-commerce, financial services, insurance and so on. In 2021, Shanghai Fanyue Company was established, which realized the closed-loop service from the bonded exhibition transaction to the general trade import of diamonds. As an important starting point for the group's strategic transformation, Shenzhen Jewelry has significantly improved its position in the national jewelry industry chain. The successful operation of Shenzhen Jewelry was highly recognized by both municipal and district governments and customs in Shenzhen, which enhanced the company's position in the jewelry industry chain.

2. 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 Jinzuan Trading Building is progressing as planned. At the same time, the company will construct an innovative industrial projects in Buxin area that conform to the overall strategic layout of the city, district and the Company through renovation. In addition, the Company has a large number of property resources in Luohu and Futian district of Shenzhen, on the basis of maintaining the stability of the original leasing business, the company will actively promote the improvement of property quality and transform its old properties from the traditional method of simple 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.

IV. Main business analysis

1. Overview

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 forged ahead, seized opportunities, and generally presented a development trend of “ steady progress and quality improvement”, which took the initiative in the good opening of the 14th Five-Year Plan.

(1) The third-party business of jewelry achieved leapfrog development. The construction of the third-party ecosystem of jewelry was solidly promoted. As an important starting point for the company's strategic transformation, Shenzhen Jewelry achieved remarkable results, and the supporting and derivative services became more complete. Shanghai Fanyue Company realized the closed-loop service from the bonded exhibition transaction to the general trade import of diamonds. Baoku Supply Chain Co., Ltd. reshaped the business positioning of safe deposit boxes, relying on service model designs application scenarios of the bonded platform.

(2) The construction and operation of Tellus Gold Diamond Trading Building project made steady progress as planned. The company overcame the impact of the pandemic and the rainy season, took multiple measures, such as alternative construction, optimization of procedures, designing of main structure, and completed the phased goal of capping the main building with high quality in advance.

(3) Commercial operation and management capabilities significantly enhanced. The tower of Tellus Jewelry Building had an average occupancy rate of 99%, and the occupancy rate of podium building reached 95% by the end of the year. The company continued to improve the service quality, and achieved outstanding results in energy saving and carbon reduction. The Building won the first three-star green building in Luohu District. The

occupancy rate of Tellus Life Experience Hall increased from less than 70% at the beginning of the year to 98% by the end of the year. The commercial operations of other old property resources also achieved good results.

(4) The automotive aftermarket business of Huari Company went ahead steadily. In the context of the continuous decline in sales volume of traditional vehicles, it still maintained a good sales volume of new vehicles, and sought breakthroughs in the aftermarket business by expanding new energy vehicle maintenance services.

(5) Continuously optimized management to build a team of fighters having the same resonance. The supporting role of corporate culture was strongly demonstrated, 7 conventions of the company's first batch of fighters have been screened out by soliciting employees' opinions, which fully reflected that the cultural concept is rooted in the grassroots and extracted from the business. The company held 3 strategy seminars throughout the year to draw a strategic blueprint and unify thinking and pacing. Focused on the management improvement, improved the incentive mechanism, and accelerated the construction of a "flying-geese pattern" for talent development.

(6) Promoted informatization construction in an orderly and effective manner. According to business needs, the company actively promoted the informatization construction phase II of Shenzhen Jewelry. Completed the upgrade of the OA system, covered the application to the subordinate enterprises, optimized the system structure and improved the process efficiency.

(7) Adhered to the leadership of party building and brought together development forces. Give full play to the role of the party committee in "controlling the direction, managing the overall situation, and promoting the implementation", the party committee held 58 meetings throughout the year and reviewed 285 topics; solidly carried out the study and education of the party's history, organized 17 "I do practical things for the masses" activities.

(8) Made unremitting efforts in safety production, and there was no accident. Kept tightening the pandemic prevention and control, and there was no new infection. Opened up the "last mile" of safety production through the implementation of detailed systems and the compaction of responsibilities, combined safety production work with production and operation, earnestly implemented the "one post with two responsibilities" of the front-line staff, organized 37 internal trainings for safety production throughout the year, invested more than 2 million yuan in the renovation of safety production equipment and facilities, and rectified more than 900 hidden dangers.

During the reporting period, the Company made a total of 176.12 million yuan in profit, 99.41 million yuan up compared to 76.70 million yuan in the same period of previous year; the net profit attributable to parent company has 131.02 million yuan, an increase of 73.36 million yuan compared to 57.66 million yuan in the same period of previous year; the year-on-year increase was mainly including, firstly, property leasing has major impact from the epidemic in the same period last year, and secondly, disposal on Dongfeng Company's equity made a larger contribution to the total profit this year.

2. Revenue and cost

(1) Constitute of operation revenue

In RMB

	2021		2020		y-o-y changes (+,-)
	Amount	Ratio (%) in operation revenue	Amount	Ratio (%) in operation revenue	
Total operation revenue	508,520,026.18	100%	424,419,203.34	100%	19.82%
According to industries					
Auto sales	194,373,092.47	38.22%	204,928,883.35	48.28%	-5.15%
Auto inspection and maintenance and accessories sales	49,668,740.60	9.77%	43,351,689.36	10.21%	14.57%
Property rental and service	205,073,101.95	40.33%	141,283,172.60	33.29%	45.15%
Jewelry wholesale and retails	59,405,091.16	11.68%	34,855,458.03	8.21%	70.43%
According to products					
Auto sales	194,373,092.47	38.22%	204,928,883.35	48.28%	-5.15%
Auto inspection and maintenance and accessories sales	49,668,740.60	9.77%	43,351,689.36	10.21%	14.57%
Property rental and service	205,073,101.95	40.33%	141,283,172.60	33.29%	45.15%
Jewelry wholesale and retails	59,405,091.16	11.68%	34,855,458.03	8.21%	70.43%
According to region					
Shenzhen	508,520,026.18	100.00%	407,455,899.14	96.00%	24.80%
Sichuan			16,963,304.20	4.00%	-100.00%
According to sales model					
Direct sales	508,520,026.18	100.00%	424,419,203.34	100.00%	19.82%

(2) The industries, products, regions or sales model accounting for over 10% of the Company's operating revenue or operating profit

√Applicable □ Not applicable

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						
Auto sales	194,373,092.47	184,509,794.34	5.07%	-5.15%	-3.74%	-1.39%
Auto inspection and maintenance and accessories sales	48,568,032.68	38,760,088.93	20.19%	15.88%	19.18%	-2.22%
Property rental and service	196,537,676.90	71,382,659.79	63.68%	46.01%	23.95%	6.46%
Jewelry wholesale and retails	59,404,147.76	55,776,535.88	6.11%	70.43%	60.47%	5.83%
According to products						
Auto sales	194,373,092.47	184,509,794.34	5.07%	-5.15%	-3.74%	-1.39%
Auto inspection and maintenance and accessories sales	48,568,032.68	38,760,088.93	20.19%	15.88%	19.18%	-2.22%
Property rental and service	196,537,676.90	71,382,659.79	63.68%	46.01%	23.95%	6.46%
Jewelry wholesale and retails	59,404,147.76	55,776,535.88	6.11%	70.43%	60.47%	5.83%
According to region						
Shenzhen	498,882,949.81	350,429,078.94	29.76%	24.93%	16.60%	5.02%
Sichuan				-100.00%	-100.00%	-5.62%
According to sales model						
Direct sales	498,882,949.81	350,429,078.94	29.76%	19.84%	10.70%	5.80%

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	2021	2020	Y-o-y changes (+,-)
Auto sales	Sales volume	Set	1,071	1,177	-9.01%
	Storage	Set	110	122	-9.84%

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

Applicable Not applicable

(4) Performance of the material sales contract and major procurement contracts that signed by the Company up to the reporting period

Applicable Not applicable

(5) Constitute of operation cost

Classification of industries and products

In RMB

Industries	Item	2021		2020		Y-o-y changes (+,-)
		Amount	Ratio (%) in operation cost	Amount	Ratio (%) in operation cost	
Auto sales	Automobile	184,509,794.34	52.28%	191,680,818.07	60.04%	-3.74%
Auto inspection and maintenance and accessories sales	Accessory, maintenance	39,971,148.37	11.33%	34,227,425.76	10.72%	16.78%
Property rental and service	Lease, property management and other	72,672,237.22	20.59%	58,595,796.21	18.35%	24.02%
Jewelry wholesale and retails	Retail and wholesale of jewelry	55,776,535.88	15.80%	34,757,161.55	10.89%	60.47%

In RMB

Products	Item	2021	2020	Y-o-y changes
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		Amount	Ratio (%) in operation cost	Amount	Ratio (%) in operation cost	(+,-)
Auto sales	Automobile	184,509,794.34	52.28%	191,680,818.07	60.04%	-3.74%
Auto inspection and maintenance and accessories sales	Accessory, maintenance	39,971,148.37	11.33%	34,227,425.76	10.72%	16.78%
Property rental and service	Lease, property management and other	72,672,237.22	20.59%	58,595,796.21	18.35%	24.02%
Jewelry wholesale and retails	Retail and wholesale of jewelry	55,776,535.88	15.80%	34,757,161.55	10.89%	60.47%

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

Yes No

1. New subsidiary established in the Period

Name	Established	Fund contribution (Yuan)	Funded ratio(%)
Shanghai Fanyue Diamond Co., Ltd.	In June 2021	1,000,000.00	100

2. Subsidiary liquidated in the Period

Name	Liquidation
Sichuan Tellus Jewelry Tech. Co., Ltd.	In August 2021
Anhui Tellus Starlight Jewelry Investment Co., Ltd.	In March 2021
Anhui Tellus Starlight Jinzun Jewelry Co., Ltd.	In January 2021

(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 (Yuan)	77,954,118.89
Proportion in total annual sales volume for top five clients	15.33%

Ratio of the sales from related parties in total annual sales among the top five clients	0.00%
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Information of top five clients of the Company

Serial	Name	Sales (Yuan)	Proportion in total annual sales
1	Client 1	29,242,478.00	5.75%
2	Client 2	22,086,017.68	4.34%
3	Client 3	9,137,885.13	1.80%
4	Client 4	8,908,897.47	1.75%
5	Client 5	8,578,840.61	1.69%
Total	--	77,954,118.89	15.33%

Other situation of main clients

Applicable Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (Yuan)	245,777,853.97
Proportion in total annual purchase amount for top five suppliers	69.64%
Ratio of the purchase from related parties in total annual purchase among the top five suppliers	2.04%

Information of top five suppliers of the Company

Serial	Suppliers	Procurement (Yuan)	Proportion in total annual procurement
1	Supplier 1	163,860,138.13	46.43%
2	Supplier 2	25,080,000.00	7.11%
3	Supplier 3	21,349,048.59	6.05%
4	Supplier 4	28,297,345.14	8.02%
5	Supplier 5	7,191,322.11	2.04%
Total	--	245,777,853.97	69.64%

Other notes of main suppliers of the Company

Applicable Not applicable

3. Expenses

In RMB

	2021	2020	Increase/decreas	Note of major changes

			e y-o-y (+,-)	
Sales expense	27,178,175.03	17,715,132.43	53.42%	Increased 8 months of costs on a y-o-y basis due to the establishment of subsidiary Shenzhen Jewelry Company in August 2020; there was a reduction of society security at the same period of the previous year due to epidemic
Management expense	47,151,316.69	39,984,244.07	17.92%	There was a reduction of society security at the same period of the previous year due to epidemic
Financial expense	-4,270,881.74	-3,305,883.68	-29.19%	Increased in the interest income in the year

4. R&D investment

Applicable Not applicable

5. Cash flow

In RMB

Item	2021	2020	Y-o-y changes (+,-)
Subtotal of cash in-flow from operation activity	593,319,656.80	580,706,758.00	2.17%
Subtotal of cash out-flow from operation activity	466,707,921.90	471,601,455.12	-1.04%
Net cash flow arising from operating activities	126,611,734.90	109,105,302.88	16.05%
Subtotal of cash in-flow from investment activity	1,589,951,156.88	1,465,610,805.84	8.48%
Subtotal of cash out-flow from investment activity	1,720,644,122.34	1,763,400,388.10	-2.24%
Net cash flow arising from investment activity	-130,692,965.46	-297,789,582.26	-56.11%
Subtotal of cash in-flow from financing activity	75,601,270.39	42,971,759.33	75.93%
Subtotal of cash out-flow from financing activity	68,563,307.20	46,625,829.24	47.05%
Net cash flow arising from financing activity	7,037,963.19	-3,654,069.91	-292.61%

Net increased amount of cash and cash equivalent	3,192,929.23	-192,205,601.18	-101.66%
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Main reasons for y-o-y major changes in aspect of relevant data

Applicable Not applicable

Item	2021	2020	Y-o-y change s (+,-)	Note
Net cash flow arising from investment activity	-130,692,965.46	-297,789,582.26	-56.11%	Mainly due to the carrying forward of transfer of the equity in Dongfeng
Subtotal of cash in-flow from financing activity	75,601,270.39	42,971,759.33	75.93%	New long-term borrowings from Tellus Jinzuan Trading Building increased
Subtotal of cash out-flow from financing activity	68,563,307.20	46,625,829.24	47.05%	Minority shareholders' investment are return due to the written-off of Sichuan Company
Net cash flow arising from financing activity	7,037,963.19	-3,654,069.91	-292.61%	New long-term borrowings from Tellus Jinzuan Trading Building increased
Net increased amount of cash and cash equivalent	3,192,929.23	-192,205,601.18	-101.66%	Mainly due to the equity transfer of Dongfeng and increase of long-term borrowing

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

V. Analysis of the non-main business

Applicable Not applicable

In RMB

	Amount	Ratio in total profit	Causes and explanation	Whether be sustainable(Y/N)
Investment income	93,780,306.77	53.25%	Income from equity disposal and financial management, and the investment income recognized by participating enterprise on equity method	N
Gain/loss of fair	663,932.88	0.38%	Change of the fair value on outstanding	N

value changes			financial products	
Assets impairment	-774,478.41	-0.44%	Impairment loss on vehicles in stock	N
Non-operation revenue	768,055.65	0.44%	Forfeiture of lease deposits and civil damages received, etc.	N
Non-operation expenditure	37,503.15	0.02%	Loss on retirement of non-current assets and liquidated damages expenses	N

VI. Assets and liability

1. Major changes of assets composition

In RMB

	Year-end of 2021		Year-begin of 2021		Ratio changes (+,-)	Notes of major changes
	Amount	Ratio(%) in total assets	Amount	Ratio (%) in total assets		
Monetary fund	240,582,057.16	12.94%	237,625,698.93	13.91%	-0.97%	-
Account receivable	18,094,059.92	0.97%	19,828,510.36	1.16%	-0.19%	-
Inventory	25,434,925.04	1.37%	22,079,679.93	1.29%	0.08%	-
Investment real estate	551,383,294.54	29.65%	568,246,616.13	33.26%	-3.61%	-
Long-term equity investment	88,310,867.47	4.75%	123,640,955.57	7.24%	-2.49%	-
Fix assets	109,438,198.23	5.88%	119,136,917.91	6.97%	-1.09%	-
Construction in process	210,197,546.72	11.30%	101,740,485.48	5.96%	5.34%	-
Right-of-use assets	7,336,915.83	0.39%			0.39%	-
Contract liability	21,059,311.18	1.13%	18,988,628.13	1.11%	0.02%	-
Long-term loans	86,875,874.39	4.67%	11,171,759.33	0.65%	4.02%	-
Lease liability	4,474,543.09	0.24%			0.24%	-

Foreign assets account for a relatively high proportion

Applicable Not applicable

2. Assets and liability measured by fair value

√Applicable □Not applicable

In RMB

Items	Opening amount	Gains/losses of change of fair value in the period	Accumulative changes of fair value reckoned into equity	Impairment accrual in the period	Amount of purchase in the period	Amount of sale in the period	Other changes	Ending amount
Financial assets								
1. Trading financial assets (excluding derivative financial assets)	314,013,869.86	918,973.98			1,582,280,000.00	1,484,500,000.00		412,712,843.84
Above total	314,013,869.86	918,973.98			1,582,280,000.00	1,484,500,000.00		412,712,843.84
Financial liabilities	0.00	0.00			0.00	0.00		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 as of the period-end

Found more in Auditing Report 2021 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

VII. Investment Analysis

1. Overall situation

√Applicable □Not applicable

Investment amount in the period (Yuan)	Investment amount at same period of last year (Yuan)	Changes (+,-)
141,744,792.01	134,347,000.00	5.51%

2. The major equity investment obtained in the reporting period

Applicable Not applicable

In RMB

Name of invest ed compa ny	Prin cipal busi ness	Meth od of inves tmen t	Amo unt of invest ment	Share holdi ng	Capi tal sour ces	P ar tn er s	Term of invest ment	Type of products	Statu s as of the balan ce sheet date	Exp ecte d retur n	Current investme nt profit and loss	Wh ethe r litig ation	Date of discl osur e (if appli cabl e)	Inde x of discl osur e (if appli cabl e)
Shang hai Fanyu e Diamo nd Co., Ltd.	Jew elry busi ness	New estab lishe d	1,000 ,000. 00	100.0 0%	Own fund s	N / A	No fixed deadli ne	Sales of diamond s, jewelry and import & export of goods	Com plete d	0.00	-240,741. 66	N		
Total	--	--	1,000 ,000. 00	--	--	--	--	--	--	0.00	-240,741. 66	--	--	--

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

Applicable Not applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

The Company has no securities investment during the reporting period

(2) Derivative investment

Applicable Not applicable

The Company has no derivative investment during the reporting period

5. Application of raised proceeds

Applicable Not applicable

The Company has no application of raised proceeds during the reporting period

VIII. Sales of major assets and equity

1. Sales of major assets

Applicable Not applicable

The Company has no major assets sold during the reporting period

2. Sales of major equity

Applicable Not applicable

Counter party	Equity sold	Selling day	Trading price (10 thousand yuan)	Net profit contributed by the equity to the listed company from period-begin to the date of sales (10 thousand yuan)	Impact on the company	Ratio of the net profit contributed to the listed company from equity sales to the total net profit	Pricing principle	Whether it is a related transaction (Y/N)	Affiliation with the counter party	Whether the equity involved has been fully transferred	Whether the implementation is on schedule, and explain the reasons and measure taken by the Company for not implemented as planned	Date of disclosure	Index of disclosure
Hans Industry Investment	25% equity of Shenzhen Dongfe	2021-09-26	10,499.05	0	Impact of the project on total	37.58%	Market price	N	N/A	Y	Implemented as scheduled	2021-10-16	Found more in "Notice on Progress of

Co., Ltd.	ng Motor Co., Ltd.				profit of the Comp any was appro ximat ely 66.17 millio n yuan								Disposa l of 25% Equity in Shenzh en Dongfe ng Motor Co., Ltd.” (Notice No.: 2021-0 45) released on Securiti es Times, Hong Kong Comme rcial Daily and Juchao Website (www.c ninfo.co m.cn)
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IX. 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	Subsidiary	Sales of auto and	58.96 million	469,156,780.	399,589,039.	36,034,018.0	87,485,071.74	61,966,279.3

Industry and Trade Corporation		accessories	yuan	78	12	5		5
Shenzhen SDG Huari Auto Enterprise Co., Ltd.	Subsidiary	Auto maintenance and production and sales of accessories	\$ 5 million	82,337,832.36	31,501,995.37	39,729,074.81	5,405,825.85	3,964,557.97
Shenzhen Zhongtian Industrial Co., Ltd.	Subsidiary	Property rental	366.2219 million yuan	649,982,920.75	456,301,971.03	99,043,645.71	50,517,425.98	38,425,192.93
Shenzhen Huari Toyota Auto sales Service Co., Ltd.	Subsidiary	Auto sales	2 million yuan	90,295,930.45	11,184,426.27	245,772,043.22	1,623,189.55	914,408.79
Shenzhen Xinyongtong Automobile Testing Equipment Co., Ltd.	Subsidiary	Property rental	19.61 million yuan	17,772,462.82	11,439,984.74	7,054,168.59	2,859,091.89	2,652,289.26
Shenzhen Tellus Xinyongtong Automobile Development Co., Ltd.	Subsidiary	Property rental	32.9 million yuan	94,129,713.51	73,621,338.35	13,920,281.77	7,651,191.50	5,744,189.28
Shenzhen Tellus Chuangying Technology	Subsidiary	Property rental	14 million yuan	18,808,436.37	15,333,132.73	5,067,924.31	2,826,362.89	2,531,629.41

y Co., Ltd.								
Shenzhen Tellus Baoku Supply Chain Tech. Co., Ltd.	Subsidiary	Purchase, sales and leasing of gold jewelry and precious metal products, coffer lease and warehousing services	50 million yuan	49,555,807.50	46,842,194.88	51,555,888.99	-1,871,658.06	-1,871,707.97
Shenzhen Jewelry Industry Service Co., LTD	Subsidiary	Jewellery fair planning, jewellery on consignment, exhibition planning, conference services and marketing planning	100 million yuan	32,767,527.26	5,312,125.43	7,229,742.64	-6,829,081.77	-6,835,081.75
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	Joint stock Company	Car sales and maintenance	30 million yuan	168,505,369.34	78,194,012.41	1,196,335,565.98	28,089,762.03	26,521,546.61
Shenzhen Tellus Gman Investment Co., Ltd.	Joint stock Company	Investment in industry, property management and leasing	123.70496 million yuan	412,219,228.87	94,981,481.56	94,989,415.30	28,357,306.11	19,647,999.36

Particular about subsidiaries obtained or disposed in report period

√Applicable □Not applicable

Name	Way to obtained and dispose in the	Impact on overall operation and
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	Period	performance
Shanghai Fanyue Diamond Co., Ltd.	Newly established	An important part of the jewelry third party operation service strategy of the Company, the Shanghai Fanyue is in progress of construction in 2021 and with net profit of -240,000 yuan for 2021.

X. Structured vehicle controlled by the Company

Applicable Not applicable

XI. Future development prospects

1. Development strategy

During the 14th Five-Year Plan period, the company will be based on the new development stage, center on the strategic ideas of “adhering to the comprehensive value crossing the economic cycle, using services to enhance the value chain, seeking capital assignment, and deeply cultivating the development pattern of the third party of jewelry”, coordinate and promote the work throughout the year, concentrate superior resources, dynamically adjust the focus of main business, and strive to create new highs in quality and efficiency. Since the company formulated the strategic plan to transform into a third-party comprehensive operation service provider in the jewelry industry in 2014, it has been unswervingly promoting strategic transformation and project implementation in accordance with the established strategy. After years of exploration and attempts, substantial results have been achieved. In the future, the company will continue to go deep into the third-party service platform for jewelry, deepen the expansion of the third-party services for jewelry, promote industrial upgrading, improve production capacity and efficiency, and strive to become the most influential third-party comprehensive service provider in the domestic jewelry and jade industry. Closely focus on the decomposition and implementation of the annual goals of the “14th Five-Year” strategic plan, and make overall plans for various tasks from four perspectives, i.e. long-term perspective, implementation, operability, and actual results, and lead high-quality & healthy development with high-quality business plans.

2. Business plan for 2022

In 2022, the company will continue to deepen the expansion of third-party services for jewelry, fulfill the Tellus spirit of “fairness, diligence, hard work, and reality”, and promote the formation of a team of fighters that work together and have the same resonance.

(1) Strengthen the empowerment of party building and draw concentric circles for development

Fully implement the requirements of party building work in the new era. Reinforce theories, and continue to do a good job in the study and education of party members as required. Promote the integrated development of party

building and management, create a characteristic party building of “one enterprise, one brand”, and determine a secretary project. Set up a vanguard service post for party members, and organize party members to participate in voluntary service activities and do good deeds for the people around them.

(2) Third-party business of jewelry: seek breakthroughs in development, and seek practical results in innovation. Improve the business management system, improve the safe and efficient operation internal control system, establish a talent training mechanism for jewelry, and actively explore innovative talent selection and training models by formulating effective key post successor and reserve talent selection plans to create a third-party high quality talent team for jewelry.

Shenzhen Jewelry Company will consolidate and strengthen the existing competitive pearl categories, integrate upstream resources, and build a seawater pearl trading and distribution center facing the Asia-Pacific region; learn from the development model of competitive categories to achieve breakthroughs in the development of diamonds, colored gems and other categories; expand the service coverage and business scope of the bonded platform, expand business promotion ideas, create special international bonded jewelry fairs of Shenzhen Jewelry, form a brand effect, and radiate the whole country.

Baoku supply chain will optimize the business process of gold purchase and sale, and actively explore the supply chain business of other gold jewelry categories.

The third-party ecosystem of Jewelry will continue to actively explore third-party projects of the jewelry that can give full play to its own advantages.

(3) Commercial operation management business

Tellus Gold Diamond Trading Building: In terms of engineering construction, work hard, speed up and strive for excellence, fulfill the completion acceptance ahead of schedule, and strive to meet the conditions for commercial tenants to enter for decoration before the end of the year.

In terms of investment promotion and operation: link various projects to strengthen the publicity and promotion efforts, strengthen the team management for investment promotion, focus on target customer groups, and take multiple measures to complete the decoration, procurement, investment promotion and other preparations for the opening of Tellus Gold Diamond Trading Building with high quality.

Tellus Jewelry Building will provide sincere services and carry out characteristic operation, adhere to the purpose of serving customers wholeheartedly, innovate the operation service concept, improve the supporting facilities and equipment of the Building, coordinate the integration and promotion of “Shenzhen Jewelry”, “Baoku” and “entrepreneurship and innovation” projects, and build a procurement platform of “one-stop” supporting services.

Tellus Life Experience Hall will strive to reach a new high in the investment attraction rate, continue to improve the quality and service of the experience hall through digital, intelligent and refined management, and create a more comfortable shopping environment.

Traditional property will pay close attention to the implementation of various tasks, strengthen the planning, investment promotion, packaging and market positioning of the property, accelerate the quality improvement, increase the added value of property, and maximize the overall level of property operating income.

(4) Automotive aftermarket business

In terms of automobile sales, the company will implement a systematic brand promotion plan, improve the quality of marketing activities, pay close attention to the flow of customers in stores, and attract more customers. In terms of maintenance services, the company will improve customer retention and customer retention rates, and the annual visiting frequency and annual output value of each customer. In terms of testing services, the company will develop its own basic customers, reform the existing business methods, and introduce testing reception consultants.

(5) Improve the talent echelon construction system and comprehensively enhance the quality of talent training

Attract talents by optimizing the recruitment channels and evaluating the entry and leaving situation. Improve the rank promotion system and intensify the training of reserve talents and successors. Explore new models of modern human resources management, optimize and improve management efficiency, and stimulate organizational vitality.

(6) Strictly implement and keep unremitting efforts to do a good job in pandemic prevention and control

Pay close attention to the prevention and control of the pandemic and ensure all measures are put in place. Timely and efficiently complete the information reporting of pandemic prevention and control, and ensure that employees conduct nucleic acid testing in a timely manner. Strengthen responsibilities, prearrange planning for pandemic prevention and control, and carry out work in a forward-looking manner based on actual conditions.

(7) Do a good job in safety management, eliminate potential safety hazards, and ensure zero safety problems

Implement the responsibility of security principal, and organize the signing of the company's safety responsibility agreement. Improve the compilation of safety production management systems, innovate safety management work, and complete the pilot project of special checklists in Buxin area. Carry out safety publicity training and emergency drills, and investigate and rectify potential safety hazards.

(8) Continue to promote management improvement and innovation and optimization

Firmly adhere to the management improvement strategy of “horizontal benchmarking, identifying gaps; vertical benchmarking, surpassing ourselves”, keep up with the first class, strive to catch up, challenging oneself, and continuously upgrade from the aspects of operation, organization, finance, informatization and human resources. Create a work style that advocates innovation, establish and improve the innovation incentive and fault tolerance mechanism, build a platform for sharing and promoting innovation achievements, and build an internal driving force for enterprise development.

3. 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) Risk 1: Risk from market volatility

Affected by international situation, epidemic in and out of China and other factors, domestic economic growth is slowing down, the pressure of industrial restructure is increasing; outbreaks of COVID-19 recurs from time to time, causing a significant impact on the economic development, the overall economic environment brings uncertain impact on the Company's operation.

Countermeasures: 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, firmly promote the pace of strategic transformation, driving the transformation through innovative business models; exploit the incremental markets, expanding business scale and finding new profit growth points, and continuously enhance the market influence of the Company, providing a favorable foundation for the long-term stable development of the Company.

(2) Risk 2: Lack of talents restricts the transformation and development of enterprises

During the period of enterprise transformation and development, with the rapid expansion of new business scale, enterprises have an increasing demand for all kinds of talents, whether technical or management talents. However, the existing talent team is gradually unable to meet the requirements of development.

Countermeasures: formulate “top-down” talent training goals, and establish “bottom-up” talent training plans. With the help of professional human resources consultants, formulate talent training and introduction plans in combination with the third-party strategy of jewelry and the talent training cycle, so that the talent training plan and the enterprise development strategy are “in harmony”. Establish unselfish, diligent and truth-seeking work style, improve cohesion and execution, and ensure the stability of enterprise transformation.

XII. Reception of research, communication and interview during the reporting period

Applicable Not applicable

Time	Location	Way	Type	Reception target	Main contents of the discussion and information provided	Basic situation index of investigation
2021-01-06	The Company	Telephoning	Individual	Investor	Consulting the earnings forecast of the Company	Not applicable
2021-01-07	The Company	Telephoning	Individual	Investor	Consulting operation of the Company	Not applicable
2021-01-08	The Company	Telephoning	Individual	Investor	Consulting the earnings forecast of the Company	Not applicable
2021-01-15	The Company	Telephoning	Individual	Investor	Consulting operation of the Company	Not applicable
2021-01-21	The Company	Telephoning	Individual	Investor	Consulting operation of the Company	Not applicable
2021-02-23	The Company	Telephoning	Individual	Investor	Consulting share reduction of the shareholders	Not applicable
2021-03-03	The Company	Telephoning	Individual	Investor	Consulting operation of the Company and share price	Not applicable
2021-03-11	The Company	Telephoning	Individual	Investor	Consulting main business of the Company	Not applicable
2021-03-25	The Company	Telephoning	Individual	Investor	Consulting the disclosure schedule for annual report	Not applicable
2021-04-08	The Company	Telephoning	Individual	Investor	Consulting operation of the Company	Not applicable
2021-04-13	The Company	Telephoning	Individual	Investor	Consulting future development plan of the Company	Not applicable
2021-04-19	The Company	Telephoning	Individual	Investor	Consulting number of the shareholders	Not applicable
2021-04-28	The Company	Telephoning	Individual	Investor	Consulting automotive business of the Company	Not applicable
2021-05-11	The Company	Telephoning	Individual	Investor	Consulting dividend distribution of the Company	Not applicable
2021-05-18	The Company	Telephoning	Individual	Investor	Consulting stock price of the Company	Not applicable
2021-05-26	The Company	Telephoning	Individual	Investor	Consulting future development plan of the Company	Not applicable
2021-05-28	The Company	Telephoning	Individual	Investor	Consulting the liability insurance purchase by the Company for directors, supervisors and senior	Not applicable

					executives	
2021-06-17	The Company	Telephoning	Individual	Investor	Consulting operation of the Company	Not applicable
2021-06-28	The Company	Telephoning	Individual	Investor	Consulting the earnings forecast for semi-annual	Not applicable
2021-07-02	The Company	Telephoning	Individual	Investor	Consulting operation of the Company for first half of the year	Not applicable
2021-07-08	The Company	Telephoning	Individual	Investor	Consulting the earnings forecast for semi-annual	Not applicable
2021-07-09	The Company	Telephoning	Individual	Investor	Consulting the earnings forecast for semi-annual	Not applicable
2021-07-26	The Company	Telephoning	Individual	Investor	Consulting business of the Company and stock price	Not applicable
2021-08-03	The Company	Telephoning	Individual	Investor	Consulting business of the Company	Not applicable
2021-08-26	The Company	Telephoning	Individual	Investor	Consulting business of the Company	Not applicable
2021-08-31	The Company	Telephoning	Individual	Investor	Consulting the liability insurance purchase by the Company for directors, supervisors and senior executives	Not applicable
2021-09-01	The Company	Telephoning	Individual	Investor	Consulting business of the Company	Not applicable
2021-09-16	The Company	Telephoning	Individual	Investor	Consulting whether the Company is interested in mergers & acquisitions	Not applicable
2021-09-24	The Company	Telephoning	Individual	Investor	Consulting the performance results of Q3	Not applicable
2021-10-13	The Company	Telephoning	Individual	Investor	Consulting share reduction of the shareholders	Not applicable
2021-10-27	The Company	Telephoning	Individual	Investor	Consulting operation of the Company	Not applicable
2021-11-10	The Company	Telephoning	Individual	Investor	Consulting business of the Company	Not applicable
2021-11-23	The Company	Telephoning	Individual	Investor	Consulting future planning of the Company	Not applicable
2021-12-08	The Company	Telephoning	Individual	Investor	Consulting numbers of the shareholders	Not applicable
2021-12-23	The	Telephoning	Individual	Investor	Consulting operation of the	Not

	Company		al		Company	applicable
2021-12-29	The Company	Telephoning	Individual	Investor	Consulting the performance results of Q4	Not applicable

Section IV. Corporate Governance

I. Corporate governance of the Company

During the reporting period, the Company strictly follow the relevant provisions of the Company Law, Securities Law, Rules Governing the Listing of Stock on Shenzhen Stock Exchange, Guidelines for Standardized Operation of Listed Companies of Shenzhen Stock Exchange and other relevant laws and regulations, continuously improve the corporate governance structure of the Company and perfected the internal control system. During the reporting period, the Company operates standardized with strong independence and normal regulation in information disclosure, actual governance of the Company meets the requirements of the normative documents on the governance of listed companies. Main aspects of the corporate governance are as follows:

1. Shareholders and Shareholders General Meeting

Convening and holding procedures of the shareholders general meeting, deliberation procedures and decision-making process are in compliance with the relevant regulations and requirements of Company Laws, Article of Association and Rules of Procedures of Shareholders General Meeting. To convene and hold the shareholders general meeting can treat all shareholders fairly, in particular, to ensure that small and medium-sized shareholders have equal rights according to the shares they hold. The Company seriously performing the Management of Internet Voting at Shareholders General Meeting to ensure that all shareholders have the rights to participate and vote in decision-making matters and fully exercise their rights. Lawyers were present at all shareholders' general meeting to effectively safeguard the legitimate rights and interest of the listed company and all shareholders. The Company also communicate with small and medium-sized shareholders through interactive easy, the investor relations section on the official website and telephoning, guarantee a smooth and fair information exchange with the small and medium-sized shareholders and fully listen to the appeals and suggestions from small and medium-sized shareholders.

BOD convened and held the AGM of 2020 and one extraordinary shareholders' general meeting during the reporting period. And exercise their authority to forming the effective resolutions, in accordance with the laws and regulations, Article of Associations and Rules of Procedure of the Shareholders' General Meeting .

2. Directors and Board of Directors (BOD)

During the reporting period, there were 9 members in the BOD, including 3 independent directors. Number of the BOD and structure of the personnel comply with the requirements of relevant laws and regulations and Article of Association. Under the Board of Directors, there are 3 specialized committees including strategy committee, auditing committee and remuneration and appraisal committee. Each specialized committee strictly complies with the provision of relevant mechanisms and perform their responsibilities, which effectively strengthened the standardized operation of the work of BOD and provided a professional advice and reference for the

decision-making from the Board.

During the reporting period, under the laws and regulations, the Article of Association, Rules of Procedure of the BOD and rules of procedures for specialized committees, 10 meetings of the Board and 4 meetings of the specialized committees were held. Convening and holding procedures of the meetings, deliberation procedures and decision-making process are in compliance with relevant provisions; directors are able to attend the Meeting of the Board in a serious and responsible manner, actively participate in relevant training, familiarize relevant laws and regulations and understand their rights, obligations and responsibilities as directors; members of the Board have a reasonable professional knowledge structure, and are able to perform duties diligently to safeguard the overall interest of the Company; the independent directors expressed their prior approval and independent opinions on relevant matters in a fair and diligent manner to enhance the scientific and impartial decision-making of the Board.

3. Supervisors and Board of Supervisors (BOS)

During the reporting period, BOS of the Company consisted of 5 supervisors, including 2 employee representative, the number of the BOS and structure of the personnel comply with the requirements of relevant laws and regulations and Article of Association. Under the laws and regulations, the Article of Association, Rules of Procedure of the BOS, 5 meetings of the BOS were held during the reporting period. BOS supervise the operation conditions, financial status as well we the legal compliance of the directors and senior executives in performing their duties, and safeguard the legitimate rights and interest of the Company and its shareholders.

4. Information disclosure and investor relations management

Strictly according to the requirement of Management Mechanism of the Information Disclosure, the Company designate secretary of the board to be responsible for the information disclosure and receiving visits and inquiries from the shareholders. And disclose relevant information truthfully, accurately, completely and timely in serious compliance with relevant regulations to ensure that all shareholders have the equal access to information.

5. Relationship between the controlling shareholder and listed company

The controlling shareholders exercise right of capital contributors through shareholders' general meeting according to the laws, they are not interfere in any other way, directly or indirectly, with the decision-making and operation activities of the Company, and no appropriation of funds from listed companies occurred; the Company and controlling shareholders have "5 separations" in terms of assets, finance, personnel, organization and business; BOD, BOS and internal management bodies are able to operate independently and ensuring that major decisions are made in accordance with standardized procedures. There are no routine related transactions occurred between the Company and controlling shareholders, which is detrimental to the interest of the Company and other shareholders.

6. Performance evaluation and incentive restraint mechanism

The open and transparent performance evaluation criteria and incentive restraint mechanism for directors, supervisors and senior executives are gradually establish and improves by the Company. The appointment of senior executives is open and transparent, and in compliance with laws and regulations.

7. Stakeholders

While pursuing the economic benefits and safeguarding the interest of the shareholders, the Company is able to fully respecting and safeguarding the legitimate rights and interest of the stakeholders, and communicate & cooperate with them effectively. The Company lay emphasis on the protection of employee rights, and give strong backing to exercise authority according to the law by the employees congress and labor union. During the reporting period, the Company cultivated talents and think highly of the social responsibility, pay close attention to the social and public welfare undertakings as well-being, environmental protection and volunteer services, while achieving economic benefits, the Company also earns a good social benefits.

As of the end of the reporting period, actual corporate governance of the Company complies with the requirements of normative documents with corporate governance of listed companies concerned issued by CSRC.

Whether there are significant differences between the actual state of corporate governance and laws, administrative regulations and the provision with governance concerned for listed companies issued by CSRC

Yes No

There are no significant differences between the actual state of corporate governance and laws, administrative regulations and the provision with governance concerned for listed companies issued by CSRC

II. Independence of the Company relative to controlling shareholder and the actual controller in ensuring the Company's assets, personnel, finance, institution and businesses

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.

1. 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 owns an independent operation and service system and its major business. There is no inter-competition between the Company and its controlling shareholders and related parties.

2. 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 during their office term, and no one takes position in the enterprises owned by shareholders.

3. 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.

4. 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.

5. 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	Resolutions
Annual General Meeting of 2020	AGM	63.60%	2021-05-13	2021-05-14	Found more in Resolution of the Annual General Meeting of 2020 (Notice No.: 2021-022) released on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)
First Extraordinary General Meeting of 2021	Extraordinary General Meeting	62.18%	2021-09-13	2021-09-14	Found more in Resolution of the First Extraordinary General Meeting of 2021 (Notice No.: 2021-035) released 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. Directors, supervisors and senior executives

1. Basic information

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period -begin (share)	Number of shares increased in this period (share)	Number of shares decreased in this period (share)	Other changes (share)	Shares held at period-end (share)
Fu Chunlong	Chairman	Currently in office	M	49	2018-09-07	2024-09-12	0	0	0	0	0
Hong Wenya	Director	Currently in office	M	48	2021-09-13	2024-09-12	0	0	0	0	0
Yang Hongyu	Director	Currently in office	M	44	2021-09-13	2024-09-12	0	0	0	0	0
Wu Ruikai	Director, GM	Currently in office	M	51	2021-09-13	2024-09-12	0	0	0	0	0
Lou Hong	Director	Currently in office	F	54	2018-02-09	2024-09-12	0	0	0	0	0
Lou Hong	CFO	Currently in office	F	54	2018-01-04	2024-09-28	0	0	0	0	0
Gu Zhiming	Director	Currently in office	M	51	2018-09-07	2024-09-12	0	0	0	0	0
Hu Yuming	Independent director	Currently in office	M	57	2018-01-04	2024-09-12	0	0	0	0	0
Jiang Dinghang	Independent director	Currently in office	M	59	2018-09-07	2024-09-12	0	0	0	0	0

Zhang Dong	Independent director	Currently in office	M	48	2018-09-07	2024-09-12	0	0	0	0	0
Guo Xiaodong	Chairman of the Supervisory Committee	Currently in office	M	58	2018-09-07	2024-09-12	0	0	0	0	0
Zhang Baojun	Supervisor	Currently in office	M	52	2021-09-13	2024-09-12	0	0	0	0	0
Zeng Xingyu	Supervisor	Currently in office	M	41	2021-09-13	2024-09-12	0	0	0	0	0
Liu Haicheng	Employee supervisor	Currently in office	F	53	2018-09-07	2024-09-12	0	0	0	0	0
Zhang Zheng	Employee supervisor	Currently in office	M	38	2018-09-07	2024-09-12	0	0	0	0	0
Tan Zhong	Deputy Secretary of the Party Committee	Currently in office	M	54	2018-09-07	2024-09-28	0	0	0	0	0
Xie Jing	Deputy GM	Currently in office	M	57	2018-10-25	2024-09-28	0	0	0	0	0
Qi Peng	Deputy GM	Currently in office	M	49	2021-09-29	2024-09-28	0	0	0	0	0
Qi Peng	Secretary of	Currently in	M	49	2015-12-28	2024-09-28	0	0	0	0	0

	the Board	office									
Lv Hang	Director, GM	Leave office	M	61	2018-09-07	2021-09-13	0	0	0	0	0
Feng Yu	Deputy GM	Leave office	M	55	2006-06-17	2021-09-29	0	0	0	0	0
Yu Lei	Director	Leave office	F	54	2012-06-06	2021-09-13	0	0	0	0	0
Zhang Quanxun	Director	Leave office	M	49	2015-05-20	2021-09-13	0	0	0	0	0
Chen Yangsheng	Supervisor	Leave office	M	59	2017-05-04	2021-09-13	0	0	0	0	0
Yang Jianping	Supervisor	Leave office	F	50	2018-09-07	2021-09-13	0	0	0	0	0
Total	--	--	--	--	--	--	0	0	0	0	0

During the reporting period, whether there was any departure of directors and supervisors and dismissal of Senior Officers

Yes No

During the reporting period, directors, supervisors and senior executives of the Company have left the Company due to expiration of their office term.

Changes of directors, supervisors and senior executives

Applicable Not applicable

Name	Title	Type	Date	Reason
Wu Ruikai	Director	Be elected	2021-09-13	Change the term of office
Wu Ruikai	GM	Appointments	2021-09-13	Change the term of office
Hong Wenya	Director	Be elected	2021-09-13	Change the term of office
Yang Hongyu	Director	Be elected	2021-09-13	Change the term of office
Zhang Baojun	Supervisor	Be elected	2021-09-13	Change the term of office
Zeng Xingyu	Supervisor	Be elected	2021-09-13	Change the term of office
Qi Peng	Deputy GM	Appointments	2021-09-29	Change the term of office
Lv Hang	Director and GM	Leaving at the end of the term of office	2021-09-13	Change the term of office Leave office
Feng Yu	Deputy GM	Leaving at the end of the term of office	2021-09-29	Change the term of office Leave office

Yu Lei	Director	Leaving at the end of the term of office	2021-09-13	Change the term of office Leave office
Zhang Quaxun	Director	Leaving at the end of the term of office	2021-09-13	Change the term of office Leave office
Chen Yangsheng	Supervisor	Leaving at the end of the term of office	2021-09-13	Change the term of office Leave office
Yang Jianping	Supervisor	Leaving at the end of the term of office	2021-09-13	Change the term of office Leave office

2. 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 vice President of Shenzhen Special Development Group Co., Ltd., Supervisor of Shenzhen State-owned Duty-Free Commodities (Group) Co., Ltd, and the Company. He is currently the secretary of the Party Committee and Chairman of the Board of the Company.
Hong Wenya	Born in 1974, Master degree, senior accountant. He previously served as the audit manger of Shenzhen Laiyingda Group, director of finance dept. of Shenzhen Carnival Industrial Co., Ltd, the finance manager of business dept and audit manager of supervision and audit headquarters of Guoxin Securities Co., ltd, Finance manager of Shenzhen Huazhenglian Co., Ltd, deputy manager of audit department of Shenzhen Yunfa Group, CFO of Shenzhen Building Science Research, deputy director of finance department of Shenzhen Capital Holdings Co., Ltd, the budget management and financial supervision of municipal state-owned enterprise-statistic and budget division of SASAC, and the deputy head of finance depart and head of compliance and risk control depart of Shenzhen Kung Peng Equity Investment Management Co., Ltd. He is currently a member of the Party Committee and CFO of Shenzhen Special Development Group Co., Ltd and Director of the Company.
Yang Hongyu	Born in 1978, Master degree, intermediate economist. Worked as an assistant economist in Guangdong Provincial Postal Storage and Exchange Bureau, staff and deputy director of investment department of Shenzhen Capital Holdings Co., Ltd, the vice president of corporate department and director of the office of the Board Secretary of Shenzhen Special Development Group Co., Ltd.(and a part-time secretary of the board of Shenzhen Special Development Group Co., Ltd., Chairman of Shenzhen SDG Investment Co., Ltd, Chairman of risk control committee of SDG Fuhai Equity Investment Fund Management (Shenzhen) Co., Ltd.), Director, GM and Deputy Secretary of the Party Committee of Shenzhen SDG Information Co., Ltd, and secretary of the Board of Shenzhen Special Development Group Co., Ltd. Currently he is the Director of the Company.
Wu Ruikai	Born in 1971, Master degree, intermediate economist and senior human resource manager. He has worked as deputy director of administrative office, director of board secretariat, and manager of Party and personnel department of Shenzhen Tellus Holding Co., Ltd., the vice president and director of corporate department II of Shenzhen Special Development Group Co., Ltd. Currently he is the Director and GM of the Company.
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 Director and CFO of the Shenzhen SDG Xiaomeisha Investment Development Co., Ltd. Currently works as the Director and CFO 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 GM of Shenzhen Link Gold Tec & Co., Ltd. and a Director 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, senior gold investment analyst and GIA Research Gemologist. He successively served as Deputy GM of Shenzhen Qiang Zhuang Computer Tech. Co., Ltd, Deputy GM of Shenzhen Brain Age Economic and Cultural Co., Ltd, the assistant president of Hong Kong Leader Culture Media Co., Ltd, GM of Shenzhen Zhong Shi Advertising Co., Ltd, GM of Heilongjiang Luk Kwai Fook Jewelry Limited and President of Luk Kwai Fook Jewelry Group. No he serves as GM of Yijixuan Jewelry (Chengdu) 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 SDG Xiaomeisha Tourism Development Co., Ltd. Now he serves as Chairman of Supervisory Committee of the Company
Zhang Baojun	Born in 1970, Master degree, intermediate economist. Previously, he was the funds dispatcher, finance and accounting division of China First Automobile Group Corporation, manager of capital and finance department of Shenzhen Tianda Industrial Co., Ltd, and worked in the Hongli Office of Shenzhen Luohu Branch, China Guangda Bank and audit & supervision department of Shenzhen Special Economic Zone Development Group Corporation, the finance manager of Shenzhen SDG Real Estate Development Co., Ltd and Shenzhen SDG Property Management Co., Ltd, the business manager, deputy director and director of audit & supervision department of Shenzhen SDG

	Co., Ltd. Now he is the GM of audit and risk control department of Shenzhen Special Development Group Co., Ltd and Supervisor of the Company.
Zeng Xingyu	Born in 1981, Master degree, senior economist. Previously, he was the field finance of Wenzhou C&U Group, an accounting of Han's Laser Technology Co., Ltd, accounting supervisor, assistant business manager, business manager, assistant GM of finance department and vice president of finance department of Shenzhen Airport (Group)Co., Ltd and the CFO of Shenzhen Qianhai Yejian Technology Development Co., Ltd. Now he is the vice president of accounting and finance department of Shenzhen Special Development Group Co., Ltd and Supervisor of the Company
Liu Haicheng	Born in 1969, Master degree, senior economist. Previously, she worked as design staff of Dongfeng Automobile Wheel Co., Ltd, technical staff of Shenzhen Dongfeng Motor Co., Ltd, the secretariat staff of Shenzhen Automobile Industry Association, the employee of the management depart of the automotive division of the Company, employees, deputy general managers and manager of the business department of the Company. Currently, she is the director of Company's secretariat of the Board and employee representative supervisor.
Zhang Zheng	Born in 1984, a Bachelor degree, an intermediate accountant and senior human resource manager. 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 employee representative 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 SDG Huari Auto Enterprise Co., Ltd., and currently serves as the full-time deputy secretary of the Party Committee 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 the is the Deputy GM 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 n	Start dated of office term	End date of office term	Received remuneration from
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					shareholder's unit (Y/N)
Hong Wenya	Shenzhen Special Development Group Co., Ltd.	Member of Party Committee, Director, CFO	2021-06-01		N
Yang Hongyu	Shenzhen Special Development Group Co., Ltd.	Secretary of the Board	2021-07-01	December 2021	Y
Wu Ruikai	Shenzhen Special Development Group Co., Ltd.	GM of Corporate Management and Legal Department	2017-03-01	August 2021	Y
Zhang Baojun	Shenzhen Special Development Group Co., Ltd.	GM of Audit and Risk Control Department	2017-03-01		Y
Zeng Xingyu	Shenzhen Special Development Group Co., Ltd.	Deputy GM of Accounting and Finance Department	2021-01-01		Y

Post-holding in other unit

Applicable Not applicable

Name	Name of other units	Position in other unit n	Start dated of office term	End date of office term	Received remuneration from other unit (Y/N)
Gu Zhiming	Shenzhen Yue Peng Jin Jewelry Co., Ltd	Deputy GM	2011-05-01		Y
Gu Zhiming	Shenzhen Link Gold Tec & Co., Ltd.	Chairman, GM	2019-09-24		Y
Hu Yuming	Jinan University	Professor and Doctoral supervisor, school of management	2003-06-01		Y
Jiang Dinghang	Shanghai ALLBRIGHT (Shenzhen) Law Office	Senior partner	2005-04-01		Y
Zhang Dong	Yijixuan Jewelry (Chengdu) Co., Ltd	GM	2021-09-03		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

3. 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	49	Currently in office	115.71	N
Hong Wenya	Director	M	48	Currently in office	0	N
Yang Hongyu	Director	M	44	Currently in office	0	Y
Wu Ruikai	Director, GM	M	51	Currently in office	19.67	N
Lou Hong	Director, CFO	F	54	Currently in office	82.41	N
Gu Zhiming	Director	M	51	Currently in office	0	N
Hu Yuming	Independent director	M	57	Currently in office	8	N
Jiang Dinghang	Independent director	M	59	Currently in office	8	N
Zhang Dong	Independent director	M	48	Currently in office	8	N

Guo Xiaodong	Chairman of the Supervisory Committee	M	58	Currently in office	76.62	N
Zhang Baojun	Supervisor	M	52	Currently in office	0	Y
Zeng Xingyu	Supervisor	M	41	Currently in office	0	Y
Liu Haicheng	Employee supervisor	F	53	Currently in office	49.34	N
Zhang Zheng	Employee supervisor	M	38	Currently in office	42.89	N
Tan Zhong	Deputy Secretary of the Party Committee	M	54	Currently in office	87.14	N
Xie Jing	Deputy GM	M	57	Currently in office	146.19	N
Qi Peng	Deputy GM, Secretary of the Board	M	49	Currently in office	79.73	N
Lv Hang	Director, GM	M	61	Leave office	101.57	N
Feng Yu	Deputy GM	M	55	Leave office	78.3	N
Yu Lei	Director	F	54	Leave office	0	Y
Zhang Quanxun	Director	M	49	Leave office	0	N
Chen Yangsheng	Supervisor	M	59	Leave office	0	N
Yang Jianping	Supervisor	F	50	Leave office	0	Y
Total	--	--	--	--	903.57	--

VI. Responsibility performance of directors during the reporting period

1. The board of directors during the reporting period

Session of meeting	Date of meeting	Disclosure date	Meeting resolutions
The 19 th Extraordinary Meeting of the 9 th Board of Directors	2021-01-14	2021-01-15	Found more in the Resolution of The 19 th Extraordinary Meeting of the 9 th Board of Directors (Notice No.: 2021-001) released on Securities Times, Hong Kong Commercial Daily and

			Juchao Website (www.cninfo.com.cn)
The 20 th Extraordinary Meeting of the 9 th Board of Directors	2021-02-04	2021-02-05	Found more in the Resolution of The 20 th Extraordinary Meeting of the 9 th Board of Directors (Notice No.: 2021-005) released on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)
The 21 st Extraordinary Meeting of the 9 th Board of Directors	2021-04-13	2021-04-14	Found more in the Resolution of The 21 st Extraordinary Meeting of the 9 th Board of Directors (Notice No.: 2021-010) released on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)
The 10 th Session of 9 th Board of Directors	2021-04-15	2021-04-16	Found more in the Resolution of The 10 th Session of 9 th Board of Directors (Notice No.: 2021-012) released on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)
The 11 th Session of 9 th Board of Directors	2021-04-28	2021-04-29	Found more in the Notice (Notice No.: 2021-021) released on April 29 in Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)
The 12 th Session of 9 th Board of Directors	2021-08-19	2021-08-20	Found more in the Notice (Notice No.: 2021-029) released on August 20 in Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)
The 22 nd Session of 9 th Board of Directors	2021-08-27	2021-08-28	Found more in the Resolution of The 22 nd Session of 9 th Board of Directors (Notice No.: 2021-030) released on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)
The First Extraordinary Meeting of the 10 th Board of Directors	2021-09-13	2021-09-14	Found more in the Resolution of The First Extraordinary Meeting of the 10 th Board of Directors (Notice No.: 2021-037) released on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)

The Second Extraordinary Meeting of the 10 th Board of Directors	2021-09-29	2021-09-30	Found more in the Resolution of The Second Extraordinary Meeting of the 10 th Board of Directors (Notice No.: 2021-040) released on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)
The First Session of 10 th Board of Directors	2021-10-22	2021-10-23	Found more in the Notice (Notice No.: 2021-046) released on October 23 in Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)

2. The attending of directors to Board meetings and shareholders general meeting

The attending of directors to Board Meeting and Shareholders General Meeting							
Director	Times of Board meeting supposed to attend in the report period	Times of Presence	Times of attending the Board Meeting by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)	Times of attend the general meeting
Fu Chunlong	10	3	7	0	0	N	1
Hong Wenya	3	1	2	0	0	N	0
Yang Hongyu	3	1	2	0	0	N	0
Wu Ruikai	3	1	2	0	0	N	0
Lou Hong	10	3	7	0	0	N	2
Gu Zhiming	10	2	8	0	0	N	1
Hu Yuming	10	2	8	0	0	N	1
Jiang Dinghang	10	3	7	0	0	N	2
Zhang Dong	10	2	8	0	0	N	0

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

There were no two instances of non-attendance at the Board Meeting in person during the reporting period

3. Objection for relevant events from directors

Directors come up with objection about Company's relevant matters

Yes No

No directors come up with objection about Company's relevant matters in the Period

4. Other explanation about responsibility performance of directors

The opinions from directors have been adopted

Yes No

Director's statement to the Company that a proposal has been or has not been adopted

During the reporting period, non-independent directors, independent directors of the Company carried out their works in strict accordance with the Company Law, Securities Laws, Guidelines of Corporate Governance for Listed Companies, Guidelines for the Standardized Operation of Listed Companies on Shenzhen Stock Exchange and Article of Association and Rules of Procedures of the BOD. They perform duties faithfully and diligently, actively attend relevant Meetings on time and carefully considering all proposals. With the specialized knowledge and experience, independent directors provided professional advice on the strategic development, internal control and major business decisions of the Company, and effectively supervise the financial of the Company, production and operation activities and information disclosure, which plays a positive role in future development of the Company and standardized operation and promoting the management levels.

VII. The special committees under the board during the reporting period

Committee name	Members	Number of meetings held	Date of meeting	Meeting content	Important comments and suggestions made	Other performance of duties	Specific circumstances of the objection (if applicable)
Audit committee	Hu Yuming, Yu Lei, Lou Hong, Jiang Dinghang, Zhang Dong	3	2021-02-04	Review of the preliminary arrangements for the audit of the Annual Report 2020	Approved	-	-
			2021-04-05	Review of the financial status and results of the operation for year of 2020	Approved	-	-
			2021-08-27	Review of the renewal of the appointment of RSM Certified Public Accountants (Special General Partnership) as the	Approved	-	-

				financial auditor and internal control auditor of the Company for year of 2021			
薪酬与考核委员会 Remuneration and appraisal committee	Jiang Dinghang, Fu Chunlong, Yu Lei, Hu Yuming, Zhang Dong	1	2021-08-19	Review and approved the Business Performance and Remuneration Plan for year of 2020 of the senior executives	Approved	-	-

VIII. 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

IX. Particulars of workforce

1. Number of Employees, Professional composition, Education background

Employee in-post of the parent Company at period-end (people)	122
Employee in-post of main Subsidiaries at period-end (people)	176
The total number of current employees at period-end (people)	298
The total number of current employees to receive pay (people)	298
Retired employee' s expenses borne by the parent Company and main Subsidiaries (people)	15
Professional categories	
Types of professional category	Numbers of professional category
Production staff	0
Sales staff	87
Technical staff	75
Financial staff	24
Administration staff	112
Total	298
Education background	
Type of education background	Numbers (people)
Master	28

Bachelor degree	85
Junior college	65
Other	120
Total	298

2. Remuneration Policy

The Company strictly complies with the "Remuneration Management System of Headquarters Staff of Shenzhen Tellus Holding Co., Ltd." and "Performance Management Measures for Headquarters Staff of Shenzhen Tellus Holding Co., Ltd."

3. Training programs

The training works are 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)	1,408
Total remuneration paid for labor outsourcing (Yuan)	69,347.51

X.Profit distribution and capitalizing of common reserves plan

Formulation, Implementation and Adjustment of 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

The Company is profitable during the reporting period and the parent company has positive profit available for distribution to shareholders without cash dividend distribution plan proposed

Applicable Not applicable

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 (Yuan)(Tax included)	0.25
Equity base of distribution plan (Share)	431,058,320
Cash bonus distribution (Yuan)(Tax included)	0.25
Cash bonus distribution in other ways (i.e. share buy-backs) (Yuan)	0.00
Total cash bonus (including other ways) (Yuan)	10,776,458.00
Profits available for distribution (Yuan)	24,281,950.19
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
With purpose of rewarding the shareholders and allows investors to participate and share the operation results of the Company's development, pursuit to the relevant mechanisms and regulation as Article of Association and Shareholders' Return Plan for the Next Three Years (2020-2022), and through comprehensive consideration of the operation and overall financial status of the Company, the Company, plans to distributed 0.25 yuan cash bonus (including tax) for every 10 shares held by whole shareholders of the Company based on total share capital 431,058,320 as of 31 st December 2021, total 10,776,458.00 yuan are distributed in cash, no bonus shares and no public reserve transfer into share capital.the profit distribution plan will be implemented after deliberation and approved by the shareholders' general meeting.

XI. 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.

XII. Establishment of the internal control mechanism and implementation during the reporting period

1. Establishment and implementation of the internal control

During the reporting period, the company established a systematic and effective internal control system from the governance level to the workflow level and continued to improve it. The board of directors was responsible for the establishment, improvement and effective implementation of internal control; the audit committee assisted in the formulation and review of the company's internal control system, and audited and supervised major related transactions; the audit risk control department was responsible for the specific organization and implementation of the company's internal control; the person in charge of the enterprise or the departments undertook the internal control work of the enterprise or the departments; the board of supervisors supervised the internal control established and implemented by the board of directors. The company established the above organizational structure of internal control in accordance with the Basic Norms for Enterprise Internal Control and its supporting guidelines, defined the work objectives and responsibilities and authorities of each position in the company, and established corresponding checks and balances and supervision mechanisms to ensure that each position should perform duties within the scope of authority.

According to the identification of major deficiencies in the internal control of the company's financial report, on the base date of the internal control evaluation report, there was no major deficiencies in the internal control of financial report. The company maintained effective internal control over financial reporting in all major aspects in accordance with the requirements of the enterprise internal control standard system and relevant regulations.

According to the identification of major deficiencies in the internal control of the company's non-financial report,

on the base date of the internal control evaluation report, the company found no major deficiencies in the internal control of non-financial report.

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

Yes No

XIII. Management and control of the subsidiaries during the reporting period

Name	Integration plan	Progress	Problems encountered in integration	Countermeasure taken	Solution progress	Follow-up resolution plan
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

XIV.Appraisal Report of Internal Control and Audit Report of Internal Control

1. Appraisal Report of Internal Control

Disclosure date of full internal control evaluation report	2022-04-08	
Disclosure index of full internal control evaluation report	Juchao website(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	1. Significant defect: a-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; b-Ineffective control environment;	1. Significant defect: a-Great decisions violate the Company's established procedure, resulting in significant losses to the Company; b-Serious violation of laws and regulations results in significant losses to the Company; c-Important businesses are

	<p>c-Major internal control deficiencies found and reported to the management but haven't been corrected after a reasonable time; d-The decision-making of the Company's major matters has not fulfilled the corresponding decision-making process, resulting in significant losses of the Company; e-Important businesses involving the Company's production and management are lack of effective control; f-Other defects that seriously mislead the correct judgments made by the users of the statements, resulting in the company's major compensation. 2. Important defects: a-The selection and application of accounting policies do not follow the generally accepted accounting principles; b-Anti-fraud programs and control measures have been not established; c-Corresponding control mechanism for accounts handling of unconventional or special transactions has not been established or implemented and has no there is no appropriate compensatory controls; d-The controls to the period-end financial reporting process have one or more defects and cannot reasonably ensure that the financial statements prepared are true and accurate. 3. General deficiencies: the deficiencies except for major and significant deficiencies.</p>	<p>lack of system control or system control fails; d- Serious brain drain of core management or core technical staff; e-Significant deficiencies in the internal evaluation results have not been corrected.</p> <p>2. Important defects: a-The Company violates the enterprise internal regulations and causes significant losses; b-Serious brain drain of business personnel in the Company's key positions; c- The Company's significant business systems have deficiencies; d-The significant deficiencies in the internal control of the Company have not been corrected.</p> <p>3. General deficiencies: deficiencies except for major and significant deficiencies.</p>
<p>Quantitative standard</p>	<p>1. Major deficiencies: misstatement amount > 10% of total profit, and absolute amount > 2 million Yuan; 2. Significant deficiencies: 5% of total profit < misstatement amount ≤10% of total profit, and absolute amount > 1 million Yuan; or 1 million Yuan < absolute amount ≤ 2 million Yuan, and misstatement amount > 5% of total profit. 3. General deficiencies: misstatement amount ≤ 5% of total profit, or absolute amount ≤ 1 million Yuan</p>	<p>1. Major deficiencies: loss amount > 1.5% of owner's equity attributable to parent Company, and absolute amount > 5 million Yuan; 2. Significant deficiencies: 0.5% of owner's equity attributable to parent Company < loss amount ≤ 1.5% of owner's equity attributable to parent Company, or 1 million Yuan < absolute amount ≤ 5 million Yuan; 3. General deficiencies: loss amount ≤ 0.5% of owner's equity attributable</p>

		to parent Company, or absolute amount ≤ 1 million Yuan
Amount of significant defects in financial reports		0
Amount of significant defects in non-financial reports		0
Amount of important defects in financial reports		0
Amount of important defects in non-financial reports		0

2. 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 2021 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)	2022-04-08
Index of audit report of internal control (full-text)	Juchao website (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

XV. Self-examination and rectification of the special actions on governance

The Company conducts self-examination in accordance with the “Special Self-Examination List of the Governance for Listed Companies”, and there is a condition where the BOD has not been re-elected in time for the expiration of the session.

After the expiration of the BOD and BOS, the Company actively promotes the change of session. The 22nd Extraordinary Meeting of the 9th Board of Directors and 16th Session of 9th Board of Supervisors were held on

August 27, 2021 and the First Extraordinary Shareholders General Meeting of 2021 held on September 13, 2021 to deliberated and approved the proposal of general election, the re-election of the BOD and BOS are completed. Found more in the relevant notices released on Securities Times, Hong Kong Commercial Daily and Juchao Website (<http://www.cninfo.com.cn>).

Section V. Environmental and Social Responsibility

I. Major environmental

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

Yes No

Administrative punishment for environmental problems during the reporting period

Name of company or subsidiary	Reason for punishment	Violation	Punishment result	The impact on the production and operation of listed companies	The Company's rectification measures
N/A	N/A	N/A	N/A	N/A	N/A

Other environmental information disclosed refer to key polluters

There were no administrative penalties for environmental issues during the reporting period from the Company and its subsidiaries

Measures taken to reducing the carbon emissions during the reporting period and their effectiveness

Applicable Not applicable

Reasons for not disclosing other environmental information

The Company and its subsidiaries are not one of the key emissions units announced by the environmental protection authority, and no penalties for violation of laws and regulations during the reporting period.

II. Social responsibility

The Company has always been committed to repaying shareholders, achieving employees' value, and contributing to the society. Based on the principle of fairness, the company actively safeguarded the legitimate rights and interests of shareholders; advocated realizing self-worth while realizing corporate value, created an enterprise atmosphere in which the company cares for employees, employees love the company, and develop harmoniously together; actively repaid the society and the public, and fulfilled the responsibility of a state-owned enterprise, participated in community construction activities, donated tents, grain and oil and other materials for epidemic prevention to the community, dispatched 3 employees to help the epidemic prevention work of the community, and quickly assembled a vanguard of party members in the early stage of the epidemic to assist the community in carrying out temperature measurement, nucleic acid testing, vaccination and other work; improved the safety production system, organized 37 safety production trainings, and invested more than 2 million yuan in the transformation of safety equipment and facilities.

III Consolidated and expanded the achievements of poverty alleviation and rural revitalization

The Company actively responded to the implementation of the rural revitalization strategy, assigned special personnel to carry out assistance work in Chengtian Town, Shantou City, and digested the agricultural and sideline products in the assistance area by purchasing and donating, opened up the sales channels of agricultural products, and vigorously promoted the local poverty alleviation and rural revitalization with practical actions.

Section VI. Important Events

I. Implementation of commitment

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

√Applicable □Not applicable

Commitments	Commitment party	Content of commitments	Commitment date	Commitment term	Implementation
Commitments for share merger reform					
Commitments in report of acquisition or equity change					
Commitments in assets reorganization					
Commitments make in initial public offering or re-financing	Shenzhen Tellus Holding Co., Ltd.	Other	October 17, 2014	Long-term	Implementing
Equity incentive commitment					
Other commitments for medium and small shareholders	Shenzhen Special Development Group Co., Ltd.	Horizontal Competition	May 26, 2014	Long-term	Implementing

			substantially compete with the main businesses of Tellus Group, and have no horizontal competition relationship with Tellus Group.			
	Shenzhen Tellus Holding Co., Ltd.	Dividend commitment	<p>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 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,</p>	April 24, 2021	December 31, 2022	Implementing

		<p>the Company makes cash dividends once a year in principle, the Company's board of directors can propose the Company to make interim cash dividends in accordance with the Company's profitability and capital demand conditions. The proportion of cash dividends in profits available for distribution and in distribution of profits should meet the following requirements: (1) in principle, the Company's profits distributed in cash every year should not be less than 10% of profit available for distribution realized in the same year, and the Company's profits accumulatively distributed in cash in the last three years should not be less than 30% of the annual average profit available for distribution realized in the last three years. (2) if the Company's development stage belongs to mature stage and there is no significant capital expenditure arrangement, when distributing profits, the minimum proportion of cash dividends in this profit distribution should be 80%; (3) if the Company's development stage belongs to mature stage and there are significant capital expenditure arrangements, when distributing profits, the minimum proportion of cash dividends in this profit distribution should be 40%; (4) if the Company's development stage belongs to growth stage and there are significant capital expenditure arrangements, when distributing profits, the minimum proportion of cash dividends in this profit distribution should be 20%; when the Company's development stage is not easy to be differed but there are significant capital expenditure arrangements, please handle according to the preceding provisions. 4. On the condition of meeting the cash dividend distribution, if the Company's operation revenue and net profit grow fast, and the board of directors considers that the Company's equity scale and equity structure are reasonable, the Company can propose and implement the dividend distribution plans except proposing the cash dividend distribution plans. When allocating stock dividend every time, the stock dividend per 10 shares should be no less than 1 share. Stock allocation can be implemented individually or in combination of cash dividends. When confirming the exact amount of profit distribution by stock, the Company should fully consider if the general capital after profit distribution by stock matches with the Company's current operation scale and profit growth rate and consider the</p>			
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			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

II. 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.

III. External guarantee out of the regulations

Applicable Not applicable

No external guarantee out of the regulations occurred in the period.

IV. Statement on the latest “modified audit report” by BOD

Applicable Not applicable

V. Explanation from Board of Directors, Supervisory Committee and Independent Directors (if applicable) for “Modified Audit Report” issued by CPA

Applicable Not applicable

VI. Explanation of the changes in accounting polices, accounting estimates or correction of significant accounting errors compared with the financial report of the previous year

Applicable Not applicable

(i) Overview of the accounting policy change

1. Reason for change

On December 7, 2018, the Ministry of Finance revised and issued the Accounting Standards for Business

Enterprises No. 21 - Leases (No. 35 [2018] of the Ministry of Finance) (hereinafter referred to as “new lease standards”), enterprises that are listed both at home and abroad, as well as enterprises that are listed overseas and use International Financial Reporting Standards or Accounting Standards for Business Enterprises to prepare financial statements, are required to implement from January 1, 2019; other enterprises that implement Accounting Standards for Business Enterprises are required to implement from January 1, 2021. In accordance with the requirements of the above documents, the company has made corresponding changes to the accounting policies.

2. Accounting policies adopted before change: Before this accounting policy change, the company implemented the Accounting Standards for Business Enterprises - Basic Standards issued by the Ministry of Finance, various specific accounting standards, the application guidelines for the accounting standards for business enterprises, the interpretations of the accounting standards for business enterprises, and other relevant regulations.

3. Accounting policy adopted after change: After this change, the company will implement the new lease standards. Other parts that have not changed are still implemented in accordance with the Accounting Standards for Business Enterprises-Basic Standards issued by the Ministry of Finance in the previous period, various specific accounting standards, the application guidelines for the accounting standards for business enterprises, and the interpretations of accounting standards for business enterprises and other relevant regulations.

4. Date of change

According to the above-mentioned relevant standards and notices of the Ministry of Finance, the company, as a domestically listed enterprise, has implemented the new lease standards from January 1, 2021.

5. Content of change

The main contents of the revision of the new lease standards include: improving the definition of lease, adding lease identification, splitting, consolidation, etc.; canceling the classification of operating lease and finance lease for a lessee, requiring to recognize the right-of-use assets and lease liabilities of all leases (excluding short-term lease and low-value asset lease) and accrue depreciation and interest expenses respectively; improving the subsequent measurement of the lessee, increasing the accounting treatment in the case of option revaluation and lease change; enriching the lessor's disclosure content to provide report users with more useful information.

(ii) The impact of this accounting policy change on the company

According to the convergence provisions of the new lease standards, the company has implemented the new lease standards from January 1, 2021, and adjusted the amount of retained earnings and other related items in financial statements at the beginning of the year when the new lease standards were first implemented according to the cumulative impact of the first implementation of the new lease standards, but the comparable period information was not adjusted.

This accounting policy change was made by the company in accordance with the relevant regulations and requirements issued by the Ministry of Finance. After the change, the accounting policy can objectively and fairly reflect the company's financial status and operating results, comply with relevant laws and regulations and the company's actual situation, and will not have a significant impact on the company's financial condition, operating results and cash flows, nor will it harm the interests of the company and shareholders.

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

Applicable Not applicable

1. Changes in the scope of consolidated financial statements during the reporting period

New subsidiaries during the reporting period:

Serial No.	Full name of subsidiary	Abbreviation of subsidiary	The reporting period	Reasons for included in the scope of consolidation
1	Shanghai Fanyue Diamond Co., Ltd.	Shanghai Fanyue	2021	Newly established

2. Subsidiaries decreased during the reporting period:

Serial No.	Full name of subsidiary	Abbreviation of subsidiary	The reporting period	Reasons for not included in the scope of consolidation
1	Sichuan Tellus Jewelry Technology Co., Ltd.	Sichuan Jewelry Technology	2021	Liquidation and cancellation
2	Anhui Tellus Starlight Jewelry Investment Co., Ltd.	Tellus Starlight	2021	Liquidation and cancellation
3	Anhui Tellus Starlight Jinzun Jewelry Co., Ltd.	Tellus Starlight Jinzun	2021	Liquidation and cancellation

VIII. 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)	70.5
Continuous life of auditing service for domestic accounting firm	2
Name of domestic CPA	Li Qiaoyi, Qin Changming
Continuous life of auditing service for domestic accounting firm	Li Qiaoyi (2 years), Qin Changming (3 years)

Re-appointed accounting firms in this period

Yes No

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 2021 with one-year term, the internal control audit was 205,000 yuan.

IX. Particular about delisting after annual report disclosed

Applicable Not applicable

X. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period

XI. Significant lawsuits and arbitration of the Company

Applicable Not applicable

Found more in the Company's "Auditing Report 2021" disclosed on www.cninfo.com.cn on the same day, Note 11. Commitments or contingency to the Financial Statements

XII. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

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

Applicable Not applicable

XIV. 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	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure

									not (Y/ N)				
Shenzhen Zungfu Tellus Auto Service Co., Ltd.	Director, supervisor and senior executives of the Company serves director of the enterprise	Route related transaction	Offering property renewal	Reference market pricing	525.00	525	2.70%	545	N	Agreed by contract or agreement	525.00	April 16, 2021	Notice (No.: 2021-016) released on <i>Securities Times, Hong Kong Commercial Daily</i> and Juchao Website
Shenzhen SDG Tellus Property Management Co., Ltd.	Subsidiary of the controlling shareholder	Route related transaction	Offering property renewal	Reference market pricing	7.59	7.59	0.04%	15	N	Agreed by contract or agreement	7.59	April 16, 2021	Notice (No.: 2021-016) released on <i>Securities Times, Hong Kong Commercial Daily</i> and Juchao Website
Shenzhen SDG Petty Loan Co., Ltd.	Subsidiary of the controlling shareholder	Route related transaction	Offering property renewal and management services	Reference market pricing	131.07	131.07	0.67%	145	N	Agreed by contract or agreement	131.07	April 16, 2021	Notice (No.: 2021-016) released on <i>Securities Times, Hong Kong Commercial Daily</i> and Juchao

													Website
Shenzhen SDG Service Co., Ltd.	Subsidiary of the controlling shareholder	Routine related transaction	Offering property rental and management services	Reference market pricing	2.22	2.22	0.01%		N	Agreed by contract or agreement	2.22		
Jewelry Park Branch of Shenzhen SDG Service Co., Ltd.	Subsidiary of controlling shareholder	Routine related transaction	Offering property rental	Reference market pricing	207.97	207.97	1.07%	140	Y	Agreed by contract or agreement	207.97	April 16, 2021	Notice (No.: 2021-016) released on <i>Securities Times</i> , <i>Hong Kong Commercial Daily</i> and Juchao Website
Shenzhen Special Development Group Co., Ltd.	Controlling shareholder	Routine related transaction	Provide vehicle maintenance and inspection services	Reference market pricing	4.56	4.56	0.00%		Y	Agreed by contract or agreement	4.56		
Shenzhen SDG Tellus Property Management	Subsidiary of the controlling shareholder	Routine related transaction	Provide vehicle maintenance	Reference market pricing	0.19	0.19	0.00%		Y	Agreed by contract or agreement	0.19		

Co., Ltd.			and inspection services										
Shenzhen SDG Engineering Management Co., Ltd	Subsidiary of the controlling shareholder	Route related transaction	Accept project supervision services	Reference market pricing	197.68	197.68	1.67%	225	N	Agreed by contract or agreement	197.68	April 16, 2021	Notice (No.: 2021-016) released on <i>Securities Times</i> , <i>Hong Kong Commercial Daily</i> and Juchao Website
Jewelry Park Branch of Shenzhen SDG Service Co., Ltd.	Subsidiary of controlling shareholder	Route related transaction	Accept property management services	Reference market pricing	86.14	86.14	1.79%	140	N	Agreed by contract or agreement	86.14	April 16, 2021	Notice (No.: 2021-016) released on <i>Securities Times</i> , <i>Hong Kong Commercial Daily</i> and Juchao Website
Shenzhen SDG Service Co., Ltd.	Subsidiary of the controlling shareholder	Route related transaction	Accept property management services	Reference market pricing	427.03	427.03	10.84%	1,086	N	Agreed by contract or agreement	427.03	August 7, 2021	Notice (No.: 2021-028) released on <i>Securities Times</i> , <i>Hong Kong Commercial Daily</i> and Juchao Website
Shenzhen SDG	Subsidiary	Route	Accept	Reference	1,013.72	1,013.72	25.74%	1,100	N	Agreed by	1,013.72	April 16,	Notice (No.:

Tellus Property Management Co., Ltd.	of the controlling shareholder	related transactions	property management services	market pricing						contract or agreement		2021	2021-016) released on <i>Securities Times</i> , <i>Hong Kong Commercial Daily</i> and Juchao Website
Total				--	--	2,603.17	--	3,396	--	--	--	--	--
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

The Company had no non-operating contact of related credit and debt in reporting period.

5. Contact with the related finance companies

Applicable Not applicable

There are no deposits, loans, credits or other financial business between the Company, the related finance companies and related parties.

6. Transactions between the finance company controlled by the Company and related parties

Applicable Not applicable

There are no deposits, loans, credits or other financial business between the finance companies controlled by the Company and related parties

7. Other major related transactions

Applicable Not applicable

No other major related transaction in Period

XV. 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

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	Collateral (if any)	Counter guarantee (if	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)

							any)			
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	September 30, 2014	3,500	April 17, 2007	3,500	Pledge	To the expire date of joint venture contract	N	Y	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 to subsidiaries										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Guarantee of the subsidiaries to subsidiaries										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if any)	Counter guarantee (if any)	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						3,500

		(A2+B2+C2)	
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
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4+C4)			2.40%
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
For an unexpired guarantee contract, explanation on the guarantee liability has been incurred during the reporting period or there is evidence of the possibility of joint and several liability for payment (if applicable)			N/A
Explanations on external guarantee against regulated procedures (if applicable)			N/A

Explanation on guarantee with composite way

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 sources	Amount occurred	Outstanding balance	Overdue amount	Amount with impairment accrual for the overdue financial products which has not been recovered

Bank financing product	Own funds	155,000	41,100	0	0
Total		155,000	41,100	0	0

Details of the single major amount, or high-risk trust investment with low security, poor fluidity

Applicable Not applicable

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

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

The Company had no entrusted loans in the reporting period.

4. Other significant contracts

Applicable Not applicable

No other significant contracts for the Company in reporting period

XVI. Explanation on other significant events

Applicable Not applicable

The company had no other significant matters that needs description in the reporting period.

XVII. Significant event of subsidiary of the Company

Applicable Not applicable

Section VII. Changes in Shares and Particulars about Shareholder

I. Changes in Share Capital

1. Changes in Share Capital

In Share

	Before change		Increase/decrease in this time (+, -)					After change	
	Amount	Ratio	New shares issued	Bonus share	Capitalization of public reserve	Other	Subtotal	Amount	Ratio
I. Restricted shares	0	0.00%	0	0	0	0	0	0	0.00%
1. State holding	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned corporation shares	0	0.00%	0	0	0	0	0	0	0.00%
3. Other domestic shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: domestic legal person's shares	0	0.00%	0	0	0	0	0	0	0.00%
Domestic natural person's shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Foreigner's shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: foreign corporation shares	0	0.00%	0	0	0	0	0	0	0.00%
Foreign natural person's shares	0	0.00%	0	0	0	0	0	0	0.00%
II. Un-restricted shares	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 aboard	0	0.00%	0	0	0	0	0	0	0.00%
3. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	431,058,320	100.00%	0	0	0	0	0	431,058,320	100.00%

	20	%						
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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	46,064	Total common stock shareholders at end of last month before annual report disclosed	46,354	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	Nature of	Proport	Amount of	Changes	Amoun	Amount of	Shares pledged, marked or

Shareholders	shareholder	ion of shares held	shares held at the period-end	in report period	t of restricted shares held	un-restricted shares held	frozen	
							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	12.89%	55,544,437	-8,110,935	0	55,544,437		0
GUOTAIJUNA NSECURITIES(HONGKONG)LIMITED	Foreign corporation	0.43%	1,856,546	120,455	0	1,856,546		0
CCB-GF CSI All Index Auto index-based Originated Securities Investment Fund	Other	0.22%	948,018	5,780	0	948,018		0
Yang Jianfeng	Domestic nature person	0.20%	863,235	359,035	0	863,235		0
Shi Xiumin	Domestic nature person	0.18%	758,735	758,735	0	758,735		0
Xu Feirong	Domestic nature person	0.14%	591,578	591,578	0	591,578		0
Xiao Qiaoyue	Domestic nature person	0.13%	578,648	202,288	0	578,648		0
Shanghai Yingshui Investment Management Co., Ltd. - Yingshui	Other	0.13%	566,487	0	0	566,487		0

Dongfeng No.3-Private Equity Investment Fund								
Li Guoyong	Domestic nature person	0.13%	517,500	261,617	0	517,500		0
Strategy investors or general corporation comes top 10 shareholders due to rights issue (if applicable) (found in note 3)	N/A							
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							
Special note on the repurchase account among the top 10 shareholders (if applicable) (found in note 10)	N/A							
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)	55,544,437	RMB ordinary shares	55,544,437					
GUOTAIJUNANSECURITIES (HONGKONG)LIMITED	1,856,546	Domesticall y listed foreign shares	1,856,546					
CCB-GF CSI All Index Auto index-based Originated	948,018	RMB ordinary	948,018					

Securities Investment Fund		shares	
Yang Jianfeng	863,235	RMB ordinary shares	863,235
Shi Xiumin	758,735	RMB ordinary shares	758,735
Xu Feirong	591,578	RMB ordinary shares	591,578
Xiao Qiaoyue	578,648	RMB ordinary shares	578,648
Shanghai Yingshui Investment Management Co., Ltd. - Yingshui Dongfeng No.3-Private Equity Investment Fund	566,487	RMB ordinary shares	566,487
Li Guoyong	517,500	RMB ordinary shares	517,500
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) (found in note 4)	The shareholder Yang Jianfeng holds 657,935 shares of the company's stock through a credit transaction guarantee securities account, and 205,300 shares of the company's stock through an ordinary securities account, for a total of 863,235 shares. Shareholder Xu Feirong holds 576,478 shares of the company's stock through a credit transaction guarantee securities account, and 15,100 shares of the company's stock through an ordinary securities account, for a total of 591,578 shares. Shareholder Xiao Qiaoyue holds 449,648 shares of the company's stock through a credit transaction guarantee securities account, and 129,000 shares of the company's stock through an ordinary securities account, for a total of 578,648 shares. 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 through an ordinary securities account, for a total of 566,487 shares. The shareholder Li Guoyong holds 493,255 shares of the company's stock through a credit transaction guarantee securities account, and 24,245 shares of the company's stock through an ordinary securities account, for a total of 517,500 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	August 1, 1981	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: 1. SDG directly holds 37.07% (313,086,853 shares) of Shenzhen SDG Information Co., Ltd. (Stock abbreviation "SDGI", stock code 000070), and 1.17% (9,903,504 shares) held through Hanguo Sanhe Co., Ltd. 2. SDG holds 21.35% (18,381,073 shares) of Shenzhen Microgate Technology Co., Ltd. (Stock abbreviation "Microgate Technology", stock code 300319) through Shenzhen Capital Fortune Electronic Information Investment Enterprise (limited partnership); directly holds 8.36% (72,000,000 shares) of Microgate Technology. 3. SDG directly holds 47.78% (62,107,500 shares) of Shenzhen SDG Service Co., Ltd. (Stock abbreviation "SDG Service", stock code 300917), and holds 0.98% (1,267,500 shares) through SDG Investment. 4. SDG directly holds 0.77% (4,707,509 shares) of Sichuan Jinlu Group Co., Ltd. (Stock abbreviation "xjinlu", stock code 000510)			

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

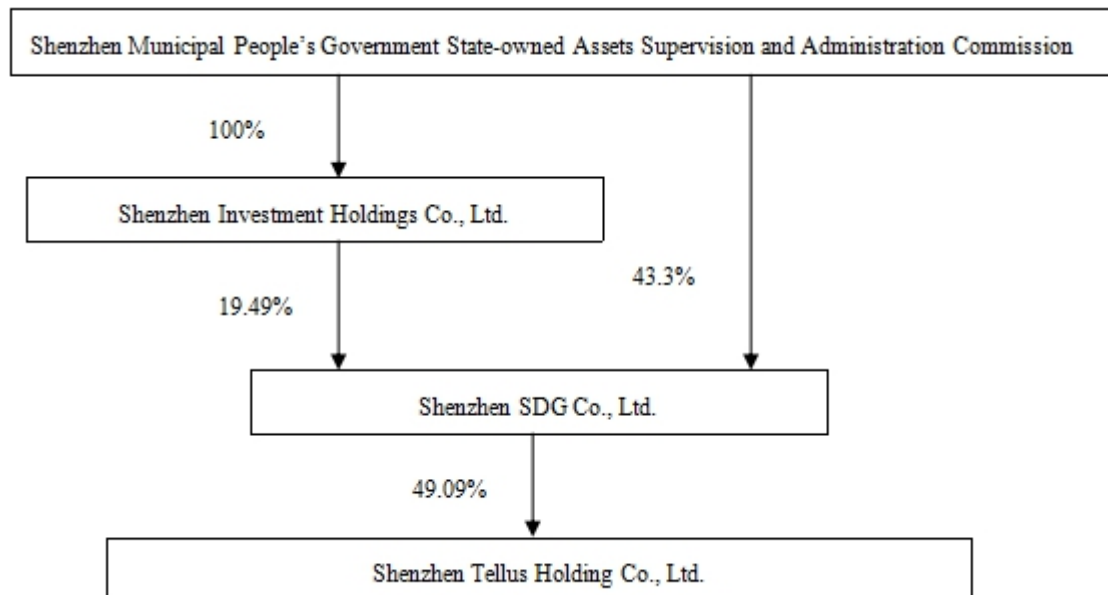
Actual controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission	Wang Yongjian	July 30, 2004	K3172806-7	Performs the duties of capital contributors on behalf of the State, and supervises and manages the state-owned assets authorized for supervision in accordance with the laws.
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. The total number of shares pledged by controlling shareholders or the first majority shareholder and its persons acting in concert accounts for 80% of the shares held by them

Applicable Not applicable

5. 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)	Zhao Hui	April 18, 2014	620 million Yuan	Equity investment

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

Applicable Not applicable

IV. The specific implementation of shares buy-back during the reporting period

Implementation progress of shares buy-back

Applicable Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

Applicable Not applicable

Section VIII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period.

Section IX. Bonds

Applicable Not applicable

Section X. Financial Report

I. Audit report

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	April 7, 2022
Name of audit institute	RSM Certified Public Accountants (Special General Partnership)
Number of Audit report	RSM Shen Zi[2022] No.518Z0182
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 Group), including the consolidated and parent Company's balance sheet of 31 December 2021 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 2021 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 26 in Note III and the 38 in Note V carried in financial statement

Operating revenue of Tellus Group is mainly derived from automobile sales, automotive repair & testing, jewellery sales & service, real estate leasing and services. In 2021, Tellus Group achieved operating revenue of 508,520,026.18 Yuan with 19.82% down from a year earlier.

Since the operating revenue is one of the key performance indicators of Tellus Group, there may be an inherent risk that the management of Tellus Group (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) Recognition of earnings on equity transfer

1. Matter description

Found more in the 16 in Note III and the 44 in Note V carried in financial statement

Tellus Group achieved an income from investment of 93,780,306.77 yuan for the year of 2021, mainly generated by the earnings from disposing the long-term equity investment. On August 26, 2021, the wholly-owned subsidiary of Tellus Group - Shenzhen Automotive Industry Trading Co., Ltd (hereinafter referred to as Auto Industry Trading Company) transferred the 25% equity of Shenzhen Dongfeng Motor Co., Ltd. (hereinafter

referred to as Dongfeng Company) by way of public listing on Shenzhen United Property and Equity Exchange. The equity transfer earnings are recognized as 66,171,136.41 yuan, accounting for 37.57% of the total profit for whole year of 2021.

As the above mentioned equity transfer has a significant impact on the operation performance of the Tellus Group for year of 2021, we considered that the recognition of earnings on equity transfer as a key audit matter.

2. Audit response

Relevant procedures implemented for the recognition of earnings on equity transfer mainly includes:

- (1) Understand, evaluate and testing the key internal controls with equity transfer concerned;
- (2) Obtain resolution of the Board Meetings with equity transfer transaction concerned, and evaluate whether the transaction has been authorized and approved in an appropriate way;
- (3) Evaluate the objectivity, independence and professional competence of the fair value (the basis for transaction pricing) appraisal institution through inquires;
- (4) Checking up on equity transfer agreement, certificate of the receipt of equity transfer payment, equity settlement documents and property transfer procedures, etc., and determining whether the timing of investment income from transfer of the equity of Shenzhen Dongfeng Company is reasonable;
- (5) Re-calculate the investment earnings resulting from equity transfer and reconciled with the management in calculation;
- (6) Reviewing whether the disclosure with equity transfer transaction concerned carry in financial statements are compliance with the requirements of Accounting Standards for Business Enterprises.

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 Group (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

Prepared by Shenzhen Tellus Holding Co., Ltd.

In RMB

Item	December 31, 2021	December 31, 2020
Current assets:		
Monetary funds	240,582,057.16	237,625,698.93
Settlement provisions		
Capital lent		
Trading financial assets	412,712,843.84	314,013,869.86
Derivative financial assets		
Note receivable		

Account receivable	18,094,059.92	19,828,510.36
Receivable financing		
Accounts paid in advance	16,532,227.85	9,847,749.74
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	5,072,970.77	29,269,790.83
Including: Interest receivable		
Dividend receivable	547,184.35	24,647,732.42
Buying back the sale of financial assets		
Inventories	25,434,925.04	22,079,679.93
Contractual assets		
Assets held for sale	530,520.33	
Non-current asset due within one year		
Other current assets	8,596,585.57	6,000,566.69
Total current assets	727,556,190.48	638,665,866.34
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment	88,310,867.47	123,640,955.57
Investment in other equity instrument	10,176,617.20	10,176,617.20
Other non-current financial assets		
Investment real estate	551,383,294.54	568,246,616.13
Fixed assets	109,438,198.23	119,136,917.91
Construction in progress	210,197,546.72	101,740,485.48
Productive biological asset		
Oil and gas asset		
Right-of-use assets	7,336,915.83	

Intangible assets	49,589,498.28	51,627,673.21
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	28,682,636.66	30,714,879.22
Deferred income tax asset	8,499,551.03	8,498,822.10
Other non-current asset	68,473,888.99	55,993,467.99
Total non-current asset	1,132,089,014.95	1,069,776,434.81
Total assets	1,859,645,205.43	1,708,442,301.15
Current liabilities:		
Short-term loans		
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable		
Account payable	67,407,763.03	76,583,166.53
Accounts received in advance	1,827,827.28	2,403,580.47
Contractual liability	21,059,311.18	18,988,628.13
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	38,893,597.75	28,365,685.21
Taxes payable	48,522,100.45	21,062,154.32
Other account payable	112,617,963.65	158,663,974.62
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	3,021,452.25	
Other current liabilities	2,367,994.70	2,237,573.19
Total current liabilities	295,718,010.29	308,304,762.47
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	86,875,874.39	11,171,759.33
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability	4,474,543.09	
Long-term account payable	3,920,160.36	3,920,160.36
Long-term wages payable		
Accrual liability	268,414.80	268,414.80
Deferred income	10,235,331.21	131,102.38
Deferred income tax liabilities	963,045.49	
Other non-current liabilities		
Total non-current liabilities	106,737,369.34	15,491,436.87
Total liabilities	402,455,379.63	323,796,199.34
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	26,546,480.09	23,848,485.62
Provision of general risk		
Retained profit	543,843,496.85	424,141,893.34
Total owner's equity attributable to parent company	1,432,924,273.45	1,310,524,675.47

Minority interests	24,265,552.35	74,121,426.34
Total owner' s equity	1,457,189,825.80	1,384,646,101.81
Total liabilities and owner' s equity	1,859,645,205.43	1,708,442,301.15

Legal Representative: Fu Chunlong

Person in charge of Accounting Works: Lou Hong

Person in charge of Accounting Institution: Lou Hong

2. Balance Sheet of Parent Company

In RMB

Item	December 31, 2021	December 31, 2020
Current assets:		
Monetary funds	96,860,811.12	71,772,303.28
Trading financial assets	346,485,780.83	118,484,941.09
Derivative financial assets		
Note receivable		
Account receivable	119,014.41	249,428.20
Receivable financing		
Accounts paid in advance	180,505.50	
Other account receivable	90,401,592.58	126,970,097.13
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		
Total current assets	534,047,704.44	317,476,769.70
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		

Long-term equity investments	781,100,340.20	876,760,784.88
Investment in other equity instrument	10,176,617.20	10,176,617.20
Other non-current financial assets		
Investment real estate	29,425,213.32	31,971,205.42
Fixed assets	17,792,917.53	19,082,604.22
Construction in progress	210,072,702.40	100,252,309.72
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	48,214,014.93	50,135,951.98
Research and development costs		
Goodwill		
Long-term deferred expenses	8,853,627.44	8,786,280.69
Deferred income tax assets	3,398,437.68	3,397,708.75
Other non-current assets	32,375,515.49	27,427,939.18
Total non-current assets	1,141,409,386.19	1,127,991,402.04
Total assets	1,675,457,090.63	1,445,468,171.74
Current liabilities:		
Short-term borrowings		
Trading financial liability		
Derivative financial liability		
Notes payable		
Account payable	344,098.18	267,841.07
Accounts received in advance	60,656.39	682,934.41
Contractual liability		
Wage payable	25,851,294.89	15,784,381.93
Taxes payable	1,873,430.60	1,123,476.72
Other accounts payable	471,549,476.87	345,894,297.23
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year		

Other current liabilities		
Total current liabilities	499,678,956.93	363,752,931.36
Non-current liabilities:		
Long-term loans	86,875,874.39	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	86,875,874.39	11,171,759.33
Total liabilities	586,554,831.32	374,924,690.69
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	26,546,480.09	23,848,485.62
Retained profit	203,041,327.99	187,380,544.20
Total owner's equity	1,088,902,259.31	1,070,543,481.05
Total liabilities and owner's equity	1,675,457,090.63	1,445,468,171.74

3. Consolidated Profit Statement

In RMB

Item	2021	2020
I. Total operating income	508,520,026.18	424,419,203.34
Including: Operating income	508,520,026.18	424,419,203.34
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	429,932,421.97	377,759,171.82
Including: Operating cost	352,929,715.81	319,261,201.59
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	6,944,096.18	4,104,477.41
Sales expense	27,178,175.03	17,715,132.43
Administrative expense	47,151,316.69	39,984,244.07
R&D expense		
Financial expense	-4,270,881.74	-3,305,883.68
Including: Interest expenses	2,253,915.94	1,042,694.54
Interest income	6,538,484.64	4,473,218.76
Add: Other income	2,970,055.35	1,566,918.68
Investment income (Loss is listed with “-”)	93,780,306.77	23,458,405.59
Including: Investment income on affiliated company and joint venture	17,874,805.32	14,962,411.52
The termination of income recognition for financial assets		

measured by amortized cost		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)	663,932.88	316,475.19
Loss of credit impairment (Loss is listed with “-”)	38,129.28	1,528,748.01
Losses of devaluation of asset (Loss is listed with “-”)	-812,607.69	-23,818.95
Income from assets disposal (Loss is listed with “-”)	158,228.49	
III. Operating profit (Loss is listed with “-”)	175,385,649.29	73,506,760.04
Add: Non-operating income	768,055.65	3,289,158.12
Less: Non-operating expense	37,503.15	92,751.70
IV. Total profit (Loss is listed with “-”)	176,116,201.79	76,703,166.46
Less: Income tax expense	44,063,670.71	16,397,936.55
V. Net profit (Net loss is listed with “-”)	132,052,531.08	60,305,229.91
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with ‘-’)	132,052,531.08	60,305,229.91
2.termination of net profit (net loss listed with ‘-’)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	131,020,764.38	57,663,828.89
2.Minority shareholders’ gains and losses	1,031,766.70	2,641,401.02
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	132,052,531.08	60,305,229.91
Total comprehensive income attributable to owners of parent Company	131,020,764.38	57,663,828.89
Total comprehensive income attributable to minority shareholders	1,031,766.70	2,641,401.02

VIII. Earnings per share:		
(i) Basic earnings per share	0.3040	0.1338
(ii) Diluted earnings per share	0.3040	0.1338

As for the enterprise combination under the same control, the net profit achieved by the combined party before consolidation was 0 Yuan in the period while 0 Yuan achieved last period

Legal Representative: Fu Chunlong

Person in charge of Accounting Works: Lou Hong

Person in charge of Accounting Institution: Lou Hong

4. Profit Statement of Parent Company

In RMB

Item	2021	2020
I. Operating income	50,382,988.38	37,241,063.15
Less: Operating cost	15,225,250.76	10,754,749.28
Taxes and surcharge	1,563,395.23	1,176,003.82
Sales expenses		
Administration expenses	37,305,543.73	27,966,422.98
R&D expenses		
Financial expenses	-2,644,425.65	-1,876,961.86
Including: Interest expenses		
Interest income	2,593,770.67	-1,876,961.86
Add: Other income	42,502.63	21,849.42
Investment income (Loss is listed with “-”)	28,187,188.70	33,827,292.08
Including: Investment income on affiliated Company and joint venture	18,339,555.32	22,156,744.28
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 “-”)	745,798.64	160,557.53
Loss of credit impairment (Loss is listed with “-”)	-2,107.49	639,993.94
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 “-”)	27,906,606.79	28,872,541.90
Add: Non-operating income	345,457.00	2,000.00
Less: Non-operating expense		18,810.00
III. Total Profit (Loss is listed with “-”)	28,252,063.79	28,855,731.90
Less: Income tax	1,272,119.13	445,762.97
IV. Net profit (Net loss is listed with “-”)	26,979,944.66	28,409,968.93
(i) continuous operating net profit (net loss listed with “-”)	26,979,944.66	28,409,968.93
(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	26,979,944.66	28,409,968.93
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	2021	2020
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	569,337,075.41	564,587,333.62
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		

Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received		
Other cash received concerning operating activities	23,982,581.39	16,119,424.38
Subtotal of cash inflow arising from operating activities	593,319,656.80	580,706,758.00
Cash paid for purchasing commodities and receiving labor service	353,121,840.30	316,124,308.90
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	59,390,161.24	55,902,432.37
Taxes paid	36,031,576.13	82,073,162.16
Other cash paid concerning operating activities	18,164,344.23	17,501,551.69
Subtotal of cash outflow arising from operating activities	466,707,921.90	471,601,455.12
Net cash flows arising from operating	126,611,734.90	109,105,302.88

activities		
II. Cash flows arising from investing activities:		
Cash received from recovering investment	1,539,526,090.00	1,372,569,181.67
Cash received from investment income	47,997,386.49	42,049,595.57
Net cash received from disposal of fixed, intangible and other long-term assets	495,926.60	922,066.49
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	1,931,753.79	50,069,962.11
Subtotal of cash inflow from investing activities	1,589,951,156.88	1,465,610,805.84
Cash paid for purchasing fixed, intangible and other long-term assets	138,364,122.34	172,620,388.10
Cash paid for investment	1,582,280,000.00	1,590,780,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	1,720,644,122.34	1,763,400,388.10
Net cash flows arising from investing activities	-130,692,965.46	-297,789,582.26
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		7,000,000.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		7,000,000.00
Cash received from loans	75,601,270.39	11,171,759.33
Other cash received concerning financing activities		24,800,000.00

Subtotal of cash inflow from financing activities	75,601,270.39	42,971,759.33
Cash paid for settling debts		
Cash paid for dividend and profit distributing or interest paying	12,289,486.85	21,825,829.24
Including: Dividend and profit of minority shareholder paid by subsidiaries	1,928,433.70	3,767,675.45
Other cash paid concerning financing activities	56,273,820.35	24,800,000.00
Subtotal of cash outflow from financing activities	68,563,307.20	46,625,829.24
Net cash flows arising from financing activities	7,037,963.19	-3,654,069.91
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	236,196.60	132,748.11
V. Net increase of cash and cash equivalents	3,192,929.23	-192,205,601.18
Add: Balance of cash and cash equivalents at the period -begin	208,462,656.63	400,668,257.81
VI. Balance of cash and cash equivalents at the period -end	211,655,585.86	208,462,656.63

6. Cash Flow Statement of Parent Company

In RMB

Item	2021	2020
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	52,499,175.63	40,034,070.19
Write-back of tax received		
Other cash received concerning operating activities	162,079,161.08	89,340,030.37
Subtotal of cash inflow arising from operating activities	214,578,336.71	129,374,100.56
Cash paid for purchasing		

commodities and receiving labor service		
Cash paid to/for staff and workers	27,385,052.19	25,364,055.45
Taxes paid	4,272,039.88	56,569,832.96
Other cash paid concerning operating activities	5,841,119.30	10,874,977.81
Subtotal of cash outflow arising from operating activities	37,498,211.37	92,808,866.22
Net cash flows arising from operating activities	177,080,125.34	36,565,234.34
II. Cash flows arising from investing activities:		
Cash received from recovering investment	748,000,000.00	522,000,000.00
Cash received from investment income	20,498,702.12	30,170,547.80
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units	103,777,307.13	
Other cash received concerning investing activities	910,112.34	
Subtotal of cash inflow from investing activities	873,186,121.59	552,170,547.80
Cash paid for purchasing fixed, intangible and other long-term assets	115,295,464.00	94,282,308.52
Cash paid for investment	975,000,000.00	618,747,000.00
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	1,090,295,464.00	713,029,308.52
Net cash flows arising from investing activities	-217,109,342.41	-160,858,760.72
III. Cash flows arising from financing activities:		

Cash received from absorbing investment		
Cash received from loans	75,601,270.39	11,171,759.33
Other cash received concerning financing activities		24,800,000.00
Subtotal of cash inflow from financing activities	75,601,270.39	35,971,759.33
Cash paid for settling debts		
Cash paid for dividend and profit distributing or interest paying	10,314,757.50	18,104,449.44
Other cash paid concerning financing activities		24,800,000.00
Subtotal of cash outflow from financing activities	10,314,757.50	42,904,449.44
Net cash flows arising from financing activities	65,286,512.89	-6,932,690.11
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	67,783.02	133,134.43
V. Net increase of cash and cash equivalents	25,325,078.84	-131,093,082.06
Add: Balance of cash and cash equivalents at the period -begin	42,609,260.98	173,702,343.04
VI. Balance of cash and cash equivalents at the period -end	67,934,339.82	42,609,260.98

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

This Period

In RMB

Item	2021													Minority interests	Total owners' equity
	Owners' equity attributable to the parent Company														
	Share capital	Other equity instrument			Capital reserve	Less : Inventor y shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal		
Preferred stock		Perpetual cap	Other												

		ck	ital sec urit ies				me								
I. The ending balance of the previous year	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
Add: Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. The beginning balance of the current year	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
III. Increase/Decrease in the period (Decrease is listed with "-")									2,697,994.47		119,701,603.51		122,399,597.98	-49,855,873.99	72,543,723.99
(i) Total comprehensive income											131,020,764.38		131,020,764.38	1,031,766.70	132,052,531.08
(ii) Owners' devoted and decreased capital														-50,000.00	-50,000.00
1.Common														-50,000.00	-50,000.00

shares invested by shareholders														000, 000. 00	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								2,69 7,99 4.47		-11, 319, 160. 87		-8,6 21,1 66.4 0		-1,9 28,4 33.7 0	-10, 549, 600. 10
1. Withdrawal of surplus reserves								2,69 7,99 4.47		-2,6 97,9 94.4 7					
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)										-8,6 21,1 66.4 0		-8,6 21,1 66.4 0		1,92 8,43 3.70	10,5 49,6 00.1 0
4. Other															
(iv) Carrying forward internal owners' equity															
1. Capital reserves conversed 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													1,040,793.01	1,040,793.01	
IV. Balance at the end of the period	431,058,320.00			431,449,554.51		26,422.00		26,546,480.09		543,843,496.85		1,432,924,273.45	24,265,552.35	1,457,189,825.80	

Last Period

In RMB

Item	2020														
	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. The ending balance of the previous year	431,058,320.00				431,449,554.51		26,422.00		21,007,488.73		387,423,510.78		1,270,965,296.02	68,247,700.77	1,339,212,996.79
Add: Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. The beginning balance of the current 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								2,840.99		36,718.3		39,559.3	5,873,725.		45,433,105

the period (Decrease is listed with “-”)								6.89		82.5 6		79.4 5	57	.02
(i) Total comprehensive income										57,6 63,8 28.8 9		57,6 63,8 28.8 9	2,641 ,401. 02	60,30 5,229 .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								2,84 0,99 6.89		-20, 945, 446. 33		-18, 104, 449. 44	-3,76 7,675 .45	-21,8 72,12 4.89
1. Withdrawal of surplus reserves								2,84 0,99 6.89		-2,8 40,9 96.8 9				
2. Withdrawal of general risk provisions														

3. Distribution for owners (or shareholders)											-18, 104, 449. 44		-18, 104, 449. 44	-3,76 7,675 .45	-21,8 72,12 4.89
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 comprehen sive 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 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

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

This Period

In RMB

Item	2021											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surpluses reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. The ending balance of the previous year	431,058,320.00				428,256,131.23				23,848,485.62	187,380,544.20		1,070,543,481.05
Add: Changes of accounting policy												
Error correction of the last period												
Other												

II. The beginning balance of the current year	431,058,320.00				428,256,131.23				23,848,485.62	187,380,544.20		1,070,543,481.05
III. Increase/Decrease in the period (Decrease is listed with “-”)									2,697,994.47	15,660,783.79		18,358,778.26
(i) Total comprehensive income										26,979,944.66		26,979,944.66
(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									2,697,994.47	-11,319,160.87		-8,621,166.40
1. Withdrawal of surplus reserves									2,697,994.47	-2,697,994.47		
2. Distribution										-8,621,166.40		-8,621,166.40

for owners (or shareholders)										1,166.40		66.40
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. Remediating 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 period	431,058,320.00				428,256,131.23				26,546,480.09	203,041,327.99		1,088,902,259.31
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Last period

In RMB

Item	2020											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. The ending balance of the previous year	431,058,320.00				428,256,131.23				21,007,488.73	179,916,021.60		1,060,237,961.56
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. The beginning balance of the current year	431,058,320.00				428,256,131.23				21,007,488.73	179,916,021.60		1,060,237,961.56
III. Increase/Decrease in the period (Decrease is listed with "-")									2,840,996.89	7,464,522.60		10,305,519.49
(i) Total comprehensive										28,409,968.93		28,409,968.93

e income												
(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								2,840,996.89	-20,945,446.33		-18,104,449.44	
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 period	431,058,320.00				428,256,131.23				23,848,485.62	187,380,544.20		1,070,543,481.05

Shenzhen Tellus Holding Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2021

(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. (hereinafter referred to as “the Company”) was developed from the Shenzhen Machinery Industry Co., Ltd, which was registered in Shenzhen Administration for Industry and Commerce on November 10, 1986. The company now holds a business license with a unified social credit code of 91440300192192210U, with a registered capital of CNY 431,058,320.00 and a total of 431,058,320.00 shares, including 392,778,320.00 shares A and 38,280,000.00 shares B.

In 1993, with the approval of the reply on the reorganization of Shenzhen Tellus Machinery Co., Ltd. into a public company limited by shares (Shen Fu Ban Fu [1992] No. 1850) issued by the General Office of Shenzhen Municipal People's Government and the reply on the issuance of shares by Shenzhen Tellus electromechanical Co., Ltd. (Shen Ren Yin Fu Zi [1993] No. 092) issued by the Shenzhen Special Economic Zone Branch of the people's Bank of China, the company issued shares for the first time and was reorganized into a public company limited by shares. At this moment, the whole share capital is 166.88 million shares, including the original 120.9 million shares with 45.98 million new shares. The new share is divided into two parts: A Share - 25.98 million shares, B Share - 20.00 million shares. The par value of the company's shares is CNY 1 per share. On June 21, 1993, the company's shares were listed and traded in Shenzhen Stock Exchange.

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. After that, the whole capital changed into CNY 200,256,000.00.

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 that, the Group' s share capital increased to CNY 220,281,600.00.

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 Special Economic Zone Development Group Co., Ltd., Ltd and Shenzhen Yuanzhifuhai jewelry industry investment enterprise (limited partnership). After that, the Company' s capital increased to CNY 297,281,600.00.

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

The main business activities of the company: automobile sales, automobile maintenance and testing, jewelry operation, 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 7, 2022.

1.2 Scope of Consolidation

(a) Incorporated subsidiaries of the Company

At 31 December 2021, 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	5.00	95.00
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	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. *)	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	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	
13	深圳珠宝产业服务有限公司 (Shenzhen Jewelry Industry Service Co. Ltd.*)	Shenzhen Jewelry	65.00	
14	上海泛粤钻石有限公司 (Shanghai fanyue diamond Co., Ltd. *)	Shanghai Fanyue		100.00

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 increased subsidiaries during the reporting period are as follows:

Sequence Number	Name of Subsidiaries	Abbreviation of Subsidiaries	Reporting Period	Reason of Incorporation
1	上海泛粤钻石有限公司 (Shanghai fanyue	Shanghai Fanyue	2021	Newly established

	diamond Co., Ltd. *)			
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he newly decreased subsidiaries during the reporting period are as follows:

Sequence Number	Name of Subsidiaries	Abbreviation of Subsidiaries	Reporting Period	Reason of Incorporation
1	四川特力珠宝科技有限公司 (Sichuan Tellus Jewelry Technology Co., Ltd. *)	Sichuan Jewelry	2021	Liquidation & Cancellation
2	安徽特力星光珠宝投资有限公司 (Anhui Tellus Seon Jewelry Investment Co., Ltd. *)	Tellus Seon	2021	Liquidation & Cancellation
3	安徽特力星光金尊珠宝有限公司 (Anhui Tellus Seon Jinzun Jewelry Co., Ltd*)	Tellus Seon Jinzun	2021	Liquidation & Cancellation

For the details 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 behavior 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 reorganization; 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 realize the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the Company 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 categorizes 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 realizable value is determined at the estimated selling price less the estimated costs of completion, the estimated selling expenses and relevant taxes. If the net realizable 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 realizable value, the materials are measured at net realizable 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

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

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 capitalization 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 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.

3.22 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
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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.

3.23 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

(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 recognizing deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognizing 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 utilized 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 realized, 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 realized 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

Effective at 1 January 2021

1) Identifying a lease

At inception of a contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company shall assess whether, throughout the period of use, the customer has the right to obtain substantially all of the economic benefits from use of the identified asset and to direct the use of the identified asset.

2) Identifying a separate lease component

When a contract includes more than one separate lease components, the Company shall separate components of the contract and account for each lease component separately. The right to use an underlying asset is a separate lease component if both conditions have been satisfied: (i) the lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee; (ii) the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

3) The Company as a lessee

At the commencement date, the Company identifies the lease that has a lease term of 12 months or less and does not contain a purchase option as a short-term lease. A lease qualifies as a lease of a low-value asset if the nature of the asset is such that, when new, the asset is typically of low value. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For short-term leases for which the underlying asset is of low value, the Company shall recognize the lease payments associated with those leases as cost of relevant asset or expenses in current profit or loss on a straight-line basis method over the lease term.

Except for the election of simple treatment as short-term lease or lease of a low-value asset as mentioned above, at the commencement date, the Company shall recognize a right-of-use asset and a lease liability.

3-1) Right-of-use asset

A right-of-use asset is an asset that represents a lessee's right to use an underlying asset for the lease term.

At the commencement date, the Company shall initially measure the right-of-use asset at cost. The cost of the right-of-use asset shall

comprise:

- ◇ The amount of the initial measurement of the lease liability.
- ◇ Any lease payments made at or before the commencement date, less any lease incentives received.
- ◇ Any initial direct costs incurred by the lessee.
- ◇ An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Company recognizes and measures the cost in accordance with the recognition criteria and measurement method for estimated liabilities, details please refer to Notes 3.25. Those costs incurred to produce inventories shall be included in the cost of inventories.

The right-of-use asset shall be depreciated according to the categories using straight - line method (or units of production method, double declining balance method and sum of the years digit method). If it is reasonably certain that the ownership of the underlying asset shall be transferred to the lessee by the end of the lease term, the depreciation rate shall be determined based on the classification of the right-of- use asset and estimated residual value rate from the commencement date to the end of the useful life of the underlying asset. Otherwise, the depreciation rate shall be determined based on the classification of the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

3-2) Lease liability

At the commencement date, the lease liability shall be measured at the present value of the lease payments that are not paid at that date. The lease payments included in the measurement of the lease liability comprise the following 5 items:

- ✓ Fixed payments and in-substance fixed payments, less any lease incentives receivable.
- ✓ Variable lease payments that depend on an index or a rate.
- ✓ The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- ✓ Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.
- ✓ Amounts expected to be payable by the lessee under residual value guarantees.

In order to calculate the present value of the lease payments, interest rate implicit in the lease shall be used as the discount rate. If that rate cannot be readily determined, the Company shall use the incremental borrowing rate. The difference between the lease payments and its present value shall be recognized as unrecognized financing charges, calculated bases on the discount rate of the present value of the lease payments in each period within the lease term and recorded as interest expense in current profit or loss. Variable lease payments not included in the measurement of lease liabilities shall be recognized in current profit or loss when incurred.

After the commencement date, the Company shall remeasure the lease liability based on the revised present value of the lease payments and adjust the carrying amount of the right-of-use asset if there is a change in the in-substance fixed payments, or change in the amounts expected to be payable under a residual value guarantee, or change in an index or a rate used to determine lease payments, or change in the assessment or exercising of an option to purchase the underlying asset, or an option to extend or terminate the lease.

4)The Company as a lessor

At the commencement date, the Company shall classify a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise it shall be classified as an operating lease.

4-1) Operating leases

The Company shall recognize lease payments from operating leases as income on a straight-line basis / units of production method (or other systematic and rational basis) over the term of the relevant lease and the initial direct costs incurred in obtaining an operating lease shall be capitalized and recognized as an expense over the lease term on the same basis as the lease income. The Company shall recognize the variable lease payments relating to the operating lease but not included in the measurement of the lease receivables into current profit or loss when incurred.

4-2) Finance leases

At the commencement date, the Company shall recognize the lease receivables at an amount equal to the net investment in the lease (the sum of the present value of the unguaranteed residual values and the lease payment that are not received at the commencement date discounted at the interest rate implicit in the lease) and derecognize the asset relating to the finance lease. The Company shall recognize interest income using the interest rate implicit in the lease over the lease term.

The Company shall recognize the variable lease payments relating to the finance lease but not included in the measurement of the net investment in the lease into current profit or loss when incurred.

5)Lease modifications

5-1) A lease modification accounted for as a separate lease

The Company shall account for a modification to a lease as a separate lease, if both:

- ✓ the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- ✓ the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope.

5-2) A lease modification not accounted for as a separate lease

A. The Company as a lessee

At the effective date of the lease modification, the Company shall redetermine the lease term of the modified lease and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

The Company shall account for the remeasurement of the lease liability by:

◇ Decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease or shorten the lease term. The Company shall recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

◇ Making a corresponding adjustment to the carrying amount of the right-of-use asset for all other lease modifications.

B. The Company as a lessor

The Company shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For a modification to a finance lease that is not accounted for as a separate lease, the Company shall account for the modification as follows:

✓ If the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Company shall account for the lease modification as a new lease from the effective date of the modification and measure the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification;

✓ If the lease would have been classified as a finance lease had the modification been in effect at the inception date, the Company shall account for the lease modification according to the requirements in the modification or renegotiation of the contract.

6) Sale and leaseback transaction

For the sale and leaseback transactions existing before the first execution date, the company will not reevaluate whether the asset transfer meets the provisions of Note3.26 on accounting treatment as sales on the first execution date.

6-1) For the sale and leaseback transactions that should be accounted for as sales and financial leases before the first execution date, the company, as the seller (lessee), will account for leaseback in the same way as other financial leases, and continue to amortize relevant deferred income or loss within the lease term.

6-2) For the sale and leaseback transactions that are accounted for as sales and operating leases before the first execution date, the company, as the seller (lessee), shall account for the leaseback in the same way as other operating leases, and adjust the right to use assets according to the relevant deferred income or loss recorded in the balance sheet before the first execution date.

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 7 December 2018, the Ministry of Finance released the “Accounting Standards for Business Enterprises No. 21 - Lease” (hereinafter referred as to the “new lease standard”). The Company applied the new lease standard for the annual reporting period beginning on 1 January 2021, and modified the accounting policies accordingly. For details, please refer to Note 3.29.

For a contract that has existed before the date of initially applying the new lease standard, the Company chooses not to re-assess whether this contract is or contains a lease.

For a contract signed or modified after the date of initially applying the new lease standard, the Company assesses whether this contract is or contains a lease in accordance the definition of lease in the new lease standard.

1) The Company as a lessee

The Company chooses to recognize the cumulative impact of initially applying this standard as an adjustment to the opening balance of retained earnings and other related accounts of the financial statements at the date of initial application (1 January 2021), not restating comparative information.

- For leases previously classified as finance leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application shall be the carrying amount of the lease

asset and finance lease payable immediately before that date measured applying previous standard.

- For leases previously classified as operating leases, the Company measured that lease liability at the present value of the remaining lease payments, discounted using the lessee’ s incremental borrowing rate at the date of initial application, and on a lease-by-lease basis, measures that right-of-use asset at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. [or: measures that right-of-use asset at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee’ s incremental borrowing rate at the date of initial application]
- The Company tests whether the right-of-use asset has been impaired and accounts for the impairment loss according to Note 3.21 at the date of initial application.

The Company accounts for the operating lease for which the underlying asset is of low value in a simplified method in which no right-of-use asset and lease liability need to be recognized. In addition, the Company uses one or more of the following practical expedients for leases previously classified as operating leases:

- Account for the leases for which the lease term ends within 12 months of the date of initial application in the same way as short-term leases.
- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics when measuring the lease liability.
- Exclude initial direct costs from the measurement of the right-of-use asset.
- Use hindsight in determining the lease term if the contract contains options to extend or terminate the lease.
- Rely on its assessment of whether leases are onerous applying “ Accounting Standards for Business Enterprises No 13-Contingencies” immediately before the date of initial application as an alternative to performing an impairment review, and adjust the right-of-use asset at the date of initial application by the amount of any provision for onerous leases recognized in the statement of financial position immediately before the date of initial application.
- Account for the lease based on the final contract term if the lease was modified before the date of initial application.

2)The Company as a lessor

The Company, as the intermediate lessor, reassesses subleases previously classified as operating leases and are ongoing at the date of initial application, to determine whether each sublease should be classified as an operating lease or a finance lease at the date of initial application on the basis of the remaining contractual terms and conditions of the head lease and sublease at that date. Except for the above-mentioned situation, the Company does not make any adjustments on transition for leases in which it is a lessor and accounts for those leases applying this Standard from the date of initial application.

3)Sale and leaseback transaction

For the sale and leaseback transactions existing before the first execution date, the company will not reevaluate whether the asset transfer meets the provisions of Note3.26 on accounting treatment as sales on the first execution date.

For the sale and leaseback transactions that should be accounted for as sales and financial leases before the first execution date, the company, as the seller (lessee), will account for leaseback in the same way as other financial leases, and continue to amortize relevant deferred income or loss within the lease term.

For the sale and leaseback transactions that are accounted for as sales and operating leases before the first execution date, the company, as the seller (lessee), shall account for the leaseback in the same way as other operating leases, and adjust the right to use assets according to the relevant deferred income or loss recorded in the balance sheet before the first execution date.

The cumulative impact of the above accounting policies is as follows:

Due to the implementation of the new leasing standards, the consolidated financial statements of the company are adjusted accordingly. On January 1, 2021, the right-of-use assets are CNY 9,894,351.89, the lease liabilities are CNY 7,285,946.35, and the non-current liabilities due within one year are CNY 2,608,405.54. Relevant adjustments have no impact on the shareholders' equity attributable to the parent company in the consolidated financial statements of the company. The financial statements of the parent company of the company need not be adjusted.

The above changes in accounting policies have been approved by the company at the 10th meeting of the ninth board of directors held on April 15, 2021.

(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 lease standards.**Consolidated Financial Statements**

Unit: Yuan Currency: CNY

Items	31 December 2020	1 January 2021	Adjustment
Right-of-use asset	not applicable	9,894,351.89	9,894,351.89
Non-current liabilities due within one year		2,608,405.54	2,608,405.54
Lease liabilities	not applicable	7,285,946.35	7,285,946.35

Description of adjustment of each item:

On January 1, 2021, for the operating lease before the first execution date, the company adopts the present value after discounting the incremental loan interest rate before the first execution date to measure the lease liability, with an amount of CNY 9,894,351.89, of which CNY 2,608,405.54 due within one year is reclassified to non-current liabilities due within one year. The company measures the right-of-use assets of CNY 9,894,351.89 according to the amount equal to the lease liability and the necessary adjustment according to the prepaid rent. There is no decrease in prepayments.

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	1.2%、12%

axes	Tax bases	Tax rates
	levied at the rate of 12% of rent revenue.	
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%
深圳市特力创盈科技有限公司 (Shenzhen Tellus Chuangying Technology 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 2021	31 Dec 2020
Cash on hand	36,941.24	20,542.55
Cash in bank	240,545,115.92	237,605,156.38
Total	240,582,057.16	237,625,698.93

(1) The bank deposit of CNY 26,926,471.30 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. The performance guarantee fund is 2,000,000.00 CNY. 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.

5.2 Held-for-trading financial assets

Items	31 Dec 2021	31 Dec 2020
Financial assets classified as at fair value through profit or loss	412,712,843.84	314,013,869.86
Including: Debt instrument investments	412,712,843.84	314,013,869.86
Total	412,712,843.84	314,013,869.86

The trading financial assets at the end of the period increased by 31.43% 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 2021	31 Dec 2020
Within 1 year	18,274,113.05	20,025,574.10
1-2 years		3,360.00
2-3 years	3,360.00	
Over 3 years	48,781,485.16	49,125,862.29
Subtotal	67,058,958.21	69,154,796.39
Less: provision for bad debts	48,964,898.29	49,326,286.03
Total	18,094,059.92	19,828,510.36

(2) Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	48,781,485.16	72.74	48,781,485.16	100.00	
Receivables with provision made on a collective basis	18,277,473.05	27.26	183,413.13	1.00	18,094,059.92
Total	67,058,958.21	100.00	48,964,898.29	73.02	18,094,059.92

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	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

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
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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 Engineering Co., Ltd.*)	2,021,657.70	2,021,657.70	100.00	Expected to be unrecoverable due to long ages
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	26,279,070.64	26,279,070.64	100.00	Expected to be unrecoverable due to long ages
Subtotal	48,781,485.16	48,781,485.16	100.00	

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

Ages	31 Dec 2021		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	18,274,113.05	182,741.13	1.00
1 - 2 years			
2 - 3years	3,360.00	672.00	20.00
Subtotal	18,277,473.05	183,413.13	1.00

(Continued)

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
2 - 3years			
Subtotal	20,028,934.10	200,423.74	1.00

The confirmation standard and description of provision for bad debts made on a collective basis, please refer to Note 3.10.

(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					344,377.13		48,781,485.16
Receivables with provision	200,423.74	-17,010.61						183,413.13

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversal	Written-off*	Others	
made on a collective basis								
Subtotal	49,326,286.03	-17,010.61				344,377.13		48,964,898.29

* Refer to the cancellation of subsidiaries in the current period and the written-off of the originally accrued bad debt provision.

(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	14.68	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	6.05	4,060,329.44
深圳市尚金缘珠宝实业有限公司 (Shenzhen shangjinyuan Jewelry Industry Co., Ltd.*)	2,981,007.49	4.45	29,810.07
王昌龙(Wang Changlong)	2,370,760.40	3.54	2,370,760.40
广东省物资集团 (Guangdong Materials Group)	2,021,657.70	3.01	2,021,657.70
Subtotal	21,280,362.03	31.73	18,329,164.61

5.4 Prepayments

(1) Details on ages

Ages	31 Dec 2021		31 Dec 2020	
	Book balance	% to total	Book balance	% to total
Within 1 year	16,519,701.91	99.92	9,834,423.80	99.86

Ages	31 Dec 2021		31 Dec 2020	
	Book balance	% to total	Book balance	% to total
1-2 years			800	0.01
2-3 years			632	0.01
Over 3 years	12,525.94	0.08	11,893.94	0.12
Total	16,532,227.85	100	9,847,749.74	100

The prepayment at the end of the period increased by 67.88% compared with the beginning of the period, mainly due to the increase of the company's prepayment for automobile purchase.

(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.*)	12,801,407.73	77.43
丰田汽车(中国)投资有限公司 (Toyota Motor (China) Investment Co., Ltd.*)	2,776,364.00	16.79
深圳三粤广告传媒有限公司 (Shenzhen Sanyue advertising media Co., Ltd*)	253,750.00	1.54
小鹏汽车销售有限公司 (Xiaopeng Automobile Sales Co., Ltd.*)	264,431.18	1.6
深圳市燃气集团股份有限公司 (Shenzhen Gas Corporation Ltd.*)	127,005.50	0.77
Subtotal	16,222,958.41	98.13

5.5 Other Receivables

(1) Details

Items	Closing balance	Opening balance
Interest receivable		
Dividend receivable	547,184.35	24,647,732.42

* The English names are for identification purpose only.

Items	Closing balance	Opening balance
Other receivables	4,525,786.42	4,622,058.41
Total	5,072,970.77	29,269,790.83

Other receivables at the end of the period decreased by 82.67% compared with the beginning of the period, mainly due to the recovery of dividends from the original associate Shenzhen Dongfeng Automobile Co., Ltd.

(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
Subtotal	547,184.35	24,647,732.42
Less: provision for bad debts		
Total	547,184.35	24,647,732.42

(b) Dividend receivable over 1 year

Items	Closing balance	Ages	Reasons	Notes
中国浦发机械工业股份有限公司 (China Perfect Machinery Industry Corp., Ltd.*)	547,184.35	2 - 3 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	1,585,442.66	1,800,294.61

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Ages	Closing Balance	Opening Balance
1 - 2 years	531,458.10	161,722.86
2 - 3 years	82,621.56	417,554.97
Over 3 years	54,068,194.72	54,005,535.26
Subtotal	56,267,717.04	56,385,107.70
Less: provision for bad debts	51,741,930.62	51,763,049.29
Total	4,525,786.42	4,622,058.41

(b) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Deposit as security	598,861.89	477,190.50
Reserve fund		13,822.20
Temporary advance payment receivable	55,668,855.15	55,894,095.00
Subtotal	56,267,717.04	56,385,107.70
Less: provision for bad debts	51,741,930.62	51,763,049.29
Total	4,525,786.42	4,622,058.41

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

A. As of 2021-12-31, provision for bad debts according to the model of phase**I/II/III:**

Phase	Closing balance	Provision for bad debts	Opening balance
I	2,199,522.32	58,951.65	2,140,570.67
II			
III	54,068,194.72	51,682,978.97	2,385,215.75
Total	56,267,717.04	51,741,930.62	4,525,786.42

As of 2021-12-31, provision for bad debts at phase I:

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts	Carrying Amount	Reasons for provision made

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	2,199,522.32	2.68	58,951.65	2,140,570.67	
1. Portfolio grouped with ages	1,629,772.93	2.17	35,331.04	1,594,441.89	no dramatic credit risk change after confirmed
2. Portfolio grouped with deposit as security	569,749.39	4.15	23,620.61	546,128.78	no dramatic credit risk change after confirmed
Total	2,199,522.32	2.68	58,951.65	2,140,570.67	

As of 2021-12-31, 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	49,297,763.20	100	49,297,763.20		credit risk change dramatically after confirmed
Receivables with provision made on a collective basis	4,770,431.52	50	2,385,215.77	2,385,215.75	
1. Portfolio grouped	4,741,319.02	50	2,370,659.52	2,370,659.50	credit risk change

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts	Carrying Amount	Reasons for provision made
with ages					dramatically after confirmed
2. Portfolio grouped with deposit as security	29,112.50	50	14,556.25	14,556.25	
Total	54,068,194.72	95.59	51,682,978.97	2,385,215.75	

B. 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
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. Portfolio grouped	1,931,494.44	5.44	105,119.32	1,826,375.12	no dramatic credit risk

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts	Carrying Amount	Reasons for provision made
with ages					change after confirmed
2.Portfolio grouped with deposit as security	448,078.00	1	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	49,301,363.12		credit risk change dramatically after confirmed
Receivables with provision made on an collective basis	4,704,172.14	50	2,352,086.07	2,352,086.07	
1. Portfolio grouped with ages	4,675,059.64	50	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	14,556.25	14,556.25	
Total	54,005,535.26	95.64	51,653,449.19	2,352,086.07	

As of 2021-12-31, 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	9,832,956.37	9,832,956.37	100

Debtors	Book balance	Provision for bad debts	Provision proportion (%)
(Zhongqi South China Automobile Sales Co., Ltd.*)			
南方工贸深圳实业公司 (Shenzhen Nanfang Industry and Trade Co., Ltd.*)	7,359,060.75	7,359,060.75	100
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
金贝丽家电公司 (Jinbeili Household Appliances Co., Ltd.*)	2,706,983.51	2,706,983.51	100
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
深圳石油化工(集团)股份有限公司 (Shenzhen Petrochemical (Group) Co., Ltd.*)	1,898,419.67	1,898,419.67	100
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
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
Others	17,845,896.21	17,845,896.21	100
Total	49,297,763.20	49,297,763.20	100

As of 2021-12-31, other receivables with provision made on an collective basis

Categories	Book Balance	Provision proportion (%)	Provision for bad debts
1.Portfolio grouped with ages	6,371,091.95	2,405,990.56	37.76
Including: Within 1 year	1,463,771.27	14,637.72	1
1 - 2 years	83,380.10	4,169.01	5
2 - 3 years	82,621.56	16,524.31	20
Over 3 years	4,741,319.02	2,370,659.52	50

* The English names are for identification purpose only.

Categories	Book Balance	Provision proportion (%)	Provision for bad debts
2.Portfolio grouped with deposit as security	598,861.89	38,176.86	6.37
Total	6,969,953.84	2,444,167.42	35.07

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

Categories	Book Balance	Provision proportion (%)	Provision for bad debts
1.Portfolio 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
1 - 2 years	161,722.86	8,086.15	5
2 - 3 years	417,554.97	83,511.00	20
Over 3 years	4,675,059.64	2,337,529.82	50
2.Portfolio grouped with deposit as security	477,190.50	19,037.00	3.99
Total	7,083,744.58	2,461,686.14	34.75

(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	109,600.10		51,653,449.19	51,763,049.29
Opening balance in current period				
--Transferred to phase II				
--Transferred to phase III				
--Reversed to phase II				
--Reversed to phase I				

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)	
Provision made in current period	-50,648.45		29,529.78	-21,118.67
Provision recovered in current period				
Provision reversed in current period				
Provision written-off in current period				
Other changes				
Closing balance	58,951.65		51,682,978.97	51,741,930.62

(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
中汽华南汽车销售公司 (Zhongqi South China Automobile Sales Co., Ltd. *)	Current account	9,832,956.37	Over 3 years	17.48	9,832,956.37
南方工贸深圳实业公司 (Shenzhen Nanfang Industry and Trade Co., Ltd. *)	Current account	7,359,060.75	Over 3 years	13.08	7,359,060.75
深圳中浩(集团)股份有限公司 (Shenzhen Zhonghao	Current account	5,000,000.00	Over 3 years	8.89	5,000,000.00

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
(Group) Co., Ltd. *)					
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	7.84	2,206,864.25
深圳市金贝丽电器有限公司 (Jinbeili Household Appliances Co., Ltd. *)	Current account	2,706,983.51	Over 3 years	4.81	2,706,983.51
Total		29,312,729.13		52.1	27,105,864.88

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	15,814,028.99	14,772,382.17	1,041,646.82	15,481,888.98	14,772,382.17	709,506.81
Goods on hand	39,261,052.16	14,867,773.94	24,393,278.22	35,515,473.74	14,145,300.62	21,370,173.12
Total	55,075,081.15	29,640,156.11	25,434,925.04	50,997,362.72	28,917,682.79	22,079,679.93

(2) Provision for inventory write-down

Items	Opening balance	Increase		Decrease		Closing balance
		Provision	Others	Reversal or written-off	Others	
Raw materials	14,772,382.17					14,772,382.17
Goods on hand	14,145,300.62	812,607.69			90,134.37	14,867,773.94

Items	Opening balance	Increase		Decrease		Closing balance
		Provision	Others	Reversal or written-off	Others	
Subtotal	28,917,682.79	812,607.69			90,134.37	29,640,156.11

5.7 Held-for-sale assets

Non-current assets or disposal group held for sale at the end of the period

Items	Book value (2021-12-31)	Fair value (2021-12-31)	Estimated disposal expenses	Estimated disposal time
深圳市汽车工业进出口有限公司 (Shenzhen automobile industry import and Export Co., Ltd.*)	530,520.33	530,520.33		
Total	530,520.33	530,520.33		

The company's subsidiary "Shenzhen automobile industry trade Co., Ltd." sold 35.75% of the equity of the joint-stock enterprise "Shenzhen automobile industry import and Export Co., Ltd." through public listing. On December 21, 2021, the company signed the enterprise state-owned property right transfer contract with the listed transferee to transfer 35.75% of the equity of "Shenzhen automobile industry import and Export Co., Ltd." with CNY 9.3346 million. On January 7, 2022, the subsidiary received a total equity transfer payment of CNY 9.3346 million.

According to the CAS No. 42 - Non-current assets held for sale, disposal group and discontinued operations, the company classified the balance of CNY 530,500.00 of long-term equity investment in Shenzhen automobile industry import and Export Co., Ltd. as held for sale assets as of December 31, 2021, and will not be accounted with the equity method after December 31, 2021.

5.8 Other Current Assets

Items	Closing balance	Opening balance
Input VAT to be credited	8,596,585.57	6,000,566.69
Total	8,596,585.57	6,000,566.69

5.9 Long-term receivables

(1) Details of long-term receivables

Items	31 Dec 2021			31 Dec 2020			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, 2021, 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	
Total	2,179,203.68	2,179,203.68	

As of December 31, 2021, 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	2,179,203.68		Risk increased after originally recognized
Total	2,179,203.68	100	2,179,203.68		

(b) As of December 31, 2020, 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 1			
Stage 2			
Stage 3	2,179,203.68	2,179,203.68	
Total	2,179,203.68	2,179,203.68	

On 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	2,179,203.68	100	2,179,203.68		Risk increased after originally

Category	Book balance	Provision rate (%)	Provision for bad debts	Carrying accounts	Reason
debts by single item					recognized
Total	2,179,203.68	100	2,179,203.68		

5.10. Long-term equity investments

(1) 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.*)	37,666,741.13			9,823,999.65	
深圳市特力行投资有限公司 (Shenzhen Tellus Xing Investment Co., Ltd.)*[Note5]	12,697,424.88			754,797.47	
Subtotal	50,364,166.01			10,578,797.12	
Associates					
深圳市仁孚特力汽车服务有 限公司 (Shenzhen Renfu Tellus Automobiles Service Co., Ltd.)*	33,607,146.14			7,760,758.20	
深圳市汽车工业进出口有限 公司 (Shenzhen Automobile Industry Import and Export Co., Ltd.)*[Note6]	995,270.33			-464,750.00	
深圳东风汽车有限公司 (Shenzhen Dongfeng	38,674,373.09		38,674,373.09		

* The English names are for identification purpose only.

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Automobile Co., Ltd. *][Note4]					
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.*)					
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 4]					
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]					

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
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 Trading Co., Ltd. *) [Note 1]					
深圳通用标准件有限公司 (Shenzhen General Standard Parts Co., Ltd.*) [Note 1]					
深圳中汽华南汽车销售公司 (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	73,276,789.56		38,674,373.09	7,296,008.20	
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					

* The English names are for identification purpose only.

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Repairing Center*) [Note 2]					
Subtotal					
Total	123,640,955.57		38,674,373.09	17,874,805.32	

(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						
深圳特力吉盟投资有限公司 (Shenzhen Tellus Jimeng Investment Co., Ltd. *)					47,490,740.78	
深圳市特力行投资有限公司 (Shenzhen Tellus Xing Investment Co., Ltd. *) [Note5]					13,452,222.35	
Subtotal					60,942,963.13	
Associates						
深圳市仁孚特力汽车服务有限公司 (Shenzhen Renfu Tellus Automobiles Service Co., Ltd. *)		14,000,000.00			27,367,904.34	
深圳市汽车工业进出口有限公司 (Shenzhen Automobile Industry Import and Export Co., Ltd. *) [Note6]				530,520.33		
深圳东风汽车有限公司						

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 Dongfeng Automobile Co., Ltd. *) [Note 4]						
深圳市新永通油泵环保有限公司 (Shenzhen Xinyongtong Oil Pump and Environmental Protection Co., Ltd. *)						127,836.59
深圳市新永通咨询有限公司 (Shenzhen Xinyongtong Consulting Co., Ltd. *)						41,556.83
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 4]						
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]						1,810,540.70

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		
深圳捷成电子有限公司 (Shenzhen Jiecheng Electronic Co., Ltd.*) [Note 1]						3,225,000.00
深圳先导新材料有限公司 (Shenzhen Xiandao New Materials Co., Ltd.*) [Note 1]						4,751,621.62
中国汽车工业深圳贸易公司 (China Automobile Shenzhen Trading Co., Ltd. *) [Note 1]						400,000.00
深圳通用标准件有限公司 (Shenzhen General Standard Parts Co., Ltd.*) [Note 1]						500,000.00
深圳中汽华南汽车销售公司 (Zhongqi South China Automobile Sales Co., Ltd. *) [Note 1]						2,250,000.00
深圳百力源电源有限公司 (Shenzhen Bailiyuan Power Co., Ltd.*) [Note 1]						1,320,000.00
深圳市益民汽车贸易公司 (Shenzhen Yimin Automobile Trading Co., Ltd.*) [Note 1]						200,001.10

* The English names are for identification purpose only.

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		
深圳火炬火花塞工业公司 (Shenzhen Torch Spark Plug Industrial Co., Ltd.*)						17,849.20
Subtotal		14,000,000.00		530,520.33	27,367,904.34	14,644,406.04
深圳汉力高技术陶瓷有限公司 (Shenzhen Haneco Technologies Ceramics Co., Ltd.*) [Note 2]						1,956,000.00
深圳市南方汽车维修中心 (Nanfang Automobile Repairing Center*) [Note 2]						6,700,000.00
Subtotal						8,656,000.00
Total		14,000,000.00		530,520.33	88,310,867.47	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.

Note6: According to the CAS No. 42 - Non-current assets held for sale, disposal group and discontinued operations, the company classified the balance of CNY 530,520.33 of long-term equity investment in Shenzhen automobile industry import and Export Co., Ltd. as held for sale assets as of December 31, 2021, and will not be accounted with the equity method after December 31, 2021.

5.11 Other equity instrument investments

(1) Details of other equity instrument investments

Items	31 Dec 2021	31 Dec 2020
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	

5.12 Investment property

(1) Investment real estate with cost measurement model

Items	Buildings and structures	Land use right	Total
Cost			
Opening balance	639,235,625.45	49,079,520.00	688,315,145.45
Increase	9,481,050.45		9,481,050.45
1) Acquisition	8,312,377.03		8,312,377.03

Items	Buildings and structures	Land use right	Total
2) Others	1,168,673.42		1,168,673.42
Decrease	2,719,453.24		2,719,453.24
1) Disposal			
2) Others	2,719,453.24		2,719,453.24
Closing balance	645,997,222.66	49,079,520.00	695,076,742.66
Accumulated depreciation and amortization			
Opening balance	117,837,641.96	2,230,887.36	120,068,529.32
Increase	22,509,475.12	1,115,443.68	23,624,918.80
1) Accrual	18,688,549.50	1,115,443.68	19,803,993.18
2) Transfer in from fixed assets	3,820,925.62		3,820,925.62
Decrease			
1) Transfer out to fixed assets			
Closing balance	140,347,117.08	3,346,331.04	143,693,448.12
Provision for impairment			
Carrying amount			
Closing balance	505,650,105.58	45,733,188.96	551,383,294.54
Opening balance	521,397,983.49	46,848,632.64	568,246,616.13

(2) Investment property with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
中核办公楼 (Zhonghe office building)	4,414,645.05	Due to historical reasons, certificate of titles has not been applied for.
笋岗 12 栋 (Building 12, Sungang)	12,588.53	Due to historical reasons, certificate of titles has not been applied for.
笋岗 12 栋 商铺 (Building 12 stores, Sungang)	38,916.87	Due to historical reasons, certificate of titles has not been applied for.
Subtotal	4,466,150.45	

5.13 Fixed assets

(1) Details by category

Items	31 Dec 2021	31 Dec 2020
Fixed assets	109,438,198.23	119,136,917.91
Liquidation of fixed assets		
Total	109,438,198.23	119,136,917.91

(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	281,403,065.30	22,284,034.71	5,177,216.34	10,901,047.18	6,719,081.84	326,484,445.37
Increase	1,765,488.74	39,012.22	1,339,701.70	1,512,011.35	1,175,130.83	5,831,344.84
1) Acquisition	1,765,488.74	39,012.22	1,339,701.70	1,512,011.35	1,175,130.83	5,831,344.84
Decrease	8,312,377.03	96,814.64	680,995.39	68,253.17	43,258.38	9,201,698.61
1) Disposal/scrap		96,814.64	680,995.39	68,253.17	43,258.38	889,321.58
2) Transfer out to investment property	8,312,377.03					8,312,377.03
Closing balance	274,856,177.01	22,226,232.29	5,835,922.65	12,344,805.36	7,850,954.29	323,114,091.60
Accumulated depreciation						
Opening 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
Increase	7,365,391.84	1,245,912.67	502,073.76	863,489.16	708,998.79	10,685,866.22
1) Accrual	7,365,391.84	1,245,912.67	502,073.76	863,489.16	708,998.79	10,685,866.22
Decrease	3,820,925.62	87,133.17	372,979.05	38,164.44	38,298.03	4,357,500.31
1) Disposal/scrap		87,133.17	372,979.05	38,164.44	38,298.03	536,574.69
2) Transfer out to investment property	3,820,925.62					3,820,925.62
Closing balance	184,795,722.04	9,720,537.85	3,555,622.71	8,426,565.35	2,931,992.36	209,430,440.31

Items	Buildings and structures	General equipment	Transport facilities	Electronic equipment	Office and other equipment	Total
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						
Decrease						
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	86,223,686.54	12,186,019.33	2,274,134.94	3,900,255.30	4,854,102.12	109,438,198.23
Opening 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

(b) Fixed assets rented-out under operating leases

Items	Carrying amount
Buildings and structures	64,952,150.09
Subtotal	64,952,150.09

(c) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Yongtong Building	28,158,013.51	Due to historical reasons, certificate of titles has not been applied for.
Automobile Building	14,626,048.69	Due to historical reasons, certificate of titles has not been applied for.
Tellus Building underground parking lot	8,477,976.20	Unable to apply for certificate of titles for parking lot
Third - Fifth floor of Plant 1, Plant 2, and Plant 3 on Taoyuan Road	3,265,867.51	Due to historical reasons, certificate of titles has not been applied for.
Tellus Building transfer story	1,426,541.48	Unable to apply for certificate of titles
Building 16 of Taohua Yuan	1,252,104.42	Due to historical reasons, certificate of titles has not been applied for.

Items	Carrying amount	Reasons for unsettlement
Shuibei Zhongtian Complex Building	799,280.82	Due to historical reasons, certificate of titles has not been applied for.
First floor of commercial and residential building in Bao' an	817,289.73	Due to historical reasons, certificate of titles has not been applied for.
Warehouse	795,291.01	Due to historical reasons, certificate of titles has not been applied for.
Warehouse of trade department	63,803.65	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	59,698,206.22	

5.14 Construction in progress

(1) Details by category

Projects	31 Dec 2021	31 Dec 2020
Construction in progress	210,197,546.72	101,740,485.48
Engineer materials		
Total	210,197,546.72	101,740,485.48

The construction in progress at the end of the period increased by 106.60% 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 2021			31 Dec 2020		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
特力金钻交易大厦(Teli)	210,072,702.40		210,072,702.40	100,252,309.72		100,252,309.72

Projects	31 Dec 2021			31 Dec 2020		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Diamond Trading Building)						
05 地块(Plot 05)				1,391,331.44		1,391,331.44
其他工程 (Other construction)	124,844.32			96,844.32		96,844.32
Total	210,197,546.72		210,197,546.72	101,740,485.48		101,740,485.48

(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	100,252,309.72	109,820,392.68			210,072,702.40
Total		100,252,309.72	109,820,392.68			210,072,702.40

(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)	40.75	40.75	1,855,456.85	1,855,456.85	4.20%	Self-owned fund / Bank loan
Total			1,855,456.85	1,855,456.85		

5.15 Right of use Assets

Projects	Buildings and structures	Total
1. Cost		

Projects	Buildings and structures	Total
Opening balance (2020-12-31)	—	—
Changes in accounting policies	9,894,351.89	9,894,351.89
Opening balance (2021-01-01)	9,894,351.89	9,894,351.89
Increase	418,841.07	418,841.07
Decrease		
Closing balance (2021-12-31)	10,313,192.96	10,313,192.96
2. Accumulated depreciation		
Opening balance (2020-12-31)	—	—
Changes in accounting policies		
Opening balance (2021-01-01)		
Increase	2,976,277.13	2,976,277.13
Decrease		
Closing balance (2021-12-31)	2,976,277.13	2,976,277.13
3. Provision for impairment		
4. Carrying amount		
Closing balance (2021-12-31)	7,336,915.83	7,336,915.83
Opening balance (2021-01-01)	9,894,351.89	9,894,351.89

The depreciation amount of the right of use assets in 2021 is CNY 2,976,277.13, of which the depreciation expense included in the operating cost is CNY 2,976,277.13.

5.16 Intangible assets

(1) Details on intangible assets

Items	Land use right	Trademarks	Software	Total
Cost				
Opening balance	50,661,450.00	128,500.00	4,157,254.20	54,947,204.20
Increase			1,313,119.46	1,313,119.46
1) Acquisition			1,313,119.46	1,313,119.46
Decrease				

Items	Land use right	Trademarks	Software	Total
1) Disposal				
Closing balance	50,661,450.00	128,500.00	5,470,373.66	56,260,323.66
Accumulated amortization				
Opening balance	1,790,459.00	94,972.64	1,434,099.35	3,319,530.99
Increase	1,077,443.16	4,069.92	2,269,781.31	3,351,294.39
1) Accrual	1,077,443.16	4,069.92	2,269,781.31	3,351,294.39
Decrease				
1) Disposal				
Closing balance	2,867,902.16	99,042.56	3,703,880.66	6,670,825.38
Provision for impairment				
Carrying amount				
Closing balance	47,793,547.84	29,457.44	1,766,493.00	49,589,498.28
Opening balance	48,870,991.00	33,527.36	2,723,154.85	51,627,673.21

(2) As of December 31, 2021, the land use right with book value of CNY 47,793,547.84 of the company has been mortgaged to Bank of China as the mortgage of bank loan.

5.17 Deferred charges

Items	Opening balance	Increase	Amortization	Other decreases	Closing balance
Decoration costs	30,714,879.22	5,291,471.73	7,323,714.29		28,682,636.66
Total	30,714,879.22	5,291,471.73	7,323,714.29		28,682,636.66

5.18 Deferred tax assets、Deferred Tax Liabilities

(1) Deferred tax assets before offset

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax asset
Provision for credit	33,998,204.09	8,499,551.03	33,995,288.38	8,498,822.10

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax asset
impairment				
Total	33,998,204.09	8,499,551.03	33,995,288.38	8,498,822.10

(2) Deferred tax liabilities before offset

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Taxable temporary difference	3,852,181.96	963,045.49		
Total	3,852,181.96	963,045.49		

(3) Details of unrecognized deferred tax assets

Items	Closing balance	Opening balance
Deductible temporary difference	126,073,843.71	126,380,054.13
Deductible losses	19,228,072.00	27,588,656.95
Subtotal	145,301,915.71	153,968,711.08

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

Maturity years	Closing balance	Opening balance	Remarks
Year 2021		513,356.86	
Year 2022	330,146.48	4,702,701.91	
Year 2023	401,294.00	5,238,151.51	
Year 2024	497,832.28	7,380,279.17	
Year 2025	9,182,475.07	9,754,167.50	
Year 2026	8,816,324.17		
Subtotal	19,228,072.00	27,588,656.95	

5.19 Other non-current assets

Items	31 Dec 2021	31 Dec 2020
Prepayment for engineering equipment	56,169,049.73	49,478,268.29
VAT input tax to be certified	12,204,839.26	6,415,199.70
Others	100,000.00	100,000.00
Total	68,473,888.99	55,993,467.99

5.20 Accounts payable

(1) Details by nature

Items	Closing balance	Opening balance
Payment for goods and services	4,068,460.06	5,130,983.91
Payment for engineering equipment	63,339,302.97	71,452,182.62
Total	67,407,763.03	76,583,166.53

(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 (Shenzhen Yinglong Jian' an (Group) Co., Ltd.*)	29,695,887.90	The project has not 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.*)	3,555,095.22	The project has not been settled.
深圳市萃禄珠宝首饰有限公司 (Shenzhen Cuilu Jewelry Co., Ltd*)	1,120,000.00	No repayment.
Subtotal	40,425,838.58	

5.21 Advance from customers

Items	Closing balance	Opening balance
Rental	1,827,827.28	2,403,580.47

* The English names are for identification purpose only.

Items	Closing balance	Opening balance
Total	1,827,827.28	2,403,580.47

5.22 Contract Liability

Items	Closing balance	Opening balance
Item received in advance for goods	17,959,187.61	17,833,476.50
Item received in advance for services	3,100,123.57	1,155,151.63
Total	21,059,311.18	18,988,628.13

5.23 Employee benefits payable

(1) Employee benefits payable

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	28,365,685.21	69,844,794.94	59,316,882.40	38,893,597.75
Post-employment benefits - defined contribution plan		5,114,809.95	5,114,809.95	
Termination benefits		510,403.00	510,403.00	
Total	28,365,685.21	75,470,007.89	64,942,095.35	38,893,597.75

(2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	28,150,871.60	61,084,459.02	50,950,437.39	38,284,893.23
Employee welfare fund		1,499,435.97	1,089,191.72	410,244.25
Social insurance premium		2,106,635.45	2,106,635.45	
Including: Medicare premium		1,900,062.29	1,900,062.29	
Occupational injuries premium		35,739.44	35,739.44	
Maternity premium		166,333.56	166,333.56	
Other premium		4,500.16	4,500.16	

Items	Opening balance	Increase	Decrease	Closing balance
Housing provident fund		3,634,324.48	3,634,324.48	
Trade union fund and employee education fund	214,813.61	1,268,308.65	1,284,661.99	198,460.27
Non-monetary benefits		251,631.37	251,631.37	
Subtotal	28,365,685.21	69,844,794.94	59,316,882.40	38,893,597.75

(3) Details of defined contribution plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium		5,062,605.14	5,062,605.14	
Unemployment insurance premium		52,204.81	52,204.81	
Subtotal		5,114,809.95	5,114,809.95	

(4) Termination benefits

Items	Opening balance	Increase	Decrease	Closing balance
Termination benefits		510,403.00	510,403.00	
Subtotal		510,403.00	510,403.00	

The payroll payable at the end of the period increased by 37.11% compared with that at the beginning of the period, mainly due to the increase of accrued bonus.

5.24 Taxes and fees payable

Items	Closing balance	Opening balance
VAT	808,520.40	1,003,221.74
Excise tax	7,964.60	
Urban maintenance and construction tax	105,706.61	79,176.17
Education surcharge	47,558.24	43,391.83
Local education surcharge	31,705.50	28,927.88
Enterprise income tax	41,276,334.18	13,891,223.58
Individual income tax withheld for tax authorities	512,260.46	281,053.06

Items	Closing balance	Opening balance
Land appreciation tax	5,362,682.64	5,362,682.64
Land use tax	26,459.98	26,459.98
Others	342,907.84	346,017.44
Total	48,522,100.45	21,062,154.32

5.25 Other payables

(1) Details

Items	Closing balance	Opening balance
Interest payable		
Dividend payable		46,295.65
Other payable	112,617,963.65	158,617,678.97
Total	112,617,963.65	158,663,974.62

(3) Other payables

(a) Other payables listed by nature

Items	31 Dec 2021	31 Dec 2020
Deposit as security	41,657,964.73	37,603,031.07
Current accounts between related parties	24,146,524.51	76,457,197.82
Accruals	15,417,939.62	15,300,654.81
Temporary receipts payable	31,395,534.79	29,256,795.27
Total	112,617,963.65	158,617,678.97

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

Items	31 Dec 2021	Reasons for non repayment or carry forward
深圳市特发集团有限公司(Shenzhen SDG Group Co., Ltd.*)	17,383,655.94	No repayment from related company
香港裕嘉投资有限公司(Hong Kong Yujia Investment Co., Ltd. *)	1,961,673.06	No repayment from related company
Total	19,345,329.00	

5.26 Non-current liabilities due within one year

Items	31 Dec 2021	31 Dec 2020
Lease liabilities due within one year	3,021,452.25	
Total	3,021,452.25	

5.27 Other Current Liability

Items	31 Dec 2021	31 Dec 2020
Output VAT on pending	2,367,994.70	2,237,573.19
Total	2,367,994.70	2,237,573.19

5.28 Long-term borrowings

(1) Categories on long-term borrowings

Items	Closing balance	Opening balance	Interest rate range (2021)
Mortgaged borrowings	86,875,874.39	11,171,759.33	4.20%
Subtotal	86,875,874.39	11,171,759.33	4.20%
Less: Long-term borrowings due within 1 year			
Total	86,875,874.39	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.

5.29 Lease liabilities

Items	Closing balance	Opening balance
Lease payments	7,976,926.21	
Less: Unrecognized financing expenses	480,930.87	11,311.96
Subtotal	7,495,995.34	
Less: Lease liabilities due within one year	3,021,452.25	

Items	Closing balance	Opening balance
Total	4,474,543.09	

5.30 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

5.31 Accrued liabilities

Items	31 Dec 2021	31 Dec 2020	Reasons for balance
Pending lawsuit	268,414.80	268,414.80	
Total	268,414.80	268,414.80	

5.32 Deferred income

(1) Deferred income

Items	31 Dec 2020	Increase	Decrease	31 Dec 2021	Reasons for balance
Government grants	131,102.38	12,090,000.00	1,985,771.17	10,235,331.21	Government grants related to assets
Total	131,102.38	12,090,000.00	1,985,771.17	10,235,331.21	

(2) Details of government grants

Items	31 Dec 2020	Increase	Grants included into profit or loss/offsetting relevant cost	31 Dec 2021	Related to assets/income
Subsidy from Futian District Old Elevator Renovation Working Group for elevator renewal	131,102.38		19,914.29	111,188.09	Related to assets

Items	31 Dec 2020	Increase	Grants included into profit or loss/offsetting relevant cost	31 Dec 2021	Related to assets/income
Luohu District 2021 special fund for industrial transformation and upgrading - Industrial Service Platform Project		5,000,000.00	1,488,178.80	3,511,821.20	Related to assets/income
Special fund for industrial transformation and upgrading of Luohu District in 2021 - support subsidy for Environmental Protection Buildings		2,500,000.00	135,869.55	2,364,130.45	Related to assets
Subsidy income of consumption promotion support projects of Shenzhen Municipal Bureau of Commerce in 2020		4,590,000.00	341,808.53	4,248,191.47	Related to assets
Subtotal	131,102.38	12,090,000.00	1,985,771.17	10,235,331.21	

The deferred income of the current period increased by 7707.13%, which is due to the increase of government subsidy funds received by the company.

5.33 Share capital

Items	Opening balance	Movements	Closing Balance
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		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	
Total shares	431,058,320.00						431,058,320.00

5.34 Capital reserves

Items	31 Dec 2020	Increase	Decrease	31 Dec 2021
Capital premium (Share premium)	425,768,053.35			425,768,053.35
Other capital reserve	5,681,501.16			5,681,501.16
Total	431,449,554.51			431,449,554.51

5.35 Other comprehensive income

Items	Opening balance	Current period cumulative						Closing balance
		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	Attributabl e to parent company	Attributabl e to non-control ling shareholder s	
OCI that cannot be reclassified into profit or loss								
OCI 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	

5.36 Surplus reserve

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	23,848,485.62	2,697,994.47		26,546,480.09
Total	23,848,485.62	2,697,994.47		26,546,480.09

The increase of surplus reserve in the current period is that the company withdraws the statutory surplus reserve at 10% of the current net profit in accordance with the relevant provisions of the Company Law and the articles of association.

5.37 Retained earnings

Items	Current period cumulative	Preceding period comparative
Balance before adjustment at the end of preceding period	424,141,893.34	387,423,510.78
Add: Increase due to adjustment (or less: decrease)		
Opening balance after adjustment	424,141,893.34	387,423,510.78
Add: Net profit attributable to owners of the parent company	131,020,764.38	57,663,828.89
Less: Appropriation of statutory surplus reserve	2,697,994.47	2,840,996.89
Ordinary share dividend payable	8,621,166.40	18,104,449.44
Closing balance	543,843,496.85	424,141,893.34

5.38 Operating revenue/Operating cost

Items	2021		2020	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	498,882,949.81	350,429,078.94	416,306,597.14	316,547,493.71
Other activities	9,637,076.37	2,500,636.87	8,112,606.20	2,713,707.88
Total	508,520,026.18	352,929,715.81	424,419,203.34	319,261,201.59

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

Industry (business)	2021		2020	
	Revenue	Costs of sales	Revenue	Costs of sales

Industry (business)	2021		2020	
	Revenue	Costs of sales	Revenue	Costs of sales
Auto Sales	194,373,092.47	184,509,794.34	204,928,883.35	191,680,818.07
Auto Maintenance & Inspection	48,568,032.68	38,760,088.93	41,913,088.24	32,521,898.98
Lease and Service	196,537,676.90	71,382,659.79	134,609,167.52	57,587,615.11
Jewelry Sales and Service	59,404,147.76	55,776,535.88	34,855,458.03	34,757,161.55
Total	498,882,949.81	350,429,078.94	416,306,597.14	316,547,493.71

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

Model	2021		2020	
	Revenue	Costs of sales	Revenue	Costs of sales
Direct Sales	498,882,949.81	350,429,078.94	416,306,597.14	316,547,493.71
Agent Sales				
Total	498,882,949.81	350,429,078.94	416,306,597.14	316,547,493.71

(c) Revenue from principal activities (by region)

Region	2021		2020	
	Revenue	Costs of sales	Revenue	Costs of sales
Shenzhen	498,882,949.81	350,429,078.94	399,343,292.94	300,537,120.26
Sichuan			16,963,304.20	16,010,373.45
Total	498,882,949.81	350,429,078.94	416,306,597.14	316,547,493.71

(d) Revenue breakdown information

Items	2021				Total
	Auto Sales	Auto Maintenance & Inspection	Lease and Service	Jewelry Sales and Service	
By revenue recognition time					
Goods(transferred	194,373,092.47	48,568,032.68		52,274,733.85	295,215,859.00

Items	2021				Total
	Auto Sales	Auto Maintenance & Inspection	Lease and Service	Jewelry Sales and Service	
at a certain point of time)					
Service(provided within a certain period of time)			196,537,676.90	7,129,413.91	203,667,090.81
Total	194,373,092.47	48,568,032.68	196,537,676.90	59,404,147.76	498,882,949.81

5.39 Taxes and Surcharges

Items	2021	2020
City construction tax	882,815.10	588,739.23
Educational surcharge	584,610.52	236,564.31
Local educational surcharge	33,729.65	157,709.54
Resource tax	434,087.33	386,763.32
Property tax	4,644,257.53	2,376,613.48
Land use tax	358,823.13	352,296.47
Vehicle and vessel usage tax	5,772.92	5,791.06
Total	6,944,096.18	4,104,477.41

Taxes and surcharges in this year increased by 69.18% over the previous year, mainly due to the corresponding increase in value-added tax and the reduction of real estate tax in the previous year but not in this year.

5.40 Sales Expenses

Items	2021	2020
Employee benefits	13,380,126.45	8,887,537.69
Advertising promotion expense	2,129,375.71	2,138,496.21
Depreciation and amortization	4,745,548.04	2,001,011.81
Utility	1,052,593.95	1,065,923.75
Material consumption	149,556.88	65,067.01

Office expense	460,348.34	675,305.56
Business hospitality	437,073.34	331,419.91
Other	4,823,552.32	2,550,370.49
Total	27,178,175.03	17,715,132.43

The sales expenses of this year increased by 53.42% over the previous year, mainly due to the establishment of the subsidiary Shenzhen jewelry industry Service Co., Ltd. in August 2020, with a year-on-year increase of 8 months' expenses; Asset depreciation and amortization expenses increased.

5.41 General and Administrative Expenses

Items	2021	2020
Employee benefits	34,350,624.60	25,671,670.92
Consultation and service expenses	5,599,656.73	7,196,540.38
Depreciation and amortization	3,658,728.08	3,107,517.18
Office expenses	534,671.21	1,574,023.34
Business hospitality expenses	411,497.26	280,305.45
Advertising promotion expenses	206,020.49	911,387.33
Travel expenses	107,532.98	127,650.74
Other	2,282,585.34	1,115,148.73
Total	47,151,316.69	39,984,244.07

5.42 Financial costs

Items	2021	2020
Interest Expenses	2,253,915.94	1,042,694.54
Less: interest income	6,538,484.64	4,473,218.76
Exchange gains and losses	-236,196.60	-132,748.11
Other	249,883.56	257,388.65
Total	-4,270,881.74	-3,305,883.68

5.43 Other Income

Items	2021	2020	Related to assets /income
1. Government grant recognized in	2,923,779.58	1,522,079.42	

Items	2021	2020	Related to assets /income
other income			
Including: Government grant related to deferred income (related to assets)	1,985,771.17	8,297.62	Related to assets/income
Government grant directly recognized in current profit or loss	938,008.41	1,513,781.80	Related to income
2. Others related to daily operation activities and recognized in other income	46,275.77	44,839.26	
Including: Charges of withholding individual income tax	46,275.77	44,839.26	
Total	2,970,055.35	1,566,918.68	

5.44 Investment Income

Items	2021	2020
Investment income from long-term equity investments under equity method	17,874,805.32	14,962,411.52
Gains on disposal of long-term equity investments	66,495,901.16	1
Investment income from financial assets at fair value through profit or loss during holding period	9,409,600.29	8,495,993.07
Including: financial assets measured at fair value with changes included in current profits and losses	9,409,600.29	8,495,993.07
Investment in other equity instruments		
Total	93,780,306.77	23,458,405.59

The annual investment income increased by 299.77% over the previous year, mainly due to the impact of the company's disposal of the long-term equity investment of Shenzhen Dongfeng Motor Co., Ltd.

5.45 Gains from Changes in Fair Values

Sources of gains on changes in fair value	2021	2020
Held-for-trading financial assets	663,932.88	316,475.19
Including: Changes in fair value of designated as	663,932.88	316,475.19

held-for-trading financial assets		
Total	663,932.88	316,475.19

The gains from changes in fair value this year increased by 109.79% over the previous year, mainly due to the increase in the balance of unrecovered trading financial assets at the end of the year and the corresponding increase in changes in fair value.

5.46 Impairment Loss of Credit

Items	2021	2020
Bad debt of notes receivable	22,957.54	934,154.48
Bad debt of other receivables	15,171.74	594,593.53
Total	38,129.28	1,528,748.01

This year's credit impairment loss decreased by 97.51% compared with the previous year, mainly due to the reversal of the original bad debt provision due to the recovery of receivables in the previous year and other reasons.

5.47 Impairment Loss of Asset

Items	2021	2020
Impairment of inventories	-812,607.69	-23,818.95
Other impairment loss of assets		
Total	-812,607.69	-23,818.95

This year's asset impairment loss decreased by 3311.60% compared with the previous year, mainly due to the provision for inventory falling price for the part where the net realizable value of the inventory vehicles at the end of the period is lower than the book value.

5.48 Gains/ (losses) from Disposal of Assets

Items	2021	2020
Gains/(losses) from disposal of fixed assets, construction in progress, productive biological assets and intangible assets not classified as held for sale	158,228.49	
Including: Fixed assets	158,228.49	
Total	158,228.49	

5.49 Non-operating Income

Items	2021	2020	Recognized in current extraordinary gains and

			losses
Gains from damage and retirement of non-current assets	132.74	2,919.56	132.74
Gains from inability to pay the proceeds		497,187.91	
Other	767,922.91	2,789,050.65	767,922.91
Total	768,055.65	3,289,158.12	768,055.65

5.50 Non-operating Expenses

Items	2021	2020	Recognized in current extraordinary gains and losses
Loss from damage and retirement of non-current assets	15,256.30	28,814.21	15,256.30
Fines and expenses from breach of contract	22,246.85	43,127.49	22,246.85
Other		20,810.00	
Total	37,503.15	92,751.70	37,503.15

5.51 Income Tax Expenses

(a) Details of income tax expenses

Items	2021	2020
Current tax expenses	44,415,716.95	16,683,064.79
Deferred tax expenses	962,316.56	160,140.29
Previous tax expenses	-1,314,362.80	-445,268.53
Total	44,063,670.71	16,397,936.55

(b) Reconciliation of accounting profit and income tax expenses

Items	2021	2020
Profit before tax	176,116,201.79	76,703,166.46
Income tax expense at the statutory /applicable tax rate	44,029,050.45	19,175,791.62
Effect of different tax rate of subsidiaries	-189,450.83	-96,771.41

Items	2021	2020
Adjustments of impact from prior period income tax	-1,314,362.80	-445,268.53
Long term equity investment income and equity instrument investment income	-1,558,503.52	-3,740,602.88
Effect of non-deductible costs, expenses or losses	1,296,846.61	409,611.27
Effect of previously unrecognized deductible losses recognized as deferred tax assets	-597,396.47	-372,335.43
Effect of deductible temporary differences and deductible losses not recognized as deferred tax assets	2,397,487.27	2,222,449.90
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	44,063,670.71	16,397,936.55

5.52 Other Comprehensive Income

For details of net amount after tax of the other comprehensive income, please refer to Note 5.35 **Other Comprehensive Income** for details.

5.53 Notes to the Statement of Cash Flow

(a) Other cash received relating to operating activities

Items	2021	2020
Security deposit	4,054,933.66	7,335,328.03
Interest income	3,827,201.61	3,015,893.77
Government subsidies received	13,028,008.41	1,513,781.80
Other income received	46,275.77	44,839.26
Current account and others	3,026,161.94	4,209,581.52
Total	23,982,581.39	16,119,424.38

(b) Other cash payments relating to operating activities

Items	2021	2020
Cash expenses	18,020,425.99	16,559,142.10
Security deposit	121,671.39	441,713.29

Fines and expenses from breach of contract	22,246.85	63,937.49
Current account and others		436,758.81
Total	18,164,344.23	17,501,551.69

(c) Other cash received relating to investing activities

Items	2021	2020
Performance bond for equity transfer received		50,000,000.00
Other	1,931,753.79	69,962.11
Total	1,931,753.79	50,069,962.11

(d) Other cash received relating to financing activities

Items	2021	2020
Loans from non-financial institutions		24,800,000.00
Total		24,800,000.00

(e) Other cash payments relating to financing activities

Items	2021	2020
Repayment of loans from non-financial institution		24,800,000.00
Withdrawal of minority shareholders' capital*	50,000,000.00	
Interest on performance bond of equity transfer	2,893,150.68	
Pay principal and interest on lease liabilities	3,380,669.67	
Total	52,893,150.68	24,800,000.00

*Note: It refers to the principal refunded to shareholders according to the resolution of the liquidation group meeting during the liquidation of Sichuan Tellus jewelry Technology Co., Ltd.

5.54 Supplementary Information to the Statement of Cash Flows**(a) Supplementary information to the statement of cash flows**

Supplementary information	2021	2020
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Supplementary information	2021	2020
(i) Adjustments of net profit to cash flows from operating activities:		
Net profit	132,052,531.08	60,305,229.91
Add: Provisions for impairment of assets	812,607.69	23,818.95
Impairment Loss of Credit	-38,129.28	-1,528,748.01
Depreciation of fixed assets, Investment Properties, oil and gas asset and productive biological assets	30,459,581.08	27,990,380.00
Depreciation of right of use assets	2,976,277.13	
Amortization of intangible assets	2,377,422.39	534,789.66
Amortization of long-term deferred expenses	7,323,714.29	3,169,898.43
Losses / (gains as ‘-’) on disposal of fixed assets, intangible assets and other long-term assets	-143,104.93	25,894.65
Losses / (gains as ‘-’) on scrapping of fixed assets		
Losses / (gains as ‘-’) on changes in fair value	-663,932.88	-316,475.19
Finance costs / (income as ‘-’)	-693,563.69	-547,378.56
Investment losses / (income as ‘-’)	-93,780,306.77	-23,458,405.59
Decreases / (increases as ‘-’) in deferred tax assets	-728.93	160,140.29
Increases / (decreases as ‘-’) in deferred tax liabilities	963045.49	
Decreases / (increases as ‘-’) in inventories	-4,167,852.80	-713,896.05
Decreases / (increases as ‘-’) in operating receivables	-12,856,907.71	89,142,199.52
Increases / (decreases as ‘-’) in operating payables	61,991,082.74	-45,682,145.13

Supplementary information	2021	2020
Others		
Net cash flows from operating activities	126,611,734.90	109,105,302.88
(ii) Significant investing and financing 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	211,655,585.86	208,462,656.63
Less: Cash at the beginning of the reporting period	208,462,656.63	400,668,257.81
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	3,192,929.23	-192,205,601.18

(b) The components of cash and cash equivalents

Items	31 December 2021	31 December 2020
(i) Cash	211,655,585.86	208,462,656.63
Including: Cash on hand	36,941.24	20,542.55
Cash in bank available for immediate use	211,618,644.62	208,442,114.08
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	211,655,585.86	208,462,656.63
Including: Restricted cash and cash equivalents of the parent Company and the subsidiaries of the group		

5.55 Restricted Assets

Items	Carrying amount at 31 December 2021	Reason
Cash and cash equivalents	28,926,471.30	Please refer to Note 5.1 for details
Intangible assets	46,421,231.01	Bank loan mortgage
Total	75,347,702.31	

5.56 Foreign Currency Monetary Items

(a) Foreign currency monetary items at 31 December 2021:

Items	Carrying amount at foreign currency	Exchange rate	Carrying amount at CNY
Cash and cash equivalents			
Including: USD	31,536.09	6.3757	201,064.65
HKD	12,635.94	0.8176	10,331.15
Total			211,395.80

5.57 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
			2021	2020	
Subsidy from Futian	131,102.38	Deferred income	19,914.29	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
			2021	2020	
District Old Elevator Renovation Working Group for elevator renewal					
Luohu District 2021 special fund for industrial transformation and upgrading - Industrial Service Platform Project	4,590,000.00	Deferred income	341,808.53		Other income
Special fund for industrial transformation and upgrading of Luohu District in 2021 - support subsidy for Environmental Protection Buildings	4,017,501.99	Deferred income	505,680.79		Other income
Subsidy income of consumption promotion support projects of Shenzhen Municipal Bureau of Commerce in 2020	2,500,000.00	Deferred income	135,869.55		Other income
Total	11,238,604.37		1,003,273.16	8,297.62	

(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
			2021	2020	

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
			2021	2020	
Depreciation of right of use assets 2021 Luohu District special fund for industrial transformation and upgrading - Industrial Service Platform Project	982,498.01	Deferred income	982,498.01		Other income
Subsidies for vocational training based on work instead of training	104,650.00	N/A	104,650.00		Other income
Special fund for foreign trade upgrading	300,000.00	N/A	300,000.00		Other income
Special subsidies for automobile dealers	162,831.86	N/A	162,831.86		Other income
Subsidy for the purchase of old vehicles for new vehicles by the Bureau of Commerce	353,982.30	N/A	353,982.30		Other income
Job stabilization subsidy	16,544.25	N/A	16,544.25	29,480.01	Other income
Total	1,920,506.42		1,920,506.42	29,480.01	

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 (%)
上海泛粤钻石有限公司 (Shanghai fanyue	Newly establish	June 2021	1,000,000.00	100

diamond Co., Ltd. *)				
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6.2 The Scope of Consolidation Decreased

Name of the acquirees	Date of liquidation
四川特力珠宝科技有限公司 (Sichuan Tellus Jewelry Technology Co., Ltd. *)	August 2021
安徽特力星光珠宝投资有限公司 (Anhui Tellus Seon Jewelry Investment Co., Ltd. *)	March 2021
安徽特力星光金尊珠宝有限公司 (Anhui Tellus Seon Jinzun Jewelry Co., Ltd*)	January 2021

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	Commercial	100.00		Set up
深圳市特力创盈科技有限公司 (Shenzhen Tellus Chuangying Technology Co.,	Shenzhen	Shenzhen	Commercial	100.00		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	
Ltd.*)						
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.*)	Shenzhen	Shenzhen	Commercial	51.00		Set up
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	Shenzhen	Shenzhen	Commercial	60.00		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	
Co., Ltd.*)						
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
上海泛粤钻石有限公司 (Shanghai fanyue diamond Co., Ltd. *)	Shanghai	Shanghai	Commercial		100.00	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	365,763.52		4,473,770.51
深圳特发华日汽车企业有限公司 (Shenzhen Huari Toyota Auto Sales Service Co., Ltd.*)	40	1,548,901.18		12,503,876.14

(c) Main financial information of significant non-wholly owned subsidiaries

Name of subsidiary	31 December 2021					
	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.*)	85,290,018.33	5,005,912.12	90,295,930.45	79,111,504.18		79,111,504.18
深圳特发华日汽车企业有限公司 (Shenzhen Huari Toyota Auto Sales Service Co., Ltd.*)	61,681,938.58	20,655,893.78	82,337,832.36	50,835,836.99		50,835,836.99

(Continued)

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

Name of subsidiary	2021			
	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.*)	245,772,043.22	914,408.79	914,408.79	-11,521,597.56

Name of subsidiary	2021			
	Revenue	Net profit/(loss)	Total comprehensive income	Net cash flows from operating activities
深圳特发华日汽车企业有限公司(Shenzhen Huari Toyota Auto Sales Service Co., Ltd.*)	39,729,074.81	3,964,557.97	3,964,557.97	7,232,060.46

(Continued)

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 Co., Ltd.*)	250,984,420.93	6,074,051.06	6,074,051.06	4,948,345.76
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

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 Investment Co.,	Shenzhen	Shenzhen	Investment in industries	50.00		Accounting by equity method

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

(b) Main financial information of the significant joint ventures

Items	31 Dec 2021/2021	31 Dec 2020/2020
	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	45,816,920.84	37,797,029.81
Including: Cash and cash equivalents	41,913,040.87	34,281,101.96
Non-current assets	366,402,308.03	360,906,421.80
Total assets	412,219,228.87	398,703,451.61
Current liabilities	39,971,747.31	27,947,969.41
Non-current liabilities	277,266,000.00	295,422,000.00
Total liabilities	317,237,747.31	323,369,969.41
Non-controlling interests		
Total owner' s equity attributable to parent Company	94,981,481.56	75,333,482.20
Share of net assets calculated at the proportion of equity interests	47,490,740.78	37,666,741.13
Adjustment matters		
—Goodwill		

Items	31 Dec 2021/2021	31 Dec 2020/2020
	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.*)
—Unrealized profit from intragroup transaction		
—Others		
Carrying amount of investment in the joint venture	47,490,740.78	37,666,741.13
Fair value of publicly quoted equity investment in joint venture		
Revenue	94,989,415.30	87,082,384.96
Finance expenses	15,467,775.34	15,850,179.92
Income tax expenses	6,647,599.75	6,905,938.48
Net profit/(loss)	19,647,999.36	21,022,715.25
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	19,647,999.36	21,022,715.25
Dividends received from the joint venture		8,000,000.00

(c) Main financial information of significant associates

Items	31 Dec 2021/2021	31 Dec 2020/2020
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	深圳市仁孚特力汽车服务有限公司(Shenzhen Renfu Tellus Automobiles Service 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	134,921,582.03	214,297,861.00	378,483,991.85
Non-current assets	33,583,787.31	23,368,404.54	172,244,888.77
Total assets	168,505,369.34	237,666,265.54	550,728,880.62
Current liabilities	80,369,170.77	141,645,848.00	344,958,726.39
Non-current liabilities	9,942,186.16		65,583,477.43
Total liabilities	90,311,356.93	141,645,848.00	410,542,203.82
Non-controlling interests			-14,510,815.59
Total owner' s equity attributable to parent Company	78,194,012.41	96,020,417.54	154,697,492.39
Share of net assets calculated at the proportion of equity interests	27,367,904.34	33,607,146.14	38,674,373.09
Adjustment matters			
—Goodwill			
— Unrealized profit from intragroup transaction			
—Others			
Carrying amount of investment in the	27,367,904.34	33,607,146.14	38,674,373.09

Items	31 Dec 2021/2021	31 Dec 2020/2020	
	深圳市仁孚特力汽车服务有限公司(Shenzhen Renfu Tellus Automobiles Service 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.*)
associate			
Fair value of publicly quoted equity investment in associate			
Revenue	1,196,335,565.98	1,247,864,433.00	399,893,712.73
Net profit/(loss)	26,521,546.61	30,838,325.75	-26,791,281.02
Net profit from discontinued operations			
Other comprehensive income			
Total comprehensive income	26,521,546.61	30,838,325.75	-26,791,281.02
Dividends received from the associate	14,000,000.00	10,500,000.00	

(d) Summarized financial information about insignificant joint ventures and associates

	31 December 2021/2021	31 December 2020/2020
Joint venture:		

Total carrying amount of investments	13,452,222.35	12,697,424.88
The aggregate amount of below items calculated based on proportion of equity interests:		
—Net profit/(loss)	1,174,566.00	1,365,105.69
—Other comprehensive income		
—Total comprehensive income	1,174,566.00	1,365,105.69
Associate:		
Total carrying amount of investments		995,270.33
The aggregate amount of below items calculated based on proportion of equity interests:		
—Net profit/(loss)		-4,655,318.50
—Other comprehensive income		
—Total comprehensive income		-4,655,318.50

(e) Excess deficit in joint ventures or associates

Name of joint ventures or associates	Cumulative unrecognized loss at 31 December 2020	Unrecognized profit in the reporting period (or share of net profit in the reporting period)	Cumulative unrecognized loss at 31 December 2021
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有限责任公司 (Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd.*)	1,176,212.73		1,176,212.73

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 2021, the maturity profile of the Company's financial liabilities is as follows:

Items	31 December 2021			
	Within 1 year	1-2 years	2-3 years	Above 3 years
Accounts payable	69,318,035.89			
Other payables	112,617,963.65			
Non-current liabilities due within one year	3,021,452.25			
Long-term loans	3,644,467.25	4,609,457.14	5,967,792.71	118,790,550.21
Long-term payables	3,920,160.36			
Lease liabilities		1,829,520.13	1,684,781.03	960,241.93
Total	192,522,079.40	6,438,977.27	7,652,573.74	119,750,792.14

(Continued)

Items	31 December 2020			
	Within 1 year	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

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 5.56 **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 2021

Items	Fair value at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
(a) Held-for-trading financial assets			412,712,843.84	412,712,843.84
(i) Financial assets designated as at fair value through profit or loss				
Structured deposits and financial products			412,712,843.84	412,712,843.84
(b) Other equity instrument investment			10,176,617.20	10,176,617.20
Total assets measured at fair value on a recurring basis			422,889,461.04	422,889,461.04

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, domestic business	4,582.82 million	49.09	49.09

(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 4,582.82 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 originally, transferred in current period
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 previous 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	Holding subsidiary of the parent

Name	Relationship with the Company
(Hong Kong Yujia Investment Co., Ltd.*)	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
深圳华丽装修家私企业公司 (Shenzhen Huali Decoration Furniture Enterprise Co., Ltd.*)	Associate 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 original 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)	2021	2020
深圳市特发工程管理有限责任公司 (Shenzhen SDG Engineering Management Co., Ltd.*)	Receiving of services	1,976,807.29	838,867.91
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	10,137,230.33	14,396,112.96
深圳市特发服务股份有限公司	Receiving of services	4,270,312.85	

Related parties	Nature of the transaction(s)	2021	2020
(Shenzhen SDG Service 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)	Receiving of services	861,379.56	1,046,227.65
深圳华丽装修家私企业公司(Shenzhen Huali Decoration Furniture Enterprise Co., Ltd.*)	Receiving of services	3,094,128.99	

Sales of goods and rendering of services:

Related parties	Nature of the transaction(s)	2021	2020
深圳市特发小额贷款有限公司(Shenzhen SDG Microfinance Co., Ltd.*)	Rendering of services	207,640.32	161,205.25
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)	Rendering of services	6,693.06	
深圳市特发集团有限公司(Shenzhen SDG Group Co., Ltd.*)	Rendering of services	45,592.00	
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	1,876.11	6,868.14

(b) Leases

The Company as lessor:

The lessee	Type of assets leased	2021	2020
深圳市仁孚特力汽车服务有限公司(Shenzhen Renfu Tellus Automobiles Service Co., Ltd.*)	House leasing	5,250,031.70	3,857,142.90
深圳市新永通汽车服务有限公司(Shenzhen Xinyongtong Automobile	House leasing	717,300.00	527,029.51

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.*)	House leasing		173,534.28
深圳市特发小额贷款有限公司 (Shenzhen SDG Microfinance Co., Ltd.*)	House leasing	1,103,104.38	975,808.45
深圳市特发特力物业管理有限公司 (Shenzhen SDG Tellus Property Management Co., Ltd.*)	House leasing	75,897.40	44,754.54
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	2,073,048.97	1,801,091.36
深圳市特发服务股份有限公司 (Shenzhen SDG Service Co., Ltd.*)	House leasing	22,217.14	
深圳市永通信达检测设备有限责任公司 (Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd.*)	House leasing	32,061.90	

(c) Key management personnel compensation

Items	2021	2020
Key management personnel compensation	9,035,700.00	6,954,700.00

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 receivable	深圳市新永通汽车服务有限公司 (Shenzhen Xinyongtong Automobile Service Co., Ltd.*)			927,602.00	927,602.00
	深圳市特发服务股份有限	9,167.57	91.68		

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	公司珠宝园分公司 (Shenzhen SDG Service Co., Ltd. Jewelry Park Branch*)				
	深圳市特发小额贷款有限公司(Shenzhen SDG Microfinance Co., Ltd.*)	17,791.06	177.91	115,481.80	1,154.82
Subtotal		26,958.63	269.59	1,043,083.80	928,756.82
Dividend receivable	深圳东风汽车有限公司 (Shenzhen Dongfeng Automobile Co., Ltd.*)			24,100,548.07	
Subtotal				24,100,548.07	
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务有限公司(Shenzhen Tellus Xinyongtong Automobile Service Co., Ltd.*)			114,776.33	114,776.33
	深圳市特发特力物业管理 有限公司(Shenzhen SDG	12,829.59	128.3		

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Tellus Property Management Co., Ltd. *)				
Subtotal		2,564,798.92	2,552,097.63	2,666,745.66	2,666,745.66
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. *)	150,005.66	12,905.66
	深圳市特发特力物业管理有限公司(Shenzhen SDG Tellus Property Management Co., Ltd. *)	1,708,125.16	2,516,323.68
	深圳华丽装修家私企业公司(Shenzhen Huali Decoration Furniture Enterprise Co., Ltd.*)	1,042,036.18	
Subtotal		9,200,322.46	8,829,384.80
Advance	深圳市仁孚特力汽车服务有限公司(Shenzhen Renfu Tellus Automobiles Service		492,095.20

Items	Related parties	Closing balance	Opening balance
Payment	Co., Ltd. *)		
Subtotal			492,095.20
Other payables	香港裕嘉投资有限公司(Hong Kong Yujia Investment Co., Ltd. *)	1,961,673.06	2,172,091.54
	深圳市特发天鹅实业公司(Shenzhen SDG Swan Industrial Co., Ltd. *)	28,766.05	20,703.25
	深圳市机械设备进出口公司(Shenzhen Machinery and Equipment Import and Export Co., Ltd. *)	1,575,452.52	1,554,196.80
	深圳市特发集团有限公司(Shenzhen SDG Group Co., Ltd. *)	17,383,655.94	17,429,247.94
	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. *)	167,470.29	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	5,600.00
	安徽金尊珠宝有限公司(Anhui Jinzun Jewelry Co., Ltd. *)		1,330,000.00
	深圳市特发特力物业管理有限公司(Shenzhen SDG Tellus Property Management Co., Ltd. *)	122,141.49	124,550.87
	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)	29,278.00	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

Items	Related parties	Closing balance	Opening balance
	深圳市特发小额贷款有限公司 (Shenzhen SDG Microfinance Co., Ltd. *)	237,804.66	227,836.80
	深圳市特发工程管理有限责任公司 (Shenzhen SDG Engineering Management Co., Ltd. *)	56,600.00	58,100.00
	汉成能源集团有限公司 (Hubei Han ' s Industry Investment Co.,Ltd.*)		51,000,000.00
	深圳市特发服务股份有限公司 (Shenzhen SDG Service Co., Ltd.*)	5,832.00	
	深圳华丽装修家私企业公司 (Shenzhen Huali Decoration Furniture Enterprise Co., Ltd.*)	166,956.51	
Subtotal		24,146,524.51	76,457,197.82

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 2021	31 December 2020
Large contract	153,763,306.33	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 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

* The English name is for identification purpose only.

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' t 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. In the current period, the Court confirmed that the person subjected to execution should pay the company B-share discount, preservation fee, delay payment and other funds, totaling CNY 74,358.02. As of December 31, 2021, the company has received an execution payment of CNY 326,450.47 in cash, submitted an application for discount and transfer of B shares and an application for transfer of a shares to the court, and the transfer has not been completed.

Note 12. EVENTS AFTER THE REPORTING PERIOD

12.1 Profit Distribution

According to the profit distribution plan for 2021 approved by the formal meeting of the ninth board of directors on April 6, 2022, the Company plans to distribute cash dividend of CNY 0.25 (tax included) to all shareholders for every 10 shares, with 431,058,320 total shares as the base as of December 31, 2021, and a total of CNY 10,776,458.00 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.

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	194,373,092.47	81,491,892.59	211,340,991.30	59,404,147.76	-47,727,174.31	498,882,949.81
Cost of main operations	184,509,794.34	71,640,658.58	82,859,167.59	58,919,409.24	-47,499,950.81	350,429,078.94
Total assets	40,699,909.80	121,001,290.01	2,951,443,326.71	82,323,334.76	-1,335,822,655.85	1,859,645,205.43
Total liabilities	40,221,145.93	78,970,761.95	896,703,938.83	30,169,014.45	-643,609,481.53	402,455,379.63

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, 2021	Dec 31, 2020
Within 1 year	117,501.42	248,723.43
1 - 2 years		3,360.00
2 - 3 years	3,360.00	
Over 3 years	484,803.08	484,803.08
Subtotal	605,664.50	736,886.51
Less: provision for bad debts	486,650.09	487,458.31

Ages	Dec 31, 2021	Dec 31, 2020
Total	119,014.41	249,428.20

(2) Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	484,803.08	80.04	484,803.08	100	
Receivables with provision made on a collective basis	120,861.42	19.96	1,847.01	1.53	119,014.41
Total	605,664.50	100	486,650.09	80.35	119,014.41

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	484,803.08	65.79	484,803.08	100	
Receivables with provision made on a collective basis	252,083.43	34.21	2,655.23	1.05	249,428.20
Total	736,886.51	100	487,458.31	66.15	249,428.20

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 Bijiasan)	172,000.00	172,000.00	100	Expected to be unrecoverable due to long ages

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
Entertainment Company*)				
龚炎清 (Gong Yanqing)	97,806.64	97,806.64	100	Expected to be unrecoverable due to long ages
广州乐敏电脑中心 (Guangzhou Lemin Computer Center*)	86,940.00	86,940.00	100	Expected to be unrecoverable due to long ages
Others	128,056.44	128,056.44	100	Expected to be unrecoverable due to long ages
Subtotal	484,803.08	484,803.08	100	

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

Ages	Dec 31, 2021		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	117,501.42	1,175.01	1
1 - 2 Years			
2 - 3 Years	3,360.00	672	20
Over 3 years			
Subtotal	120,861.42	1,847.01	1.53

(continued)

Ages	Dec 31, 2020		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	248,723.43	2,487.23	1
1 - 2 Years	3,360.00	168	5

* The English names are for identification purpose only.

Ages	Dec 31, 2020		
	Book balance	Provision for bad debts	Provision proportion (%)
2 - 3 Years			
Over 3 years			
Subtotal	252,083.43	2,655.23	1.05

See Note 3.10, for details of recognition criteria and instructions for provision for bad debts made on a collective basis.

(3) Changes in provision for bad debts

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversal	Written-off	Others	
Receivables with provision made on an individual basis	484,803.08							484,803.08
Receivables with provision made on a collective basis	2,655.23	-808.22						1,847.01
Subtotal	487,458.31	-808.22						486,650.09

(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.*)	117,501.42	19.4	1,175.01
深圳笔架山娱乐公司 (Shenzhen Bijiashan Entertainment Company)	172,000.00	28.4	172,000.00

* The English names are for identification purpose only.

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
龚炎清(Gong Yanqing)	97,806.64	16.15	97,806.64
广州乐敏电脑中心(Guangzhou Lemin Computer Center)	86,940.00	14.35	86,940.00
兰州大船电子公司 (Lanzhou Dachuan Electronics Co., Ltd.*)	37,308.00	6.16	37,308.00
Subtotal	511,556.06	84.46	395,229.65

14.2 Other Receivables

(1) Details by category

Items	Closing balance	Opening balance
Interest receivable		
Dividend receivable	547,184.35	547,184.35
Other receivables	89,854,408.23	126,422,912.78
Total	90,401,592.58	126,970,097.13

(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	2 - 3 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	89,818,515.19	126,378,704.11
1 - 2 years		46,698.00
2 - 3 years	46,698.00	
Over 3 years	13,582,945.74	13,588,345.66
Subtotal	103,448,158.93	140,013,747.77
Less: provision for bad debts	13,593,750.70	13,590,834.99
Total	89,854,408.23	126,422,912.78

(b) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Temporary advance payment receivable	13,776,179.52	13,650,486.51
Related transactions within the consolidation scope	89,671,979.41	126,363,261.26
Total	103,448,158.93	140,013,747.77

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

A. As of 2021-12-31, provision for bad debts according to the model of phase I/II/III:

Phase	Closing balance	Provision for bad debts	Opening balance
I	89,865,213.19	10,804.96	89,854,408.23
II			
III	13,582,945.74	13,582,945.74	
Total	103,448,158.93	13,593,750.70	89,854,408.23

As of 2021-12-31, provision for bad debts at phase I:

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts	Carrying Amount	Reasons for provision made

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	89,865,213.19	0.01	10,804.96	89,854,408.23	
1. Portfolio grouped with ages	193,233.78	5.59	10,804.96	182,428.82	no dramatic credit risk change after confirmed
2. Portfolio grouped with balances due from consolidated parties	89,671,979.41			89,671,979.41	no dramatic credit risk change after confirmed
Total	89,865,213.19	0.01	10,804.96	89,854,408.23	

As of 2021-12-31, 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	13,582,945.74	100	13,582,945.74		credit risk change dramatically after confirmed
Total	13,582,945.74	100	13,582,945.74		

B. 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	2,489.33	126,422,912.78	
1. Portfolio grouped with ages	62,140.85	4.01	2,489.33	59,651.52	no dramatic credit risk change after confirmed
2. Portfolio grouped with balances due from consolidated parties	126,363,261.26			126,363,261.26	no dramatic credit risk change after confirmed
Total	126,425,402.11	0	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	13,588,345.66		credit risk change dramatically after confirmed
Total	13,588,345.66	100	13,588,345.66		

As of 2021-12-31, 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

Debtors	Book balance	Provision for bad debts	Provision proportion (%)
Shenzhen Petrochemical (Group) Co., Ltd.	1,898,419.67	1,898,419.67	100
Shenzhen SDG Huatong Packaging Co., Ltd.	1,212,373.79	1,212,373.79	100.00
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	13,582,945.74	13,582,945.74	100

As of 2021-12-31, other receivables with provision made on a collective basis.

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts
1. Portfolio grouped with ages	193,233.78	10,804.96	5.59
Including: Within 1 year	146,535.78	1,465.36	1
1 - 2 years			
2 - 3 years	46,698.00	9,339.60	20
Over 3 years			
2. Portfolio grouped with balances due from consolidated parties	89,671,979.41		
Total	89,865,213.19	10,804.96	0.01

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

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts
1. Portfolio grouped with ages	62,140.85	2,489.33	4.01
Including: Within 1 year	15,442.85	154.43	1
1 - 2 years	46,698.00	2,334.90	5
2 - 3 years			
Over 3 years			

Catagories	Book Balance	Provision proportion (%)	Provision for bad debts
2. Portfolio grouped with balances due from consolidated parties	126,363,261.26		
Total	126,425,402.11	2,489.33	0

(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	2,489.33		13,588,345.66	13,590,834.99
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	8,315.63		-5399.92	2,915.71
Provision recovered in current period				
Provision reversed in current period				
Provision written-off in current period				
Other changes				
Closing balance	10,804.96		13,582,945.74	13,593,750.70

(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	88,889,042.29	Within 1 year	85.93	
Shenzhen Zhonghao (Group) Co., Ltd.	Current accounts	5,000,000.00	Over 5 years	4.83	5,000,000.00
Jinbeili Household Appliances Co., Ltd.	Current accounts	2,706,983.51	Over 5 years	2.61	2,706,983.51
Shenzhen Petrochemical (Group) Co., Ltd.	Current accounts	1,898,419.67	Over 5 years	1.84	1,898,419.67
Shenzhen SDG Huatong Packaging Co., Ltd.	Current accounts	1,212,373.79	Over 5 years	1.17	1,212,373.79
Subtotal		99,706,819.26		96.38	10,817,776.97

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	694,745,472.73	1,956,000.00	692,789,472.73	799,743,472.73	6,954,000.00	792,789,472.73
Investments in associates and joint ventures	98,098,029.79	9,787,162.32	88,310,867.47	93,758,474.47	9,787,162.32	83,971,312.15
Total	792,843,502.52	11,743,162.32	781,100,340.20	893,501,947.20	16,741,162.32	876,760,784.88

(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 Industry and Trade Co., Ltd.	126,251,071.57			126,251,071.57		
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		

Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment made in current period	Closing balance of provision for impairment
Sichuan Tellus Jewelry Technology Co., Ltd.	100,000,000.00		100,000,000.00			
Shenzhen Tellus Baoku Supply Chain Technology Co., Ltd.	50,000,000.00			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	792,789,472.73		100,000,000.00	692,789,472.73		1,956,000.00

(3) Investments in associates and joint ventures

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Joint ventures					
Shenzhen Tellus Jimeng Investment Co., Ltd.	37,666,741.13			9,823,999.65	
Shenzhen Tellus Xing Investment Co., Ltd.	12,697,424.88			754,797.47	
Subtotal	50,364,166.01			10,578,797.12	
Associates					
Shenzhen Renfu Tellus	33,607,146.14			7,760,758.20	

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Automobiles Service Co., Ltd.					
Hunan Changyang Industrial Co., Ltd.					
Shenzhen Jiecheng Electronic Co., Ltd.					
Shenzhen Xiandao New Materials Co., Ltd.					
Subtotal	33,607,146.14			7,760,758.20	
Total	83,971,312.15			18,339,555.32	

(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.					47,490,740.78	
Shenzhen Tellus Xing Investment Co., Ltd.					13,452,222.35	
Subtotal					60,942,963.13	
Associates						
Shenzhen Renfu Tellus Automobile Service Co., Ltd.		14,000,000.00			27,367,904.34	
Hunan Changyang Industrial Co., Ltd.						1,810,540.70

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 Jiecheng Electronic Co., Ltd.						3,225,000.00
Shenzhen Xiandao New Materials Co., Ltd.						4,751,621.62
Subtotal		14,000,000.00			27,367,904.34	9,787,162.32
Total		14,000,000.00			88,310,867.47	9,787,162.32

14.4 Operating revenue/Operating cost

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	50,382,988.38	15,225,250.76	37,241,063.15	10,754,749.28
Total	50,382,988.38	15,225,250.76	37,241,063.15	10,754,749.28

14.5 Investment Income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under cost method		8,400,304.32
Investment income from long-term equity investments under equity method	18,339,555.32	22,156,744.28
Gains on disposal of long-term equity investments	3,777,307.13	
Investment income from financial instruments	6,070,326.25	3,270,243.48
Total	28,187,188.70	33,827,292.08

Note 15. Other SUPPLEMENTARY INFORMATION

15.1 Non-recurring profit or loss

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

Items	2021	2020
Gains on disposal of non-current assets, including written-off of provision for impairment	66,654,129.65	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)	2,923,779.58	1,522,079.42
Fund possession charge from non-financial entities and included in profit or loss	629,671.75	435,887.15
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	10,073,533.17	8,812,468.26

Items	2021	2020
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		
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		
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	730,552.50	3,196,406.42
Other profit or loss satisfying the definition of non-recurring profit or loss	46,275.77	44,839.26
Subtotal	81,057,942.42	14,504,976.84
Less: Enterprise income tax affected	19,790,228.25	3,123,780.55
Non-controlling interest affected (after tax)	1,977,988.66	1,437,257.12
Net non-recurring profit or loss attributable to shareholders of the parent company	59,289,725.51	9,943,939.17

15.2 RONA and EPS

1. Year of 2021

Profit of the reporting period	Weighted average RONA (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	9.56	0.3	0.3
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	5.23	0.17	0.17

2. Year of 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