SHENZHEN TELLUS HOLDING CO., LTD.

Semi-Annual Report 2022

August 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 confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

Fu Chunlong, Principal of the Company, Lou Hong, person in charge of accounting works and Lou Hong, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of Semi-Annual Report 2022 is authentic, accurate and complete.

All directors are attended the Board Meeting for report deliberation.

The possible risks faced by the Company have been well-described in the Report, investors are advised to pay attention to them. Be sure to note that in "X. Risks of the Company and countermeasures" contained in Section III Management Discussion and Analysis.

The Company plans not to pay cash dividends, not to issue bonus and not to increase the share capital from accumulation funds.

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Documents Available for Reference

1. The Accounting Statement containing the signature and seals of the legal representative, the person in charge of the accounting works and person in charger of the accounting organization.

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

3.The above documents are available at: office of the Board Secretariat

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	Refers to	January to June of 2022
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, SDG Huari	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 Property	Refers to	Shenzhen SDG Tellus Property Management Co., Ltd.
Special Development, SDG, Controlling Shareholder	Refers to	Shenzhen Special Development Group Co., Ltd.
Treasury Supply Chain Company	Refers to	Shenzhen Tellus Treasury Supply Chain Tech. 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 profile

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		

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Qi Peng	Liu Menglei
Contact add.	3/F, Tellus Building, Shui Bei Er Road, Luohu District, Shenzhen	3/F, Tellus Building, Shui Bei Er Road, Luohu District, Shenzhen
Tel.	(0755)83989390	(0755)88394183
Fax.	(0755)83989386	(0755)83989386
E-mail	ir@tellus.cn	liuml@tellus.cn

III. Others

1. Way of contact

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

□ Applicable √ Not applicable

The registrations address, offices address and codes as well as website and email of the Company have no change in reporting period, found more details in Annual Report 2021.

2. Information disclosure and preparation place

Whether information disclosure and preparation place changed in reporting period or not

□ Applicable √ Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2021

3. Other relevant information

Whether other relevant information has changed during the reporting period

□ Applicable √ Not applicable

IV. Main accounting data and financial indexes

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

□ Yes √ No

	Current period	Same period of last year	Changes in the current period compared with the same period of the previous year (+,-)
Operating revenue (Yuan)	250,015,152.23	249,492,261.24	0.21%
Net profit attributable to shareholders of the listed Company(Yuan)	43,480,236.19	44,542,715.32	-2.39%
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses(Yuan)	31,023,156.36	41,590,592.47	-25.41%
Net cash flow arising from operating activities(Yuan)	-11,318,295.41	59,571,399.02	-119.00%
Basic earnings per share (RMB/Share)	0.1009	0.1033	-2.32%
Diluted earnings per share (RMB/Share)	0.1009	0.1033	-2.32%
Weighted average ROE	3.00%	3.34%	-0.34%
	Current Period-end	Period-end of last year	Changes at the end of the current period compared with the end of the previous year
Total assets (Yuan)	1,901,811,890.21	1,859,645,205.43	2.27%
Net assets attributable to shareholder of listed Company (Yuan)	1,465,622,963.89	1,432,924,273.45	2.28%

V. 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.

VI. Items and amounts of extraordinary profit (gains)/loss

√Applicable □ Not applicable

Unit: RMB/CNY

Item	Amount	Note
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 quantity are excluded)	1,575,990.30	The government subsidy
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	6,157,679.97	Financial income
Other non-operating income and expenditure except for the aforementioned items	295,569.76	The leasing deposit transferred to non-operating income upon early surrender of lease by the tenant
Gain/loss on transfer of equity	8,785,410.47	
Less: Impact on income tax	4,124,792.46	
Impact on minority shareholders' equity (post-tax)	232,778.21	
Total	12,457,079.83	

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. Main businesses of the Company during the reporting period

The main business of the Company during the reporting period was jewelry service business; commercial operation management; sales, testing and maintenance of motor vehicle and accessories sales.

Jewelry service business: At present, the integration of all subdivisions of the jewelry service business has achieved initial results, and the overall solution integrating the service contents of all subdivisions has gradually gained market recognition. In the first half of 2022, the company invested in the establishment of a gold circulation platform, which aims to break through the bottleneck of domestic gold circulation, solve the pain points of the gold circulation industry, standardize the industry service standards, and further improve the company's layout in the gold jewelry industry.

Commercial operation management: In 2022, the effect of Tellus Gman Gold Jewelry Industrial Park on the Shuibei jewelry industry continues to expand, especially that the headquarters of leading enterprises in the jewelry industry continue to gather in the park, the occupancy rate and rental price level of the park have an advantage over those around the park. As the largest owner of the park, the company continuously improves the operation system, enhances service quality, and seizes opportunities to actively expand customers. As the last Grade A office building of the company, Tellus Jinzuan Trading Building has achieved good results in preparatory investments attraction despite the double strike of the pandemic and the poor prosperity of the jewelry industry.

Automobile sales, testing, maintenance and parts sales: The company's automobile business is mainly operating FAW Toyota 4S stores. Affected by the repeated and sporadic pandemics in Shenzhen, the impact of new energy vehicles, and the late introduction of the regional subsidy policy for stores, the new car sales volume decreased slightly on a year-on-year basis.

II. Core Competitiveness Analysis

1.Solidly promoted the third-party ecosystem construction of the jewelry, which rapidly improved the company's popularity and influence in the jewelry industry.

Relying on the physical platform resources in the Shuibei area, where the jewelry industry gathers, the company gives full play to the credit advantages of a state-owned listed company, constantly tries to innovate business models, steadily promotes the implementation of transformation projects, deeply penetrates into the jewelry industry chain, and enables the third-party business of jewelry to achieve leapfrog development. In 2019, Shenzhen Tellus Treasury Supply Chain Tech. Co., Ltd. was established to carry out jewelry supply chain business, which consolidated the third-party service foundation for jewelry. Established Shenzhen Jewelry Industry Service Co., Ltd in 2020 to provide services such as bonded exhibition, bonded warehousing, testing,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, identification, design, processing, e-commerce, financial services, insurance and so on. The successful operation of Shen Jewelry has been highly recognized by the municipal and district governments and the customs in Shenzhen, which has enhanced the company's position in the jewelry industry chain. In 2021, the company established Shanghai Fanyue, and realized a closed loop of diamonds from the bonded display transactions to the general trade import. In the first half of 2022, the company invested in the establishment of a gold circulation platform - Guorun Gold (Shenzhen) Co., Ltd., which further improved its layout in the gold jewelry industry. With the solid advancement of the strategic transformation, the company's ability and level to provide third-party jewelry services has been continuously improved, and the brand influence in the national jewelry industry chain has been significantly enhanced, becoming the company's core competitiveness.

2. Possess abundant property resources and 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 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 actively promotes 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

Overview

See the “I-Main businesses of the Company during the reporting period”

Change of main financial data on a y-o-y basis

Unit: RMB/CNY

	Current period	Same period of last year	y-o-y changes (+,-)	Reasons
Operating revenue	250,015,152.23	249,492,261.24	0.21%	
Operation costs	188,344,177.55	173,313,253.96	8.67%	
Sales expense	10,947,318.15	12,002,312.02	-8.79%	
Management expense	19,832,917.21	20,807,474.69	-4.68%	
Financial expense	-2,701,556.39	-404,559.89	-567.78%	Decrease in interest costs, there was an bond interest from equity

				performance occurred in the same period of previous year
Income tax expense	10,808,747.89	11,085,413.51	-2.50%	Decrease in operation profit
Net cash flow arising from operating activities	-11,318,295.41	59,571,399.02	-119.00%	1.Rent reduction during the epidemic; 2.final settlement on income tax increased on a y-o-y basis; 3. purchase payment from gold supply chain increased on a y-o-y basis
Net cash flow arising from investment activities	-29,463,885.19	69,492,791.58	-142.40%	Investment in Tellus Jinzuan Trading Building
Net cash flow arising from financing activities	18,016,923.17	20,549,625.24	-12.32%	Loans of Tellus Jinzuan Trading Building
Net increase of cash and cash equivalent	-22,764,976.83	149,597,036.39	-115.22%	Mainly due to the investment in Tellus Jinzuan Trading Building

Major changes on profit composition or profit resources in reporting period

□ Applicable √ Not applicable

No major changes on profit composition or profit resources occurred in reporting period

Constitution of operating revenue

Unit: RMB/CNY

	Current period		Same period last year		y-o-y changes (+,-)
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operation revenue	250,015,152.23	100%	249,492,261.24	100%	0.21%
According to industries					
Auto sales	90,748,050.16	36.30%	95,643,935.09	38.34%	-5.12%
Auto inspection and maintenance and accessories sales	21,877,337.87	8.75%	23,157,150.81	9.28%	-5.53%
Property rental and service	89,143,718.75	35.66%	99,013,183.37	39.69%	-9.97%
Jewelry wholesale and retails	48,246,045.45	19.30%	31,677,991.97	12.70%	52.30%
According to products					
Auto sales	90,748,050.16	36.30%	95,643,935.09	38.34%	-5.12%
Auto inspection	21,877,337.87	8.75%	23,157,150.81	9.28%	-5.53%

and maintenance and accessories sales					
Property rental and service	89,143,718.75	35.66%	99,013,183.37	39.69%	-9.97%
Jewelry wholesale and retails	48,246,045.45	19.30%	31,677,991.97	12.70%	52.30%
According to region					
Shenzhen	250,015,152.23	100.00%	249,492,261.24	100.00%	0.21%

The industries, products or regions accounting for over 10% of the Company's operating revenue or operating profit

√Applicable □ Not applicable

Unit: RMB/CNY

	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	90,748,050.16	89,009,452.61	1.92%	-5.12%	-5.56%	0.46%
Auto inspection and maintenance and accessories sales	21,877,337.87	17,913,429.37	18.12%	-5.53%	5.79%	-8.76%
Property rental and service	89,143,718.75	29,683,060.13	66.70%	-9.97%	-0.84%	-3.06%
Jewelry wholesale and retails	48,246,045.45	51,738,235.44	-7.24%	52.30%	60.71%	-5.61%
According to products						
Auto sales	90,748,050.16	89,009,452.61	1.92%	-5.12%	-5.56%	0.46%
Auto inspection and maintenance and accessories sales	21,877,337.87	17,913,429.37	18.12%	-5.53%	5.79%	-8.76%
Property rental and service	89,143,718.75	29,683,060.13	66.70%	-9.97%	-0.84%	-3.06%
Jewelry wholesale and retails	48,246,045.45	51,738,235.44	-7.24%	52.30%	60.71%	-5.61%
According to region						
Shenzhen	250,015,152.23	188,344,177.55	24.67%	0.21%	8.67%	-5.87%

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

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

□ Applicable √ Not applicable

IV. Analysis of non-main business

√Applicable □ Not applicable

Unit: RMB/CNY

	Amount	Ratio in total profit	Note	Whether be sustainable (Y/N)
Investment income	23,487,946.52	43.57%	Investment income from shareholding enterprises and financing income	Y
Gain/loss of fair value changes	-617,068.50	-1.14%	Redeem the unmatured wealth management income at the end of 2021	Y
Non-operation revenue	295,807.48	0.55%	The leasing deposit transferred to non-operating income upon early surrender of lease by the tenant	N
Non-operation expenditure	237.72		Disposal of the fixed assets	N

V. Analysis of assets and liability

1. Major changes of assets composition

Unit: RMB/CNY

	Current Period-end		Year-end of last year		Ratio changes (+,-)	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	219,732,744.23	11.55%	240,582,057.16	12.94%	-1.39%	
Account receivable	55,148,362.83	2.90%	18,094,059.92	0.97%	1.93%	
Contract assets	0.00					
Inventory	27,425,910.86	1.44%	25,434,925.04	1.37%	0.07%	
Investment real estate	541,520,365.78	28.47%	551,383,294.54	29.65%	-1.18%	

Long-term equity investment	81,238,655.05	4.27%	88,310,867.47	4.75%	-0.48%	
Fix assets	112,837,946.28	5.93%	109,438,198.23	5.88%	0.05%	
Construction in process	261,124,333.54	13.73%	210,197,546.72	11.30%	2.43%	
Right-of-use assets	6,513,372.33	0.34%	7,336,915.83	0.39%	-0.05%	
Short-term loans	0.00					
Contract liability	10,168,590.39	0.53%	21,059,311.18	1.13%	-0.60%	
Long-term loans	121,670,407.44	6.40%	86,875,874.39	4.67%	1.73%	
Lease liability	3,963,266.13	0.21%	4,474,543.09	0.24%	-0.03%	
Trading financial assets	422,095,775.34	22.19%	412,712,843.84	22.19%	0.00%	
Other account payable	115,063,036.77	6.05%	112,617,963.65	6.06%	-0.01%	

2. Main foreign assets

□Applicable √Not applicable

3. Assets and liability measured by fair value

√ Applicable □Not applicable

Unit: RMB/CNY

Items	Opening amount	Changes of fair value gains/losses in this 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)	412,712,843.84	-617,068.50			692,000,000.00	682,000,000.00		422,095,775.34
2. Other equity instruments Investment	10,176,617.20							10,176,617.20
Above total	422,889,461.04	-617,068.50			692,000,000.00	682,000,000.00		432,272,392.54

Financial liabilities	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

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

As of 30 June 2022,the Company's right to use of monetary funds under restrictions is 27,188,802.59 Yuan, which is the supervision fund paid by the Company to Luohu District Urban Renewal Bureau of Shenzhen for the land plot 03 project of the upgrading project of Tellus-Gman Gold Jewelry Industrial Park. The monetary funds with restricted use rights at the end of last year were 26,926,471.3 Yuan.

VI. Investment analysis

1. Overall situation

√Applicable □Not applicable

Investment amount in the period (Yuan)	Investment amount at same period of last year (Yuan)	Changes (+,-)
50,926,786.82	34,159,982.94	49.08%

2. The major equity investment obtained in the reporting period

□Applicable √ Not applicable

3. The major on-going non-equity investment 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

VII. Sales of major assets and equity

1. Sales of major assets

□ Applicable √ Not applicable
The Company had no major assets were sold during the reporting period

2. Sales of major equity

□ Applicable √ Not applicable

VIII. Analysis of main holding Company and stock-jointly companies

√ Applicable □ Not applicable
Main subsidiary and participating companies with an impact of 10% or more on the Company's net profit

Unit: RMB/CNY

Company name	Type	Main business	Register capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenzhen Auto Industry and Trade Corporation	Subsidiary	Sales of auto and accessories	RMB 58.96 million	465,053,209.62	416,366,405.43	15,707,640.85	19,441,350.65	16,777,366.31
Shenzhen SDG Huari Auto Enterprise Co., Ltd.	Subsidiary	Auto maintenance and production and sales of accessories	USD 5 million	78,933,844.98	33,840,302.05	18,688,992.55	2,577,906.29	179,232.25
Shenzhen Zhongtian Industrial Co,. Ltd.	Subsidiary	Property rental	RMB 366.2219 million	602,461,949.99	476,881,625.27	49,206,718.02	27,672,928.10	20,579,654.24
Shenzhen Huari Toyota Automobile Sales Co. Ltd	Subsidiary	Auto sales	RMB 2 million	80,858,425.20	10,077,189.17	112,831,230.57	-1,082,890.12	-1,107,237.10
Shenzhen Xinyongtong Automobile Testing	Subsidiary	Manufacture of inspection equipment for motor	RMB 19.61 million	18,230,660.84	476,881,625.27	1,978,661.48	246,142.59	425,092.64

Equipment Co., Ltd.		vehicle						
Shenzhen Tellus Xinyongtong Automobile Development Co., Ltd.	Subsidiary	Inspection and repair of motor vehicle	RMB 32.90 million	465,053,209.62	416,366,405.43	3,804,172.09	1,770,815.60	1,328,111.70
Shenzhen Tellus Chuangying Technology Co., Ltd.	Subsidiary	Property rental	RMB 14 million	19,641,733.15	16,276,419.15	1,946,741.82	691,689.07	943,286.42
Shenzhen Tellus Treasury Supply Chain Tech. Co., Ltd.	Subsidiary	Purchase, sales and leasing of gold jewelry and precious metal products, coffer lease and warehousing services	RMB 50 million	51,319,457.05	21,716,113.28	44,362,818.87	-585,503.44	-585,503.44
Shenzhen Jewelry Industry Service Co., LTD	Subsidiary	Jewellery fair planning, jewellery on consignment, exhibition planning, conference services and marketing planning	RMB 100 million	51,319,457.05	21,716,113.28	3,883,226.58	-3,096,012.15	-3,096,012.15
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	Joint stock Company	Car sales and maintenance	RMB 30 million	213,898,319.56	74,875,538.99	493,226,617.42	-4,851,019.23	-3,318,473.42
Shenzhen Tellus Gman	Joint stock Compan	Investment in industry, property	RMB 123.70496 million	387,370,319.71	81,703,870.60	51,327,658.48	20,859,078.84	17,478,284.13

Investment Co., Ltd.	y	management and leasing						

Particular about subsidiaries obtained or disposed in report period

√ Applicable □ Not applicable

Name	Way to obtained and dispose in the Period	Impact on overall operation and performance
Guorun Gold (Shenzhen) Co., Ltd.	Newly established	The subsidiary was incorporated on June 28, and has no impact on results of the performance during the reporting period

IX Structured vehicle controlled by the Company

□ Applicable √ Not applicable

X. Risks of the Company and countermeasures

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, reinventing the main line of 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. Risks of transformation restricted by talent shortage

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. Formulate talent training and introduction plans combine 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.

Section IV Corporate Governance

I. AGM(Annual General Meeting) and extraordinary general meeting

1. AGM held in the period

Session of meeting	Type	Ratio of investor participation	Meeting Date	Date of disclosure	Resolutions
Annual General Meeting of 2021	AGM	60.77%	2022-04-29	2022-04-30	Found more in Resolution of the Annual General Meeting of 2021 (Notice No.: 2022-016) 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

II. Changes of directors, supervisors and senior executives

√Applicable □Not applicable

Name	Working status	Type	Date	Causes
Yang Hongyu	Director	Leaving office	2022-03-29	Resigned as a Director of the Company for work reasons
Yang Xi	Director	Elected	2022-04-29	Elected as the Director of the 10^{th} BOD of the Company at the second formal meeting of 10^{th} BOD and AGM of 2021
Gu Zhiming	Director	Leaving office	2022-05-20	Resigned as a Director of the Company for work reasons

III. Profit distribution plan and capitalizing of common reserves in the period

□ Applicable √ Not applicable

The Company plans not to distributed cash dividends and there are no bonus shares and capitalizing of common reserves either for the first half of the year.

IV. 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.

Section V Environmental and Social Responsibility

I. Major environmental protection

Listed Company and its subsidiary belong to the key pollution enterprise listed by Department of Environmental Protection

□Yes √No

Measures taken to reduce the carbon emission during the reporting period and their effectiveness

□Applicable √ Not applicable

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, donated living materials to the community, implementing the rental reduction and relief policies of the Shenzhen Municipal Government and the Municipal SASAC to help the tenants cross difficult times; meanwhile, during the tough time of the epidemic in Shenzhen, three employees were sent to participate in the anti-epidemic works on a full-time basis, organize volunteers from the Company to participate in many community works of epidemic prevention and control.

Section VI Important Event

I. Commitments that the actual controller, shareholders, related party, buyers and the Company have fulfilled during the reporting period and those that have been overdue as of the end of the reporting period

√Applicable □Not applicable

Commitments	Commitment party	Type of commitments	Content of commitments	Commitment date	Commitment term	Implementation
Commitments make in initial public offering or re-financing	Shenzhen Tellus Holding Co., Ltd.	Other	The commitments to the fulfillment of information disclosure about the Company business development are as follows: except for the information has been disclosed publicly, the Company has not had the disclosed information about asset acquisition and business development that has not been disclosed within one year. In the future, the Company shall timely, accurately and adequately disclose the relevant information according to the progress of new business and the related requirements.	2014-10-17	Long-term	Implementing
Other commitments for medium and small shareholders	Shenzhen Special Development Group Co., Ltd.	Horizontal Competition	In order to avoid the horizontal competition, the Company's controlling shareholder, Shenzhen Special Development Group Co., Ltd. has issued the "commitment letter about the avoidance of horizontal competition" on May 26, 2014. The full commitment letter is as follows: 1. The Company and other enterprises controlled by the Company except Tellus Group haven't occupied in any business that could substantially compete with the main businesses of Tellus Group, and have no horizontal competition relationship with Tellus Group.	2014-05-26	Long-term	Implementing
Other commitments for medium and small shareholders	Shenzhen Tellus Holding Co., Ltd.	Dividend commitment	From 2020 to 2022, the Company's profits will first be used to cover the losses of previous years; after making up for losses of previous years, in the premise that the Company's profits and cash flow can meet the Company's normal operations and long-term development, reward shareholders, the Company will implement positive profit distribution approaches to reward the shareholders, details are as follows: 1. The Company's profit distribution can adopt cash, stock or the combination of cash and stock or other methods permitted by law. The foreign currency conversion rates of domestically listed foreign shares dividend are calculated according to the standard price of HK dollar against RMB announced by People's Bank of China on the first working day after the resolution date of the shareholders' meeting. The Company prefers to adopt the cash dividends to distribute profits. In order to maintain the adaptability between capital expansion	2021-04-24	2022-12-31	Implementing

			and performance growth, in the premise of ensuring the full cash dividend distributions and the rationality of equity scale and equity structure, the Company can adopt the stock dividend methods to distribute profits. 2. According to the "Company Law" and other relevant laws and the provisions of the Company's "Articles of Association", following conditions should be satisfied when the Company implements cash dividends: (1) the Company's annual distributable profits (i.e. the after-tax profits after making up for losses and withdrawing accumulation funds) are positive value, the implementation of cash dividends will not affect the Company's subsequent continuing operations; (2) the audit institution issues the standard audit report with clean opinion to the Company's annual financial report; (3) the Company has no significant investment plans or significant cash outlay (except for fund-raising projects). Major investment plans or significant cash outlay refer to: the accumulated expenditures the Company plans to used for investments abroad, acquisition of assets, or purchase of equipment within the next 12 months reach or exceed 30% of the net assets audited in the latest period. 3. In the premise of meeting the conditions of cash dividends and ensuring the Company's normal operation and long-term development, the Company makes cash dividends once a year in principle, the Company's board of directors can propose the Company to make interim cash dividends in accordance with the Company's profitability and capital demand conditions. The proportion of cash dividends in profits available for distribution and in distribution of profits should meet the following requirements: (1) in principle, the Company's profits distributed in cash every year should not be less than 10% of profit available for 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 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					

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. Guarantee outside against the regulation

□Applicable √Not applicable

No guarantee outside against the regulation in Period.

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

Whether the semi-annual financial report had been audited

□Yes √ No

The semi-annual report was not audited

V. Explanation on "Qualified Opinion" from CPA by the Board and Supervisory Committee

□Applicable √Not applicable

VI. Explanation from the Board for "Qualified Opinion" of last year's

□Applicable √Not applicable

VII. Bankruptcy reorganization

□Applicable √Not applicable
No bankruptcy reorganization in Period.

VIII. Lawsuits

Material lawsuits and arbitration
□Applicable √Not applicable
There were no material lawsuits and arbitration during the reporting period

Other lawsuits
√ Applicable □ Not applicable

The basic situation of litigation (Arbitration)	Amount of money involved (in 10 thousand Yuan)	Predicted liabilities (Y/N)	Advances in litigation (Arbitration)	The results and effects of litigation (Arbitration)	Execution of the litigation (Arbitration)	Disclosure date	Disclosure index
Disputes over guarantee rights of recovery (Jintian)	32.5	N	Enforcement stage	Jintian Company should pay the company 325,000 yuan in cash and 427,604 A-shares and 163,886 B-shares of Jintian Company within five days after the judgment takes effect (If the stock cannot be delivered, it can be paid after being converted to cash at the stock market price on the last day of the performance period).	400,800 yuan has been paid back (including 325,000 yuan in cash as determined in the judgment and a total of 75,800 yuan in cash such as B-shares converted to cash, preservation fees, delayed performance fees, etc.), and 427,604 A-shares	2022-04-08	The "Annual Report of 2021" released on Juchao Website (www.cninfo.com.cn)

				Jintian Company failed to perform its obligations determined in the judgment in a timely manner, and the company filed an application for compulsory execution with the court.	have been transferred to the account designated by the court, we are now waiting for the Qianhai Court to transfer the aforesaid funds and stocks to the Company.		
Dispute over the shareholder qualification confirmation (Japan Chukyo Auto Corp(日本國中京自動車株式會社),ACU Enterprise Inc.(ACU 企業株式會社)filed a lawsuit in court to confirm their shareholder status in SDG Huari)	19.84	N	Second stage of trial	The company has received the first-instance judgment on June 30, 2022. The judgment confirmed that the plaintiffs, Chukyo Company and ACU Company, are the shareholders of the defendant, SDG Huari. The case acceptance fee of 99,200 yuan shall be borne by the defendant, SDG Huari. Now, SDG Huari has appealed and paid the legal fees, and is waiting for the second trial to be scheduled for hearing.	No implementation involved at this time	2022-07-02	The "Notice on Receipt of the Civil Judgment of the first Instance by the Company and its controlling subsidiary"(Notice No.: 2022-035) released on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)
Housing lease contract dispute (Mao Zhexiang)	30.54	N	Enforcement stage	The court ruled that the Letter of Agreement and the Supplementary Change Agreement on Issues such as Rent Collection of Street Stores on Tellus North Road between Mao Zhexiang and the company are terminated from January 31, 2020; Mao Zhexiang should vacate the street stores involved in the	As of June 2022, the company has recovered all the properties involved in the case, and received the execution payment of 283,383.45 yuan, and the remaining payment (interest of about 22,000 yuan) is being executed. On		

				case and hand over to the company, and pay Tellus Holding the possession and use fee by 12,498 yuan per month from May 1, 2020 to the date of the actual return of the street shop involved in the case. Mao Zhexiang did not take the initiative to perform his obligations, and Tellus Holding applied for compulsory execution.	June 24, 2022, the Luohu Court issued a high consumption restriction order to Mao Zhexiang.		
Construction Contract Dispute (Shenzhen Lvcheng Eco-Development Co., Ltd, Shenzhen Yinglong Jian'an (Group) Co., Ltd.)	51.59	N	Second stage of trial	The Company received the first trial decision on December 17, 2021, which ruled that the Company and Yinglong Company pay 503,000 yuan principal and interest to Lvcheng Company together. Now the Company has appealed and awaits the second trial hearing and verdict	No implementation involved at this time		
Dispute on Sales Contract of Commercial Property (Liu Dan, Shenzhen SDG Tellus Real Estate Co., Ltd.)	0.02	N	Judgment satisfaction stage	The court ruled that the defendant, Shenzhen SDG Tellus Real Estate Co., Ltd, should survey and draw the house property at Room 502, Building 4, Tellus Garden purchased by Liu Dan, the plaintiff, within one month after judgment came into effect, the sheet number is 481614010029. Provide relevant information required for applying for the house property certificate for Room No.529 of the house. The case acceptance fee of 200 yuan shall be borne by the defendant, Shenzhen	Has cooperated with the plaintiff to stamp on licensing documents		

				SDG Tellus Real Estate Co., Ltd. Because the implementation of the case is clear, the company does not need to bear the corresponding responsibility, it plans to no longer appeal. In June, the company has cooperated with the plaintiff to stamp on the documents for applying for a certificate.			

IX. Penalty and rectification

□ Applicable √Not applicable

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

□ Applicable √Not applicable

XI. Major related transaction

1. Related transaction with routine operation concerned

√ Applicable □ Not applicable

Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principle	Related transaction price	Related transaction amount (in 10 thousand Yuan)	Proportion in similar transactions (%)	Trading limit approved (in 10 thousand Yuan)	Whether over the approved limited or not (Y/N)	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	Director/Supervisor/ SE serves director of the Comp	Routine related transactions	Providing property leasing	Reference to market price	259.52	259.52	2.61%	545	N	Settlement according to contract or agreement	259.52		

	any												
Shenzhen SDG Tellus Property Management Co., Ltd.	Subsidiary of the controlling shareholder	Routine related transactions	Providing property leasing	Reference to market price	1.52	1.52	0.02%	14	N	Settlement according to contract or agreement	1.52		
Shenzhen SDG Petty Loan Co., Ltd.	Subsidiary of the controlling shareholder	Routine related transactions	Providing property leasing and management service	Reference to market price	65.41	65.41	0.66%	140	N	Settlement according to contract or agreement	65.41		
Jewelry Park Branch of Shenzhen SDG Service Co., Ltd.	Sub-subsidiary of controlling shareholder	Routine related transactions	Providing property leasing	Reference to market price	110.83	110.83	1.11%	180	N	Settlement according to contract or agreement	110.83		
Jewelry Park Branch of Shenzhen SDG Service Co., Ltd.	Sub-subsidiary of controlling shareholder	Routine related transactions	Receive service of cleaning and greening and renov	Reference to market price	523.62	523.62	47.83%	36	N	Settlement according to contract or agreement	523.62		

			ation										
Shenzhen SDG Tellus Property Management Co., Ltd.	Subsidiary of the controlling shareholder	Routine related transactions	Accepting property management service	Reference to market price	152.91	152.91	0.81%	1,570	N	Settlement according to contract or agreement	152.91		
Total				--	--	1,113.81	--	2,485	--	--	--	--	--
Detail of sales return with major amount involved				N/A									
Report the actual implementation of the normal 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 (if applicable)				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 has non-operational contact of credit and debts or not

□Yes √No

There was no non-operational contact of credit and debts during the 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 and the finance companies with related relationships or between the related parties

6. Contact with the finance companies 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 related transactions

□Applicable √Not applicable

No other related transaction in Period

XII. 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	Related	Guarante	Actual	Actual	Guarante	Collatera	Counter	Guarante	Impleme	Guarante

the Company guaranteed	Announcement disclosure date	e limit	date of happening	guarantee limit	e type	l (if any)	guarantee (if any)	e term	nted (Y/N)	e for related party (Y/N)
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	2014-09-30	3,500	2007-04-17	3,500	Pledge			To the expire date of joint venture contract	N	Y
Total approving external guarantee in report period (A1)		0		Total actual occurred external guarantee in report period (A2)						3,500
Total approved external guarantee at the end of report period (A3)		3,500		Total actual balance of external guarantee at the end of report period (A4)						3,500
Guarantee of the Company 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 guarantee of the Company (total of three above mentioned guarantee)										
Total amount of approving guarantee in report period (A1+B1+C1)				Total amount of actual occurred guarantee in report period (A2+B2+C2)						3,500
Total amount of approved guarantee at the end of report period (A3+B3+C3)		3,500		Total balance of actual guarantee at the end of report period (A4+B4+C4)						3,500
The proportion of the total amount of				2.39%						

actually guarantee in the net assets of the Company (that is A4+ B4+C4)	
Including:	

3. Trust financing

√ Applicable □ Not applicable

In 10 thousand Yuan

Type	Capital resources	Amount for entrust	Outstanding balance	Amount overdue for collection	Impairment for the overdue financial management
Bank financing product	Own funds	70,000	42,100	0	0
Total		70,000	42,100	0	0

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

□Applicable √Not applicable

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

□Applicable √Not applicable

4. Other material contracts

□ Applicable √ Not applicable

No other material contracts for the Company in reporting period.

XIII. Description of other significant matters

√ Applicable □ Not applicable

Resolved by the 4th interim Meeting of 10th BOD, the Company cooperated with Shenzhen HTI, Chow Tai Fook Jewelry Culture Industrial Park (Wuhan) Co., Ltd to jointly invest in the establishment of an enterprise of a gold flow platform, the project has 200 million yuan in total for the investment. Found more on the “Notice on Investment of a Gold Flow Platform” (Notice No.: 2022-027) released on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn) dated June 15, 2022. The gold flow platform company has been registered presently and will carry out business gradually.

XIV. Important event of the subsidiaries

√ Applicable □ Not applicable

Due to the expiry of business term under the name of controlling subsidiary - Shenzhen SDG Huari Auto Enterprise Co., Ltd, the Company is advancing the follow-up matters of the expiration of business term of SDG Huari in line with the laws and regulations. The business premises of Shenzhen Huari Toyota Auto Sales Service Co., Ltd-controlling subsidiary of the Company is the property owned by SDG Huari, due to the risks of liquidation of SDG Huari, the Company is in-depth studying the future director of Huari Toyota. In addition, SDG Huari appealed against the first instance judgment in the dispute over the confirmation of shareholder qualification, and SDG Huari has filed an appeal in accordance with the law. Found more in the “Informative Notice on Expiration of the Business Term of Controlling Subsidiary” (Notice No.: 2022-030), “Notice on Response to the Concern Letter of Shenzhen Stock Exchange” (Notice No.: 2022-032), “Receipt of the Civil Judgment of the First Instance by the Company and its Controlling Subsidiary” (Notice No.: 2022-035), “Notice on Expiration of the Business Term of Controlling Subsidiary” (Notice No.: 2022-038) and “Progress of Litigation of the Controlling Subsidiary” (Notice No.: 2022-039) released on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn) dated June 22, 2022, June 29, July 2, and July 29 respectively. In view of the fact that SDG Huari is still involved in litigation, and the related matters with SDG Huari concerned are uncertain in the short term, the Company will, through all legal means to protect the interest of majority investors, claim the rights and interest of the Company, and will pay close attention to the subsequent progress of the matters and timely compliance with the information disclosure obligations.

Section VII. Changes in Shares and Particulars about Shareholder

I. Changes in Share Capital

1. Changes in Share Capital

Unit: 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	0	0.00%	0	0	0	0	0	0	0.00%

aboard									
3. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	431,058,320	100.00%	0	0	0	0	0	431,058,320	100.00%

Reasons for share changed

□ Applicable √ Not applicable

Approval of share changed

□ Applicable √ Not applicable

Ownership transfer of share changed

□ Applicable √ Not applicable

Progress of shares buy-back

□ Applicable √ Not applicable

Implementation progress of reducing holdings of shares buy-back by centralized bidding

□ Applicable √ Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

2. Changes of lock-up stocks

□ Applicable √ Not applicable

II. Securities issuance and listing

□ Applicable √ Not applicable

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

Unit: share

Total common stock shareholders in reporting period-end			73,270	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) （see note 8）			0	
Particulars about common shares held above 5% by shareholders or top ten common shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Amount of common shares held at the end of reporting period	Changes in report period	Amount of restricted common shares held	Amount of common shares held without restriction	Information of shares pledged, tagged or 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	10.89%	46,923,432	-8,621,005	0	46,923,432		0
Li Xiaoming	Domestic nature person	0.60%	2,607,800	2,607,800	0	2,607,800		0
GUOTAIJUNANSECURITIES(HONGKONG)LIMITED	Foreign corporation	0.40%	1,744,491	-112,055	0	1,744,491		0
Industrial and Commercial Bank of China - China Southern CSI Index Real Estate Traded Open-ended Index Fund		0.39%	1,663,775	1,663,775	0	1,663,775		0
Huatai Securities Co., Ltd.	State-owned corporation	0.32%	1,382,458	1,382,458	0	1,382,458		0
UBS AG	Foreign corporation	0.30%	1,309,975	1,309,975	0	1,309,975		0
Li Hao	Domestic nature person	0.30%	1,300,241	1,300,241	0	1,300,241		0
Gao Bo	Domestic nature person	0.23%	1,000,000	1,000,000	0	1,000,000		0
Lin Haizhi	Domestic nature person	0.19%	809,766	809,766	0	809,766		0

<table>
<tr><td>Strategy investor or general legal person becoming the top 10 common shareholders by placing new shares (if applicable) (see note 3)</td><td colspan="4">N/A</td></tr>
<tr><td>Explanation on associated relationship among the aforesaid shareholders</td><td colspan="4">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.</td></tr>
<tr><td>Description of the above shareholders in relation to delegate/entrusted voting rights and abstention from voting rights.</td><td colspan="4">Not applicable</td></tr>
<tr><td>Special note on the repurchase account among the top 10 shareholders (if applicable) (see note 11)</td><td colspan="4">N/A</td></tr>
<tr><td colspan="5">Particular about top ten shareholders with un-lock up common stocks held</td></tr>
<tr><td rowspan="2">Shareholders' name</td><td rowspan="2" colspan="2">Amount of common shares held without restriction at Period-end</td><td colspan="2">Type of shares</td></tr>
<tr><td>Type</td><td>Amount</td></tr>
<tr><td>Shenzhen Special Development Group Co., Ltd.</td><td colspan="2">211,591,621</td><td>RMB common shares</td><td>211,591,621</td></tr>
<tr><td>Shenzhen Capital Fortune Jewelry Industry Investment Enterprise (LP)</td><td colspan="2">46,923,432</td><td>RMB common shares</td><td>46,923,432</td></tr>
<tr><td>Li Xiaoming</td><td colspan="2">2,607,800</td><td>RMB common shares</td><td>2,607,800</td></tr>
<tr><td>GUOTAIJUNANSECURITIES(HONGKONG)LIMITED</td><td colspan="2">1,744,491</td><td>Domestically listed foreign shares</td><td>1,744,491</td></tr>
<tr><td>Industrial and Commercial Bank of China -China Southern CSI Index Real Estate Traded Open-ended Index Fund</td><td colspan="2">1,663,775</td><td>RMB common shares</td><td>1,663,775</td></tr>
<tr><td>Huatai Securities Co., Ltd.</td><td colspan="2">1,382,458</td><td>RMB common shares</td><td>1,382,458</td></tr>
<tr><td>UBS AG</td><td colspan="2">1,309,975</td><td>RMB common shares</td><td>1,309,975</td></tr>
<tr><td>Li Hao</td><td colspan="2">1,300,241</td><td>RMB common shares</td><td>1,300,241</td></tr>
<tr><td>Gao Bo</td><td colspan="2">1,000,000</td><td>RMB common shares</td><td>1,000,000</td></tr>
</table>

Lin Haizhi	809,766	RMB common shares	809,766
Expiation on associated relationship or consistent actors within the top 10 un-lock up common shareholders and between top 10 un-lock up common shareholders and top 10 common 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 top 10 common shareholders involving margin business (if applicable) (see note 4)	The shareholder Li Hao holds 1,300,241 shares of the company's stock through a credit transaction guarantee securities account, and 0 share of the company's stock through an ordinary securities account, for a total of 1,300,241 shares. The shareholder Lin Haizhi holds 809,766 shares of the company's stock through a credit transaction guarantee securities account, and 0 share of the company's stock through an ordinary securities account, for a total of 809,766 shares.		

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

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

□ Applicable √ Not applicable

Shares held by directors, supervisors and senior executives have no changes in reporting period, found more details in Annual Report 2021.

V. Changes in controlling shareholders or actual controllers

Change of controlling shareholder during the reporting period

□ Applicable √ Not applicable

Change of actual controller during the reporting period

□ Applicable √ Not applicable

The Company had no change of actual controller during the reporting period

Section VIII. Preferred Stock

□ Applicable √ Not applicable

The Company had no preferred stock in the Period

Section IX. Corporate Bonds

□ Applicable √ Not applicable

Section X. Financial Report

I. Financial Statement

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated Balance Sheet

Prepared by Shenzhen Tellus Holding Co., Ltd.

June 30, 2022

Unit: RMB/CNY

Item	June 30, 2022	December 31, 2022
Current assets:		
Monetary funds	219,732,744.23	240,582,057.16
Settlement provisions		
Capital lent		
Trading financial assets	422,095,775.34	412,712,843.84
Derivative financial assets		
Note receivable		
Account receivable	55,148,362.83	18,094,059.92
Receivable financing		
Accounts paid in advance	13,892,808.08	16,532,227.85
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	7,554,454.53	5,072,970.77
Including: Interest receivable		
Dividend receivable	547,184.35	547,184.35
Buying back the sale of financial assets		
Inventories	27,425,910.86	25,434,925.04
Contractual assets		
Assets held for sale		530,520.33
Non-current asset due within one year		
Other current assets	3,630,901.41	8,596,585.57
Total current assets	749,480,957.28	727,556,190.48
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		

Long-term account receivable		
Long-term equity investment	81,238,655.05	88,310,867.47
Investment in other equity instrument	10,176,617.20	10,176,617.20
Other non-current financial assets		
Investment real estate	541,520,365.78	551,383,294.54
Fixed assets	112,837,946.28	109,438,198.23
Construction in progress	261,124,333.54	210,197,546.72
Productive biological asset		
Oil and gas asset		
Right-of-use assets	6,513,372.33	7,336,915.83
Intangible assets	48,966,336.58	49,589,498.28
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	26,848,710.98	28,682,636.66
Deferred income tax asset	8,499,551.03	8,499,551.03
Other non-current asset	54,605,044.16	68,473,888.99
Total non-current asset	1,152,330,932.93	1,132,089,014.95
Total assets	1,901,811,890.21	1,859,645,205.43
Current liabilities:		
Short-term loans		
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable		
Account payable	69,778,883.21	67,407,763.03
Accounts received in advance	10,861,839.87	1,827,827.28
Contractual liability	10,168,590.39	21,059,311.18
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	41,549,410.57	38,893,597.75
Taxes payable	21,055,313.44	48,522,100.45
Other account payable	115,063,036.77	112,617,963.65
Including: Interest payable		
Dividend payable		
Commission charge and commission payable		
Reinsurance payable		

Liability held for sale		
Non-current liabilities due within one year	2,884,263.93	3,021,452.25
Other current liabilities	601,487.93	2,367,994.70
Total current liabilities	271,962,826.11	295,718,010.29
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	121,670,407.44	86,875,874.39
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability	3,963,266.13	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	9,558,134.67	10,235,331.21
Deferred income tax liabilities	963,045.49	963,045.49
Other non-current liabilities		
Total non-current liabilities	140,343,428.89	106,737,369.34
Total liabilities	412,306,255.00	402,455,379.63
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	26,546,480.09
Provision of general risk		
Retained profit	576,542,187.29	543,843,496.85
Total owner’ s equity attributable to parent company	1,465,622,963.89	1,432,924,273.45
Minority interests	23,882,671.32	24,265,552.35
Total owner’ s equity	1,489,505,635.21	1,457,189,825.80
Total liabilities and owner’ s equity	1,901,811,890.21	1,859,645,205.43

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

Unit: RMB/CNY

Item	June 30, 2022	December 31, 2022
Current assets:		
Monetary funds	81,036,027.27	96,860,811.12
Trading financial assets	416,095,775.34	346,485,780.83
Derivative financial assets		
Note receivable		
Account receivable	2,715,392.30	119,014.41
Receivable financing		
Accounts paid in advance	1,086,453.80	180,505.50
Other account receivable	2,263,037.37	90,401,592.58
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	137,126.11	
Total current assets	503,333,812.19	534,047,704.44
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	793,528,127.78	781,100,340.20
Investment in other equity instrument	10,176,617.20	10,176,617.20
Other non-current financial assets		
Investment real estate	28,170,379.26	29,425,213.32
Fixed assets	17,142,634.69	17,792,917.53
Construction in progress	260,999,489.22	210,072,702.40
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	47,645,805.33	48,214,014.93
Research and development costs		
Goodwill		
Long-term deferred expenses	8,343,141.87	8,853,627.44
Deferred income tax assets	3,398,437.68	3,398,437.68
Other non-current assets	27,041,880.66	32,375,515.49

Total non-current assets	1,196,446,513.69	1,141,409,386.19
Total assets	1,699,780,325.88	1,675,457,090.63
Current liabilities:		
Short-term borrowings		
Trading financial liability		
Derivative financial liability		
Notes payable		
Account payable	334,195.06	344,098.18
Accounts received in advance	1,929,742.08	60,656.39
Contractual liability		
Wage payable	28,423,362.63	25,851,294.89
Taxes payable	2,759,307.61	1,873,430.60
Other accounts payable	462,130,705.37	471,549,476.87
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	495,577,312.75	499,678,956.93
Non-current liabilities:		
Long-term loans	121,670,407.44	86,875,874.39
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	121,670,407.44	86,875,874.39
Total liabilities	617,247,720.19	586,554,831.32
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	26,546,480.09
Retained profit	196,671,674.37	203,041,327.99
Total owner's equity	1,082,532,605.69	1,088,902,259.31
Total liabilities and owner's equity	1,699,780,325.88	1,675,457,090.63

3. Consolidated Profit Statement

Unit: RMB/CNY

Item	2022 semi-annual	2021 semi-annual
I. Total operating income	250,015,152.23	249,492,261.24
Including: Operating income	250,015,152.23	249,492,261.24
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	220,692,103.94	208,332,636.82
Including: Operating cost	188,344,177.55	173,313,253.96
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Tax and extras	4,269,247.42	2,614,156.04
Sales expense	10,947,318.15	12,002,312.02
Administrative expense	19,832,917.21	20,807,474.69
R&D expense		
Financial expense	-2,701,556.39	-404,559.89
Including: Interest expenses	108,391.88	1,200,000.00
Interest income	2,843,386.98	1,719,072.16
Add: Other income	1,575,990.30	326,420.16
Investment income (Loss is listed with "-")	23,487,946.52	14,395,758.68
Including: Investment income on affiliated company and joint venture	7,927,787.58	9,683,638.47
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 “-”)	-617,068.50	-418,952.05
Loss of credit impairment (Loss is listed with “-”)	-200,149.24	
Losses of devaluation of asset (Loss is listed with “-”)		
Income from assets disposal (Loss is listed with “-”)	40,765.92	56,242.77
III. Operating profit (Loss is listed with “-”)	53,610,533.29	55,519,093.98
Add: Non-operating income	295,807.48	72,884.60
Less: Non-operating expense	237.72	9,945.86
IV. Total profit (Loss is listed with “-”)	53,906,103.05	55,582,032.72
Less: Income tax expense	10,808,747.89	11,085,413.51
V. Net profit (Net loss is listed with “-”)	43,097,355.16	44,496,619.21
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with ‘-”)	43,097,355.16	44,496,619.21
2.termination of net profit (net loss listed with ‘-”)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	43,480,236.19	44,542,715.32
2.Minority shareholders’ gains and losses	-382,881.03	-46,096.11
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	43,097,355.16	44,496,619.21
Total comprehensive income attributable to owners of parent Company	43,480,236.19	44,542,715.32
Total comprehensive income attributable to minority shareholders	-382,881.03	-46,096.11
VIII. Earnings per share:		
(i) Basic earnings per share	0.1009	0.1033
(ii) Diluted earnings per share	0.1009	0.1033

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

Unit: RMB/CNY

Item	2022 semi-annual	2021 semi-annual

I. Operating income	12,666,278.27	19,483,635.23
Less: Operating cost	5,003,948.63	5,163,217.03
Taxes and surcharge	609,206.45	717,195.50
Sales expenses		
Administration expenses	16,849,325.25	16,198,882.72
R&D expenses		
Financial expenses	-1,323,024.22	-671,872.77
Including: Interest expenses		
Interest income	1,330,174.79	659,566.06
Add: Other income	111,156.14	
Investment income (Loss is listed with “-”)	13,643,736.16	14,609,726.37
Including: Investment income on affiliated Company and joint venture	7,927,787.58	12,534,155.42
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 “-”)	-390,005.49	-110,023.28
Loss of credit impairment (Loss is listed with “-”)		
Losses of devaluation of asset (Loss is listed with “-”)		
Income on disposal of assets (Loss is listed with “-”)		
II. Operating profit (Loss is listed with “-”)	4,891,708.97	12,575,915.84
Add: Non-operating income	74,563.02	19,127.02
Less: Non-operating expense		
III. Total Profit (Loss is listed with “-”)	4,966,271.99	12,595,042.86
Less: Income tax	554,379.86	54,954.66
IV. Net profit (Net loss is listed with “-”)	4,411,892.13	12,540,088.20
(i) continuous operating net profit (net loss listed with ‘-”)	4,411,892.13	12,540,088.20
(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	4,411,892.13	12,540,088.20
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB/CNY

Item	2022 semi-annual	2021 semi-annual
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	233,540,881.93	255,459,153.13
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	11,847,129.45	
Other cash received concerning operating activities	95,434,828.86	73,388,884.28
Subtotal of cash inflow arising from operating activities	340,822,840.24	328,848,037.41
Cash paid for purchasing commodities and receiving labor service	173,793,008.62	141,066,170.40
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	32,931,967.00	30,623,586.20
Taxes paid	48,368,592.66	20,257,855.77
Other cash paid concerning operating activities	97,047,567.37	77,329,026.02
Subtotal of cash outflow arising from operating activities	352,141,135.65	269,276,638.39
Net cash flows arising from operating activities	-11,318,295.41	59,571,399.02

II. Cash flows arising from investing activities:		
Cash received from recovering investment	699,334,600.00	896,400,000.00
Cash received from investment income	21,775,312.96	4,969,394.03
Net cash received from disposal of fixed, intangible and other long-term assets	361,050.00	334,000.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	721,470,962.96	901,703,394.03
Cash paid for purchasing fixed, intangible and other long-term assets	50,916,178.95	37,930,602.45
Cash paid for investment	700,000,000.00	794,280,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	18,669.20	
Subtotal of cash outflow from investing activities	750,934,848.15	832,210,602.45
Net cash flows arising from investing activities	-29,463,885.19	69,492,791.58
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	34,897,377.72	29,715,060.10
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	34,897,377.72	29,715,060.10
Cash paid for settling debts	5,000,000.00	
Cash paid for dividend and profit distributing or interest paying	11,880,454.55	9,165,434.86
Including: Dividend and profit of minority shareholder paid by subsidiaries		

Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	16,880,454.55	9,165,434.86
Net cash flows arising from financing activities	18,016,923.17	20,549,625.24
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	280.60	-16,779.45
V. Net increase of cash and cash equivalents	-22,764,976.83	149,597,036.39
Add: Balance of cash and cash equivalents at the period -begin	211,655,585.86	208,462,656.63
VI. Balance of cash and cash equivalents at the period -end	188,890,609.03	358,059,693.02

6. Cash Flow Statement of Parent Company

Unit: RMB/CNY

Item	2022 semi-annual	2021 semi-annual
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	9,407,009.79	4,331,488.77
Write-back of tax received	8,332,462.70	
Other cash received concerning operating activities	90,848,952.57	145,968,999.79
Subtotal of cash inflow arising from operating activities	108,588,425.06	150,300,488.56
Cash paid for purchasing commodities and receiving labor service		
Cash paid to/for staff and workers	16,512,716.41	14,532,885.73
Taxes paid	1,644,445.17	1,621,570.18
Other cash paid concerning operating activities	11,334,575.98	47,698,960.71
Subtotal of cash outflow arising from operating activities	29,491,737.56	63,853,416.62
Net cash flows arising from operating activities	79,096,687.50	86,447,071.94
II. Cash flows arising from investing activities:		
Cash received from recovering investment	550,000,000.00	269,900,000.00

Cash received from investment income	20,715,948.58	2,175,570.95
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	570,715,948.58	272,075,570.95
Cash paid for purchasing fixed, intangible and other long-term assets	50,177,507.00	33,234,690.43
Cash paid for investment	639,500,000.00	339,000,000.00
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		200,150.00
Subtotal of cash outflow from investing activities	689,677,507.00	372,434,840.43
Net cash flows arising from investing activities	-118,961,558.42	-100,359,269.48
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Cash received from loans	34,897,377.72	29,715,060.10
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	34,897,377.72	29,715,060.10
Cash paid for settling debts		
Cash paid for dividend and profit distributing or interest paying	11,880,454.55	9,116,132.76
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	11,880,454.55	9,116,132.76
Net cash flows arising from financing activities	23,016,923.17	20,598,927.34
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash	-16,847,947.75	6,686,729.80

equivalents		
Add: Balance of cash and cash equivalents at the period -begin	95,207,575.71	42,609,260.98
VI. Balance of cash and cash equivalents at the period -end	78,359,627.96	49,295,990.78

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

Current Amount

Unit: RMB/CNY

Item	Semi-annual of 2022														
	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		26,546,480.09		543,843,496.85		1,432,924,273.45	24,265,552.35	1,457,189,825.80
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		26,546,480.09		543,843,496.85		1,432,924,273.45	24,265,552.35	1,457,189,825.80
III. Increase/ Decrease in the period (Decrease is listed with "-")											32,698,690.44		32,698,690.44	-382,881.03	32,315,809.41
(i) Total comprehensive income											43,480,236.19		43,480,236.19	-382,881.03	43,097,355.16
(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											-10,781,545.75		-10,781,545.75		-10,781,545.75
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)											-10,781,545.75		-10,781,545.75		-10,781,545.75
4. Other															
(iv) Carrying forward internal owners' equity															
1. Capital reserves conversed to capital (share capital)															
2. Surplus reserves conversed to capital (share capital)															
3. Remedying loss with surplus reserve															
4. Carry-over retained earnings from the defined benefit plans															
5. Carry-over retained earnings from other															

comprehensive income															
6. Other															
(v) Reasonable reserve															
1. Withdrawal in the report period															
2. Usage in the report period															
(vi) Others															
IV. Balance at the end of the period	431,058,320.00				431,449,554.51		26,422.00		26,546,480.09		576,542,187.29		1,465,622,963.89	23,882,671.32	1,489,505,635.21

Amount of the previous period

Unit: RMB/CNY

Item	Semi-annual of 2021														
	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		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 "-")											35,921,548.92		35,921,548.92	-95,398.21	35,826,150.71
(i) Total comprehensi											44,542,7		44,542,7	-46,0	44,496,6

ve income											15.32		15.32	96.11	19.21
(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											-8,621,166.40		-8,621,166.40	-49,302.10	-8,670,468.50
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)											-8,621,166.40		-8,621,166.40	-49,302.10	-8,670,468.50
4. Other															
(iv) Carrying forward internal owners' equity															
1. Capital reserves conversed to capital (share capital)															
2. Surplus reserves conversed to capital (share capital)															
3. Remedying loss with surplus reserve															
4. Carry-over retained earnings from the															

defined benefit plans														
5. Carry-over retained earnings from other comprehensive income														
6. Other														
(v) Reasonable reserve														
1. Withdrawal in the report period														
2. Usage in the report period														
(vi) Others														
IV. Balance at the end of the period	431,058,320.00				431,449,554.51		26,422.00		23,848,485.62		460,063,442.26		1,346,446,224.39	74,026,028.13	1,420,472,252.52

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

Current Amount

Unit: RMB/CNY

Item	Semi-annual of 2022											
	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				26,546,480.09	203,041,327.99		1,088,902,259.31
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				26,546,480.09	203,041,327.99		1,088,902,259.31
III. Increase/ Decrease in the period (Decrease is listed with "-")										-6,369,653.62		-6,369,653.62
(i) Total										4,411,		4,411,

comprehensive income										892.13		892.13
(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										-10,781,545.75		-10,781,545.75
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-10,781,545.75		-10,781,545.75
3. Other												
(iv) Carrying forward internal owners' equity												
1. Capital reserves conversed to capital (share capital)												
2. Surplus reserves conversed to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings												

from other comprehensive income												
6. Other												
(v) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(vi) Others												
IV. Balance at the end of the period	431,058,320.00				428,256,131.23				26,546,480.09	196,671,674.37		1,082,532,605.69

Amount of the previous period

Unit: RMB/CNY

Item	Semi-annual of 2021											
	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				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 "-")										3,918,921.80		3,918,921.80
(i) Total comprehensive income										12,540,088.20		12,540,088.20
(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										-8,621,166.40		-8,621,166.40
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-8,621,166.40		-8,621,166.40
3. Other												
(iv) Carrying forward internal owners' equity												
1. Capital reserves conversed to capital (share capital)												
2. Surplus reserves conversed to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(v) Reasonable reserve												
1. Withdrawal in the report												

period												
2. Usage in the report period												
(vi) Others												
IV. Balance at the end of the period	431,058,320.00				428,256,131.23				23,848,485.62	191,299,466.00		1,074,462,402.85

II. Company information

1. Company profile

Shenzhen Tellus Holding Co., Ltd. (hereinafter referred to as the Company or Company) is a limited company that reorganized and established from former Shenzhen Machinery Industry Company, as authorized by the reply relating to Shenzhen Machinery Industry Company transforming to Shenzhen Testrite Machinery Co., Ltd(SFBF[1991]1012) issued by the Office of Shenzhen People Government, registered in Shenzhen Administration for Industry & Commerce on November 10, 1986. The Company holds a business license with unified social credit code of 91440300192192210U, and with a registered capital of RMB431,058,320.00 and a total number of 431,058,320 shares, including unrestricted outstanding 392,778,320 shares (A-stock) and 38,280,000 shares (B-stock). Operating address of the HQ located at 3/F, 4/F, Tellus Building, Shuibei Er Road, Luohu District, Shenzhen. Legal representative: Fu Chunlong.

In 1993, as authorized by the reply relating to Shenzhen Testrite Machinery Co., Ltd. transforming to a public company (SFBF[1992]1850) issued by the Office of Shenzhen People Government and the reply relating to issuance of stocks by Shenzhen Testrite Machinery and Electric Co., Ltd. (SRYFZ[1993]092) issued by Shenzhen branch of People's Bank of China, the Company changed to be a public company and made the initial public offering. Registered capital amounting to RMB 166,880,000.00 with a total share capital of 166,880,000 shares, among which, 120,900,000 shares were converted from the original assets and 25,980,000 shares (A-stock) and 20,000,000 shares (B-stock) were issued. Par value of the shares is RMB 1 per share. On June 21, 1993, shares of the Company were listed for trading on Shenzhen Stock Exchange.

According to the resolution of Annual General Meeting of 1993, on the basis of 166,880,000 shares as of December 31 of that year, 2 shares for every 10 shares and a cash dividend of 0.5 yuan per 10 shares were distributed to all shareholders, totaling 33,376,000 shares distributed and was implemented in 1994. Registered capital of the Company increased to RMB 200,256,000.00 after the share distribution.

According to the resolution of Annual General Meeting of 1994, on the basis of 200,256,000 shares as of December 31 of that year, 0.5 shares for every 10 shares and 0.5 shares transferred, and a cash dividend of 0.5 yuan per 10 shares were distributed to all shareholders, totaling 20,025,600 shares transferred and was implemented in 1995. Registered capital of the Company increased to RMB 220,281,600.00 after the share transferred and distribution.

According to the resolution of 4th extraordinary general meeting of shareholders of 2014, and approved by the "Reply on the Non-Public Offering of Shares of Shenzhen Tellus Holding Co., Ltd."(Securities Regulatory License [2015] No.173) from China Securities Regulatory Commission, the Company offering ordinary A stock of 77,000,000 shares to Shenzhen Special Development Group Co., Ltd and Shenzhen Yuanzhi Fuhai Jewelry Industry Investment Enterprise (Limited Partnership) non-publicly in 2015. Register capital of the Company increased to RMB 297,281,600.00 after the shares increased.

According to the resolution of Annual General Meeting of 2018, on the basis of 297,281,600 shares as of December 31 of that year, transferred 4.5 shares for every 10 shares to all shareholders from the capital surplus, totaling133,776,720 shares transferred and was implemented in 2019. Registered capital of the Company increased to RMB 431,058,320.00 after the transferred.

Main business of the Company including auto sales, auto maintenance and inspection, sales of jewelry and property leasing and services, etc.

Approval date of the financial statement: the financial statements were approved by the Board on August 24, 2022.

2. Scope and change of the consolidate financial statement

(1)subsidiary included in the consolidate statement at end of the Period

No.	Subsidiary	Abbreviations	Shareholding ratio %	
			Directly	Indirectly
1	Shenzhen Tellus Xinyongtong Automobile Development Co. Ltd	Xinyongtong Automobile Development Company	5.00	95.00
2	Shenzhen Bao'an Shiquan Industrial Co., Ltd.	Bao'an Shiquan Company		100.00
3	Shenzhen SDG Tellus Real Estate Co., Ltd.	Tellus Real Estate Company	100.00	
4	Shenzhen Tellus Chuangying Tech. Co., Ltd.	Chuangying Company	100.00	
5	Shenzhen Xinyongtong Auto Vehicle Inspection Equipment Co., Ltd.	Inspection Equipment Company	51.00	
6	Shenzhen Auto Industry and Trade Corporation	Auto Industry and Trade Company	100.00	
7	Shenzhen Automotive Industry Supply Corporation	Automotive Supply Corporation		100.00
8	Shenzhen SDG Huari Auto Enterprise Co., Ltd.	Huari Company	60.00	
9	Shenzhen Huari Anxin Automobile Inspection Ltd.	Huari Anxin Company		100.00
10	Shenzhen Zhongtian Industrial Co,. Ltd.	Zhongtian Company	100.00	

11	Shenzhen Huari TOYOTA Automobile Sales Service Co., Ltd.	Huari Toyota	60.00	
12	Shenzhen Tellus Treasury Supply Chain Tech. Co., Ltd.	Treasury Supply Chain Company	100.00	
13	Shenzhen Jewelry Industry Service Co., LTD	Shenzhen Jewelry Company	65.00	
14	Shanghai Fanyue Diamond Co., Ltd.	Shanghai Fanyue		100.00

Found more in the NoteⅧ.“Equity in other entity”

III. Basis Preparation of the Financial Statements

1.Preparation basis

The Company’s financial statements have been prepared based on the going concern and the actual transactions and events. And recognized and measured in accordance with the provisions of the ASBE and its application guidelines and interpretations of the standards. Furthermore, the Company discloses relevant financial information in accordance with the “*Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15- General Provision on Financial Reports*”(Revised in 2014) of China Securities Regulatory Commission.

2. Going concern

The Company has assessed its ability to continue as a going concerned for the 12 months since end of the reporting period, and there are no matters affecting the ability to continue as a going concern being found. It is reasonable for the Company to prepare the financial statements on a going concern basis.

IV. Important accounting policy & accounting estimation

Specific accounting policies and estimation attention:

The following important accounting policies and estimation are formulated in line with the Accounting Standards for Business Enterprises(ASBE). The business without mentioned are carried out in accordance with the relevant accounting policies of ASBEs.

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

The Financial Statements are up to requirements of Accounting Standards for Business Enterprises, and reflect the financial status, operation results, changes of owners equity and cash flows of the Company in reporting period in truthfulness and completeness.

2. Accounting period

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

3. Operating cycle

The normal operating cycle of the Company is one year.

4. Standard currency

The recording currency of the Company is Renminbi(RMB/CNY)

5. Accounting treatment methods of business combination under the same control and not under the same control

(1) Business combination under the same control

The assets and liabilities acquired by the Company in the business combination shall be measured at the book value of the combined party in the consolidated financial statements of the final controlling party on the date of combination. Among them, if the accounting policies adopted by the combined party and the Company before the business combination are different, the accounting policies shall be unified based on the importance principle, that is, the book value of the assets and liabilities of the combined party shall be adjusted according to the accounting policies of the Company. If there is a difference between the book value of the net assets acquired in the business combination and the book value of the consideration paid by the Company, the Company shall first adjust the capital reserve (capital premium or equity premium). If the balance of the capital reserve (capital premium or equity premium) is insufficient to offset, the surplus reserve and undistributed profit shall be offset successively.

For the accounting treatment of a business combination under the same control through step-by-step transactions, please see Notes IV. 6.

(2) Business combination not under the same control

The identifiable assets and liabilities of the acquiree acquired by the Company in the business combination shall be measured at their fair value on the purchase date. Among them, if the accounting policies adopted by the acquiree and the Company before the business combination are different, the accounting policies shall be unified based on the materiality principle, that is, the book value of the assets and liabilities of the acquiree shall be adjusted according to the accounting policies of the Company. The difference between the combined cost of the Company on the acquisition date and the fair value of the identifiable assets and liabilities of the acquiree acquired by the purchaser in the business combination shall be recognized as goodwill; if the combined cost is less than the difference of fair value of the identifiable assets and liabilities of the acquiree acquired in the business combination, first of all, the combined cost and the fair value of the identifiable assets and liabilities of the acquiree acquired in the business combination shall be reviewed, after review, if the combined cost is still less than the fair value of the identifiable assets and liabilities of the acquiree, the difference shall be recognized as consolidated profits and losses for the current period.

For the accounting treatment of a business combination not under the same control through step-by-step transactions, please see Notes IV. 6.

(3) Disposal of transaction costs in business combination

The intermediary fees for auditing, legal services, evaluation and consultation and other related administrative expenses incurred for the business combination shall be recorded into the current profits and losses when incurred. Transaction costs of equity securities or debt securities issued as consideration for the merger are included in the initial recognition amount of the equity securities or debt securities.

6. Methods for preparation of consolidated financial statements

(1) Determination of the consolidated scope

The consolidated scope of the consolidated financial statements is determined on the basis of control, including not only subsidiaries as determined by voting rights (or similar voting rights) on their own or in combination with other arrangements, but also structured entities as determined by one or more contractual arrangements.

Control means that the Company has the power over the investee, enjoys variable returns by participating in related activities of the investee, and has the ability to use the power over the investee to influence the amount of return. A subsidiary is an entity under the control of the Company (including the separable part of an enterprise and an invested entity, and the structured entity controlled by the enterprise, etc.), a structured entity is one that is designed without taking the right to vote or similar rights as a determining factor when determining its controlling party (Note: sometimes it is also known as the entity of special purpose).

(2) Special provisions on the parent company being an investment entity

If the parent company is an investment entity, only those subsidiaries that provide relevant services for the investment activities of the investment entity will be included in the consolidation scope, and other subsidiaries will not be merged. Equity investors of the subsidiaries that are not included in the consolidation scope are recognized as financial assets measured at fair value and their changes are recorded in the profits and losses of current period.

When the parent company simultaneously satisfies the following conditions, the parent company is an investment entity:

① The company obtains funds from one or more investors for the purpose of providing investment management services to investors.

② The sole purpose of the company's operation is to provide returns to investors through capital appreciation, investment income, or both.

③ The company considers and evaluates the performance of almost all investments in accordance with the fair value.

When the parent company changes from the non-investment entity into the investment entity, except only include the subsidiaries providing related services for their investment activities into the scope of consolidated financial statements, the company no longer merge other subsidiaries since the change day, and deal with according to the principle of disposing subsidiary equity but not losing the right of control.

When the parent company changes from the investment entity into the non-investment entity, the subsidiary originally not included in the scope of consolidated financial statements shall be included into the scope of consolidated financial statements on the change day, the fair value of the subsidiary originally not included in the scope of consolidated financial statements on the change day shall be regarded as the trading consideration of purchase, and deal with according to the accounting treatment method for business combination not under the same control.

(3) Preparation method of consolidated financial statements

The Company shall, on the basis of its own financial statements and those of its subsidiaries, prepare consolidated financial statements in accordance with other relevant information.

When preparing consolidated financial statements, the Company shall regard the entire enterprise group as an accounting entity, and reflect the overall financial position, operating results and cash flow of the enterprise group in accordance with the requirements of recognition, measurement and presentation of relevant accounting standards for enterprises, and in accordance with unified accounting policies and accounting periods.

① Merge the assets, liabilities, owners' equity, revenues, expenses and cash flows of the parent company and its subsidiaries.

② Offset the parent company's long-term equity investment in the subsidiary and the parent company's share in the owner's equity of the subsidiary.

③ Offset the impact of internal transactions between the parent company and its subsidiaries and among the subsidiaries. Where the internal transaction indicates the impairment loss of the relevant assets, the loss shall be recognized in full.

④ Adjust special transactions from the perspective of enterprise groups.

(4) Disposal of increase or decrease in subsidiaries during the reporting period

① Increase subsidiaries or businesses

A. A subsidiary or business increased by the business merger under the same control

(a) When preparing the consolidated balance sheet, the opening balance of the consolidated balance sheet shall be adjusted, and the relevant items in the comparative statement shall be adjusted, so that the consolidated reporting

entity shall be deemed to have been in existence since the beginning of the control by the final controlling party.
(b) When preparing the consolidated income statement, the revenues, expenses and profits of the subsidiary and its business combination from the beginning of the current period to the end of the reporting period shall be included in the consolidated income statement, and relevant items in the comparative statement shall be adjusted, so that the consolidated reporting entity shall be deemed to have been in existence since the beginning of the control by the final controlling party.
(c) When preparing the consolidated cash flow statement, the cash flow of the subsidiary and the business combination from the beginning of the current period to the end of the reporting period shall be included in the consolidated cash flow statement, and the relevant items in the comparative statement shall be adjusted, so that the consolidated reporting entity shall be deemed to have been in existence since the beginning of the control by the final controlling party.
B. A subsidiary or business added by a business combination not under the same control
(a) The opening balance of the consolidated balance sheet shall not be adjusted when preparing the consolidated balance sheet.
(b) When preparing the consolidated income statement, the income, expenses and profits of the subsidiary and the business from the purchase date to the end of the reporting period shall be included in the consolidated income statement.
(c) When preparing the consolidated cash flow statement, the cash flow of the subsidiary from the purchase date to the end of the reporting period shall be included in the consolidated cash flow statement.
② Disposal of subsidiaries or businesses
A. The opening balance of the consolidated balance sheet shall not be adjusted when preparing the consolidated balance sheet.
B. When preparing the consolidated income statement, the income, expenses and profits of the subsidiary and the business from the beginning of the period to the disposal date shall be included in the consolidated income statement.
C. The cash flows of the subsidiary and the business from the beginning of the period to the disposal date shall be included in the consolidated cash flow statement when preparing the consolidated cash flow statement.

(5) Special considerations in the merger offset

① The long-term equity investment of the Company held by a subsidiary shall be regarded as the treasury shares of the Company and listed as "deduct: treasury share" in the consolidated balance sheet under the owner's equity item as a deduction of the owner's equity. The long-term equity investments held by the subsidiaries shall offset against their respective shares in the owner's equity of the subsidiaries in accordance with the method used by the Company to offset the equity investments in the subsidiaries.
② "Special reserve" and "general risk reserve" are not paid-up capital (or equity) or capital reserves, and are different from retained earnings and undistributed profits. After the long-term equity investment and the owner's equity of the subsidiary offset each other, the "special reserve" and "general risk reserve" shall be restored according to the share belonging to the owner of the parent company.
③Where the offsetting of unrealized internal sales gains and losses results in temporary differences between the

carrying value of assets and liabilities in the consolidated balance sheet and the tax base of their taxable entity, the deferred income tax assets or deferred income tax liabilities shall be recognized in the consolidated balance sheet, at the same time, the income tax expenses in the consolidated income statement shall be adjusted, except for the deferred income taxes related to the transactions or events directly included in the owner's equity and the business combination.

④The profit and loss of the unrealized internal transaction incurred by the Company in selling assets to subsidiaries shall fully offset against the "net profit attributable to the owner of the parent company". The profit and loss of the unrealized internal transaction arising from the sale of assets by a subsidiary to the Company shall be distributed and offset between the "net profit attributable to the owner of the parent company" and the "minority shareholders' profit and loss" in accordance with the proportion distributed by the Company to the subsidiary. The profit and loss of the unrealized internal transaction arising from the sale of assets among subsidiaries shall be distributed and offset between "net profit attributable to the owner of the parent company" and "minority shareholders' profit and loss" in accordance with the distribution ratio of the Company to the subsidiaries of the seller.

⑤If the current loss shared by the minority shareholders of the subsidiary exceeds the minority shareholders' share in the initial owner's equity of the subsidiary, the balance shall still be offset against the shareholders' equity.

(6) Accounting treatment of special transactions

① Purchase minority shareholder equity

When the Company purchases the equity of a subsidiary owned by the minority shareholder of the subsidiary, the investment cost of the long-term equity investment newly acquired through the purchase of minority equity shall be measured according to the fair value of the consideration paid in individual financial statements. In the consolidated financial statements, the difference between the newly acquired long-term equity investment due to the purchase of a minority stake and the share of the net assets of the subsidiary calculated continuously from the purchase date or merger date according to the new shareholding ratio should adjust the capital reserves (capital premium or stock premium), if the capital reserves are insufficient to offset, the surplus reserves and undistributed profits shall be offset in turn.

② Obtaining the control of the subsidiary step by step through multiple transactions

A. Realizing business combination under the same control step by step through multiple transactions

On the merger date, the Company shall determine the initial investment cost of long-term equity investment in the individual financial statements according to the share of the net assets of the subsidiaries that shall be enjoyed after the merger in the book value of the consolidated financial statements of the ultimate controlling party; The difference between the initial investment cost and the book value of the long-term equity investment before the merger plus the book value of the new payment consideration for further shares acquired on the merger date shall adjust capital reserves (capital premium or stock premium), if the capital reserves are insufficient to offset, the surplus reserves and undistributed profits shall be offset in turn.

In the consolidated financial statements, the assets and liabilities of the merged party acquired by the merging party during the merger shall be measured according to the book value in the consolidated financial statements of the final controlling party on the merger date, except for the adjustments made due to different accounting policies; The difference between the sum of the book value of the investment held before the merger plus the book value of the consideration paid on the date of merger and the book value of the net assets acquired during the merger shall adjust the capital reserves (equity premium/capital premium), and adjust the retained earnings if the capital reserves are insufficient to offset.

Where the equity investment held by the merging party prior to the acquisition of control of the merged party are accounted for according to the equity method, the changes in relevant profit or loss, other comprehensive income and other owners' equity that has been recognized between the date on which the original equity was acquired and the date on which the merging party and the merged party are in the final control of the same party shall respectively offset against the retained earnings at the beginning of the comparative statement period.

B. Realization of business combination under different control step by step through multiple transactions

On the merger date, in the individual financial statements, the initial investment cost of the long-term equity investment on the merger date shall be the sum of the book value of the original long-term equity investment plus the new investment cost on the merger date.

In the consolidated financial statements, the equity of the acquiree held before the purchase date shall be re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and the book value shall be recorded into the investment income of the current period; If the equity held by the acquiree prior to the purchase date involves other comprehensive income under the equity method, the relevant other comprehensive income shall be converted to the current income on the purchase date, except other comprehensive income generated by the change in net assets or net liabilities of the benefit plan set by the merged party. In the notes, the Company shall disclose the fair value on the purchase date of the equity held by the company prior to the purchase date and the amount of relevant gains or losses generated by re-measurement in accordance with the fair value.

③ The Company disposes of its long-term equity investment in its subsidiaries without losing control

Where the parent company partially disposes of its long-term equity investment in a subsidiary without losing control, in the consolidated financial statements, the difference between the disposal cost and the subsidiary's share of the net assets calculated continuously from the purchase date or the merger date corresponding to the disposal of the long-term equity investment shall adjust the capital reserves (capital premium or stock premium), if the capital reserves is insufficient to offset, adjust the retained earnings.

④ The Company disposes of its long-term equity investment in its subsidiaries and loses control

A. One transaction disposal

Where the Company loses the control of the investee due to the disposal of some equity investments and other reasons, the remaining equity shall be remeasured according to the fair value of the equity at the date of loss of control when the consolidated financial statements are prepared. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity minus the difference between the shares of the net assets of the original subsidiary which should be continuously calculated from the purchase date or merger date according to the original shareholding ratio shall be included into the investment income of the current period when the control right is lost.

Other comprehensive income and changes in other owners' equity related to the equity investment of the original subsidiary shall be transferred to the current profit and loss when the control right is lost, except other comprehensive income generated by changes in net liabilities or net assets of the benefit plan set by the investee.

B. Multiple transactions handled in steps

In the consolidated financial statements, we should first judge whether the step transaction is a "package transaction".

If the step transaction does not belong to the "package transaction", in the individual financial statements, each transaction before the loss of control of the subsidiary shall be carried forward with the book value of the long-term equity investment corresponding to the each disposal of equity, and the difference between the income price and the book value of the disposal of the long-term equity investment shall be included in the current investment income; In the consolidated financial statements, the relevant provisions of "the parent company disposes of its long-term equity investment in the subsidiary without losing control" shall be followed.

If the step transaction is a "package transaction", each transaction shall be accounted for as a transaction for the disposal of the subsidiary and loss of control; In the individual financial statements, the difference between each disposal price before the loss of control and the book value of the long-term equity investment corresponding to the disposed equity shall be first recognized as other comprehensive income, and then transferred to the current profit and loss of the lost control when the control right is lost; In the consolidated financial statements, for each transaction before the loss of control, the difference between the disposal price and the disposal investment corresponding to the share of the subsidiary's net assets shall be recognized as other comprehensive income, which shall be transferred to the profit and loss of the current period at the time of loss of control.

Multiple transactions are usually accounted for as "package transactions" where the terms, conditions and economic impact of the transactions meet one or more of the following conditions:

(a) The transactions were concluded at the same time or with consideration for their mutual impact.

(b) The transactions as a whole are required to achieve a complete commercial outcome.

(c) The occurrence of one transaction depends on the occurrence of at least one other transaction.

(d) A transaction is not economic when considered in isolation, but it is economic when considered in conjunction with other transactions.

⑤ The proportion of equity owned by the parent company is diluted due to the capital increase by minority shareholders of subsidiary

The other shareholders (minority shareholders) of the subsidiary increase the capital of the subsidiary, thus diluting the shareholding ratio of the parent company to the subsidiary. In the consolidated financial statements, the share of the parent company in the book net assets of the subsidiary before the capital increase shall be calculated according to the proportion of the parent company's equity before the capital increase, and the difference between this share and the share of book net assets of the subsidiary after capital increase calculated according to the shareholding ratio of the parent company shall adjust the capital reserve (capital premium or stock premium), if the capital reserves is insufficient to offset, adjust the retained earnings.

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

The joint venture arrangement is an arrangement under the common control of two or more participants. Joint venture arrangement of the Company are classified as joint operations and joint ventures.

(1) Joint operations

The joint operation is a joint arrangement in which the Company enjoys the assets and bears the liabilities associated with such arrangement.

The Company recognizes the following items that related to its shares of interest in a joint operation and accounts for them in accordance with the provisions of the Accounting Standards for Business Enterprises (ASBE):

① To recognize separately-held assets and jointly-held assets under its proportion;

②To recognize separately-assumed liabilities and jointly-assumed liabilities under its proportion;

③To recognize revenue from disposal of the output which the Company is entitled to under the proportion;

④To recognize revenue from disposal of the output under the proportion;

⑤To recognize separately occurred expenses, and to recognize expenses occurred for joint operations under its proportion.

(2) Joint venture

A joint venture is a joint venture arrangement in which the Company has rights only to the net assets of such arrangement.

The Company accounts for its investments in joint ventures in accordance with the regulations of the equity method of the long-term equity investment.

8. Recognition standards for cash and cash equivalents

Cash refers to the enterprise’s cash on hand and deposits that are readily available for disbursement. The cash equivalents are investments that are held for a short period of time (generally maturing within three months from the date of purchase), are highly liquid, are easily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value.

9. Foreign currency business and conversion of foreign currency statement

(1) Method of determining the conversion rate for foreign currency transactions

For the initial recognition of foreign currency transactions, the Company shall convert to the standard currency for accounting at the spot rate on the date of the transaction or at the exchange rate (hereinafter referred to as the approximate exchange rate of spot rate) determined in accordance with a systematic and reasonable method and similar to the spot rate on the date of the transaction.

(2) Conversion method of foreign currency monetary items on the balance sheet date

On the balance sheet date, the spot rate on the balance sheet date is used for conversion for foreign currency monetary items. The exchange difference resulting from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the initial recognition or the previous balance sheet date shall be booked into the profit and loss of the current period. For foreign currency non-monetary items measured at historical cost, the spot exchange rate on the transaction date is still used for conversion; The foreign currency non-monetary items measured at fair value shall be converted at the spot exchange rate on the date on which the fair value is determined, and the difference between the amount of the standard currency for accounting after conversion and the amount of the original standard currency for accounting shall be recorded into the profits and losses of the current period.

10. Financial instruments

The financial instrument is a contract that forms a financial asset of one party and creates a financial liability or equity instrument of another party.

(1) Recognition and terminate of recognition for a financial instrument

When the Company becomes a party to a financial instrument contract, the relevant financial assets or liabilities are recognized.

A financial asset is terminate for recognition when one of the following conditions is met:

①the contractual rights to receive the cash flow of such financial assets are terminated:

②the financial assets have been transferred and the following conditions for derecognition of transfer of such financial assets are met.

Where the current obligation of a financial liability (or any part thereof) has been terminated, the recognition of the financial liability (or the part of the financial liability) shall be terminated. If the Company (borrower) and the lender sign an agreement to replace the original financial liabilities by assuming new financial liabilities, and the contract terms of the new financial liabilities and the original financial liabilities are substantially different, the recognition of the original financial liabilities shall be terminated and the new financial liabilities shall be recognized at the same time. If the Company materially modifies the contract terms of the original financial liability (or any part thereof), the original financial liability shall be terminated, and at the same time a new financial liability shall be recognized in accordance with the modified terms.

Accounting recognition and termination of recognition are made on the trading day for buying and selling of financial assets in the normal way. Conventional buying and selling of financial assets means that the financial assets are delivered in accordance with the terms of the contract and on a schedule determined by regulation or market practice. "Trading day" means the date on which the Company commits to buy or sell financial assets.

(2) Classification and measurement of financial assets

In the initial recognition, the Company classifies the financial assets as financial assets measured at the amortized cost, financial assets measured at fair value and the changes are recorded into the profits and losses of the current financial assets, and financial assets measured at fair value and the changes are included in the financial assets of other comprehensive income according to the business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial assets shall not be reclassified after initial recognition unless the Company changes its business model for managing financial assets, in which case all affected relevant financial assets shall be reclassified on the first day of the first reporting period following the change in business model.

Financial assets are measured at fair value when they are initially recognized. For the financial assets measured at fair value and whose changes are included in the current profits and losses, the related transaction costs are directly included in the current profits and losses, and the related transaction costs of other types of financial assets are included in the initially recognized amount. For notes receivable and accounts receivable that are generated by the sale of goods or the rendering of services and do not include or take into account a material financing component, the Company will initially measure them in accordance with the transaction price as defined by the revenue standards.

Subsequent measurement of financial assets depends on their classification:

① Financial assets measured at amortized cost

Financial assets simultaneously meet the following conditions are classified as financial assets measured at amortized cost. The Company's business model for managing the financial assets is to collect contract cash flows; the contract terms of the financial assets stipulate that the cash flows generated at a specific date are only payment of principal and interest based on the amount of outstanding principal. For such financial assets, the effective interest method is used for follow-up measurement by the amortized cost, and its termination of recognition, and the profit or loss arising from amortization and impairment by the effective interest rate method are included in the profits and losses of the current period.

② Financial assets measured at fair value and their changes are included in other comprehensive income

Financial assets simultaneously meet the following conditions are classified as financial assets measured at fair value and whose changes are included in other comprehensive income. The Company's business model for managing the financial assets is not only to collect contract cash flows but also to sell the financial asset; the contractual terms of the financial assets stipulate that the cash flows generated at a specific date are only payment of principal and interest on the amount of outstanding principal. For such financial assets, the fair value is used for subsequent measurement. Except the impairment loss or gain and the exchange gain or loss are recognized as current profits and losses, the changes in fair value of such financial assets are recognized as other comprehensive income until the termination of recognition of the financial assets, the accumulated gains or losses are transferred into the current profits and losses. However, the relevant interest income of the financial asset calculated by using the effective interest rate method is included in the profit and loss of the current period.

The Company irrevocably select part of non-transactional equity instrument investment to be designated as financial assets measured at fair value and whose changes are included in other comprehensive income, only the relevant dividend income is recorded into the profits and losses of the current period, fair value changes are recognized as other comprehensive income, and the cumulative profits or losses are transferred into retained earnings until the termination of recognition of the financial assets.

③ Financial assets measured at fair value and whose changes are included in current profits and losses

Financial assets in addition to the above financial assets measured at amortized cost and financial assets measured at fair value and whose changes are included in other comprehensive income are classified as financial assets measured at fair value and whose changes are included in current profits and losses. For such financial assets, the fair value is used for subsequent measurement, and all changes in fair value are included in the current profits and losses.

(3) Classification and measurement of financial liabilities

The Company classifies the financial liabilities as financial liabilities measured at fair value and whose changes are included in the profits and losses of the current period, loan commitment and financial guarantee contract liabilities below market interest rate loans, and financial liabilities measured at amortized cost.

The subsequent measurement of a financial liability depends on its classification:

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

Such financial liabilities include tradable financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated to be measured at fair value and whose changes are included in current profits and losses. After initial recognition, the fair value is used for subsequent measurement for such financial liabilities. Except for those related to the hedge accounting, the profits or losses (including interest expense) generated are recorded into the current profits and losses. However, for the financial liabilities designated by the Company to be measured at fair value and whose changes are included in the profits and losses of the current period, the amount of changes in the fair value of the financial liabilities caused by changes in its own credit risk is included in other comprehensive income, at the termination of recognition of the financial liabilities, the accumulated gains and losses previously included in other comprehensive income shall be transferred from other comprehensive income and included in retained earnings.

② Loan commitment and financial guarantee contract liabilities

A loan commitment is an undertaking provided by the Company to the customer to issue a loan to the customer within the commitment period on the terms of the established contract. The impairment loss of the loan commitment is set down in accordance with the expected credit loss model.

A financial guarantee contract is a contract that requires the Company to pay a specified amount of money to the contract holder who suffers a loss when the particular debtor is unable to pay the debt in accordance with the original or modified terms of the debt instrument at maturity. Financial guarantee contract liabilities shall be measured in accordance with the impairment principle of financial instruments determined in accordance with the loss provision and initial recognition of the amount of the balance of the accumulated amortization determined in accordance with the income recognition principle.

③ Financial liabilities measured at amortized cost

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

Except in special circumstances, financial liabilities and equity instruments are distinguished according to the following principles:

① A contractual obligation meets the definition of a financial liability if the Company cannot unconditionally refrain from performing it by paying cash or other financial assets. Although some financial instruments do not explicitly contain terms and conditions for the obligation to deliver cash or other financial assets, it is possible to indirectly form contractual obligations through other terms and conditions.

② If a financial instrument has to use or can use the Company's own equity instrument for settlement, consideration needs to be given to whether the Company's own equity instrument used to settle the instrument is to be used as a substitute for cash or other financial assets or to give the owner of the instrument a residual interest in the issuer's assets after all liabilities have been deducted. In the former case, the instrument is a financial liability of the issuer; In the latter case, the instrument is an equity instrument of the issuer. In some cases, a financial instrument contract requires that the Company has to use or can use its own equity instrument to settle the financial instrument, of which the amount of contractual rights or contractual obligations is equal to the number of its own equity instruments available or delivered multiplying its fair value at the settlement, no matter the amount of the contract rights or obligations are fixed or are based, in whole or in part, on changes in variables (such as interest rates, the price of a commodity or the price of a financial instrument) other than the market price of the Company’s own equity instruments, the contract is classified as a financial liability.

(4) Derivative financial instruments and embedded derivative instruments

Derivative financial instruments are initially measured at the fair value of the date on which the derivative transaction contract is signed, and are subsequently measured at their fair value. A derivative financial instrument with a positive fair value is recognized as an asset; and a derivative financial instrument with a negative fair value is recognized as a liability.

Except the effective part of the hedge in the cash flow hedging is included in other comprehensive income and transferred out into the current profit and loss when the hedged item affects the profit and loss, the profit or loss generated by the change of the fair value of the derivative instrument shall be directly included in the profits and losses of the current period.

For hybrid instruments containing embedded derivatives, if the main contract is a financial asset, the hybrid instruments as a whole apply to the relevant provisions on the classification of financial assets. If the main contract is not a financial asset, and the hybrid instruments are not measured at fair value and the changes are recorded into the current profits and losses for accounting treatment, the embedded derivatives have no close relationship with the main contract in economic characteristics and risks, and the instrument with the same conditions as the embedded derivatives and existing alone satisfies the definition of derivatives, the embedded derivatives shall be split from the hybrid instruments and handled as an individual derivative financial instrument. If the fair value of the embedded derivative on the acquisition date or on the subsequent balance sheet date cannot be measured separately, the hybrid instruments as a whole shall be designated as a financial asset or financial liability measured at fair value and whose changes are recorded in the profits and losses of the current period.

(5) Impairment of financial instruments

For financial assets measured at amortized cost, debt investment measured at fair value and whose changes are included in other comprehensive income, contract assets, lease receivables, loan commitments and financial guarantee contract, the Company recognizes loss provisions on the basis of expected credit losses.

① Measurement of expected credit losses

Expected credit loss refers to the weighted average of the credit loss of a financial instrument weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable under the contract and all cash flows expected to be received by the Company discounted at the original effective interest rate, namely, the present value of all cash shortfalls. Among them, the financial assets purchased or generated by the Company which have credit impairment shall be discounted according to the credit adjusted effective interest rate of the financial assets.

The expected credit loss over the entire duration refers to the expected credit loss due to all possible default events that may occur during the entire expected duration of a financial instrument.

Expected credit loss in the next 12 months refers to the expected credit loss resulting from the default event of a financial instrument that may occur within 12 months after the balance sheet date (or the expected duration if the expected duration of the financial instrument is less than 12 months), and is a part of the expected credit loss over the entire duration.

At each balance sheet date, the Company measures the expected credit losses of financial instruments at different stages of development separately. If the credit risk of the financial instrument has not increased significantly since the initial recognition, it shall be in the first stage and the Company shall measure the loss provisions according to the expected credit loss in the next 12 months; Where the credit risk of a financial instrument has increased significantly since the initial recognition but no credit impairment has occurred, the financial instrument shall be in the second stage, and the Company shall measure the loss provisions in accordance with the expected credit loss of the instrument throughout its lifetime; Where a financial instrument has suffered credit impairment since its initial recognition, it shall be in the third stage, and the Company shall measure the loss provisions in accordance with the expected credit loss for the entire duration of the instrument.

For financial instruments with low credit risk at the balance sheet date, the Company assumes that the credit risk has not increased significantly since the initial recognition and measures the loss provisions in accordance with the expected credit loss in the next 12 months.

The Company calculates the interest income for financial instruments in the first and second stages and with low credit risk on the basis of their book balance and the actual interest rate without deduction of impairment provision. For a financial instrument in the third stage, the interest income is calculated on the basis of the book balance minus the amortized cost and the actual interest rate after the provision for impairment.

For notes receivable, accounts receivable, receivables financing and contractual assets, whether or not there is a significant financing component, the Company measures loss provisions in accordance with the expected credit losses over the entire duration.

A. Receivables/Contractual assets

For notes receivable, accounts receivable, other receivables, receivables financing, contract assets and long-term receivables that have objective evidence indicating the existence of impairment and are applicable to single evaluation, implement impairment test separately, recognize expected credit losses, and set aside single impairment reserves. For notes receivable, accounts receivable, other receivables, receivables financing, contractual assets and long-term receivables that have objective evidence of impairment, or when the single financial assets cannot assess the expected credit losses at reasonable costs, the Company divides notes receivable, accounts receivable, other receivables, receivables financing, contractual assets and long-term receivables into several portfolios based on credit risk characteristics, and calculates the expected credit loss on the basis of the portfolios, and the portfolio is determined on the following basis:

The basis for determining the portfolio of notes receivable is as follows:

Notes receivable portfolio 1 Commercial acceptance bill

Notes receivable portfolio 2 Bank's acceptance bill

For notes receivable divided into portfolios, the Company calculates the expected credit loss by referring to the historical credit loss experience, combining the current situation and the forecast of future economic conditions, and through default risk exposure and the expected credit loss rate of the entire duration.

The portfolio of accounts receivable is determined as follows:

Accounts receivable portfolio 1 Aging portfolio

Accounts receivable portfolio 2 Jewelry sales portfolio

For accounts receivable divided into portfolio, the Company refers to the historical credit loss experience, combines the current situation and the forecast of the future economic situation, prepares a comparison table of the aging account receivable and the expected credit loss rate of the entire duration, and calculates the expected credit loss.

The portfolio of other receivables is determined on the following basis:

Other receivables portfolio 1 Interest receivable

Other receivables portfolio 2 Dividends receivable

Other receivables portfolio 3 Aging portfolio

Other receivables portfolio 4 Deposit receivable and cash deposit portfolio

Other receivables portfolio 5 Related portfolio within the consolidation scope of receivables

For other receivables divided into portfolios, the Company calculates the expected credit loss by referring to the historical credit loss experience, combining the current situation and the forecast of future economic conditions, and through default risk exposure and the expected credit loss rate within the next 12 months and over the entire duration.

The basis for determining the portfolio of long-term receivables is as follows:

Long-term receivables portfolio 1 Other receivables

For the long-term receivables divided into Portfolio 1, the Company calculates the expected credit loss by referring to the historical credit loss experience, combining the current situation and the forecast of future economic conditions, and through default risk exposure and the expected credit loss rate over the entire duration.

B. Bond investment and other bond investment

With respect to bond investments and other bond investments, the Company calculates the expected credit losses in accordance with the nature of the investment and the various types of counterparties and risk exposures and the expected credit loss rates in the next 12 months or over the entire duration.

② Low credit risk

If a financial instrument has low credit risk, the the borrower has a strong ability to fulfill its contractual cash flow obligations in the short term, and even adverse changes in the economic situation and operating environment over a longer period may not necessarily reduce the borrower's ability to fulfill its contractual cash flow obligations, the financial instrument shall be regarded as a lower credit risk.

③ Credit risk increases significantly

The Company determines the relative changes in the probability of default over the expected duration of a financial instrument and evaluates whether the credit risk of the financial instruments has increased significantly since the initial recognition by comparing the probability of default over the expected duration of a financial instrument as determined at the balance sheet date and the probability of default over the expected duration as determined at the time of initial recognition.

When determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and evidence-based information, including forward-looking information, that is available without unnecessary additional cost or effort. Information considered by the Company includes:

A. Whether the internal price index has changed significantly due to the change of credit risk;
B. Adverse changes in business, finance or economic conditions that are expected to result in a significant change in the ability of the debtor to meet its debt service obligations;
C. Whether there is an actual or expected significant change in the debtor's operating results; Whether there has been a significant adverse change in the regulatory, economic or technological environment of the debtor;
D. Whether there has been a significant change in the value of the collateral secured as collateralized debt obligations or in the quality of the guarantees or credit enhancements provided by third parties. These changes are expected to reduce the economic incentive of the debtor to repay within the contractual period or affect the probability of default;
E. Whether there are significant changes in the economic incentives that are expected to reduce the economic incentive of the debtor to repay within the contractual period;
F. Expected changes in the loan contract include whether an anticipated breach of contract might result in exemption or revision of contractual obligations, grant of interest free periods, jump in interest rates, request for additional collateral or guarantee, or other changes to the contractual framework of the financial instrument;
G. Whether there is a significant change in the debtor's expected performance and repayment behavior;
H. Whether the contract payment is overdue for more than (including) 30 days.

Based on the nature of the financial instruments, the Company assesses whether the credit risk has increased significantly on the basis of individual financial instruments or a portfolio of financial instruments. When assessing on the basis of a portfolio of financial instruments, the Company may classify the financial instruments based on common credit risk characteristics, such as overdue information and credit risk ratings.

Typically, if it is overdue for more than 30 days, the Company determines that the credit risk of financial instruments has increased significantly. Unless the Company does not need to pay too much cost or effort and can obtain reasonable and well-founded information, which demonstrates that although the payment is overdue for 30 days, the credit risk has not been significantly increased since the initial recognition.

④Financial assets whose credit impairment has occurred

On the balance sheet date, the Company assesses whether credit impairment has occurred in the financial assets measured at amortized cost and the debt investment measured at fair value and the changes of which are included in other comprehensive income. When one or more events that have an adverse effect on the expected future cash flow of a financial asset occur, the financial asset becomes a financial asset whose credit impairment has occurred. Evidence indicating that a credit impairment has occurred on a financial asset includes the following observable information:

The creditor, for economic or contractual reasons relating to the debtor's financial difficulties, gives the debtor concessions that would not have been made in any other circumstances; The issuer or the debtor has significant financial difficulties; The debtor breaches the contract, such as default or overdue payment of interest or principal; The creditor, for economic or contractual reasons relating to the debtor's financial difficulties, gives the debtor concessions that would not have made in any other circumstances; The debtor is likely to go bankrupt or undergo other financial restructuring; The financial difficulties of the issuer or debtor lead to the disappearance of the active market for the financial asset; Purchase or originate a financial asset at a substantial discount that reflects the fact that a credit loss has occurred.

⑤ Presentation of provisions for expected credit losses

In order to reflect the change of the credit risk of financial instruments since the initial recognition, the Company shall re-measure the expected credit loss on each balance sheet date, and the resulting increase or reversal amount of the loss provisions shall be recorded into the current profit and loss as impairment loss or gain. For a financial asset measured at amortized cost, the loss provision is offset against the carrying value of the financial asset as shown in the balance sheet; For a debt investment measured at fair value and whose changes are included in other comprehensive income, the Company shall recognize its loss provision in other comprehensive income and shall not offset the carrying value of the financial asset.

⑥ Write-off

If the Company no longer reasonably expects the contract cash flow of the financial asset to be recovered in whole or in part, the book balance of the financial asset shall be written down directly. Such write-down constitutes the termination of recognition of the underlying financial asset. This usually occurs when the Company determines that the debtor has no assets or sources of income which will generate sufficient cash flow to repay the amount to be written down.

If the write-down financial asset is recovered later, the impairment loss shall be reversed and included in the profits and losses of the recovery period.

(6) Transfer of financial assets

Transfer of financial assets refers to the following two situations:

A. Transfer the contractual right to receive the cash flow of the financial asset to another party;

B. Transfer the financial asset in whole or in part to another party, but retain the contractual right to receive the cash flow of the financial asset and the contractual obligation to pay the cash flow received to one or more payees.

①Terminate the recognition of transferred financial assets

Where almost all risks and rewards of ownership of a financial asset have been transferred to the transferee, or almost all risks and rewards of ownership of a financial asset have been neither transferred nor retained, but the control over the financial asset has been relinquished, recognition of the financial asset shall be terminated.

When judging whether the control of the transferred financial asset has been given up, based on the actual ability of the transferee to sell the financial asset, if the transferee can unilaterally sell the transferred financial asset as a whole to an unrelated third party with no additional conditions restricting such sale, it means that the Company has given up its control over the financial asset.

The Company pays attention to the essence of financial asset transfer when judging whether the transfer of financial assets meets the conditions for the termination of recognition of financial asset.

Where the overall transfer of financial assets meets the conditions for termination of recognition, the difference between the following two amounts shall be recorded into the profits and losses of the current period:

A. Book value of the transferred financial assets;

B.The sum of the consideration received due to the transfer and the amount for the termination of recognition part in the cumulative amount of changes in fair value directly included in other comprehensive income (The financial assets involved in transfer are financial assets that are measured at fair value and their changes are included in other comprehensive income according to Article 18 of Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments).

When the partial transfer of a financial asset meets the criteria for recognition of termination, the entire book value of the transferred financial asset shall be apportioned between the portion whose recognition is terminated and the portion whose recognition is not terminated (in this case, the reserved service assets shall be regarded as a part of the financial assets continued to be recognized) in accordance with the respective relative fair value on the transfer day, and the balance between the following two amounts shall be recorded into the profits and losses of the current period :

A. Book value of the the portion whose recognition is terminated on the date of termination of recognition;

B. The sum of the consideration of the portion whose recognition has been terminated and the amount for the termination of recognition part in the cumulative amount of changes in fair value directly included in other comprehensive income (The financial assets involved in transfer are financial assets that are measured at fair value and their changes are included in other comprehensive income according to Article 18 of Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments).

② Continued involvement in the transferred financial assets

Where almost all the risks and rewards of ownership of the financial asset are neither transferred nor retained, control over the financial asset has not been relinquished, the relevant financial asset shall be recognized in accordance with the extent of its continued involvement in the transferred financial asset and the relevant liabilities shall be recognized accordingly.

The extent of continued involvement in the transferred financial assets refers to the extent to which the enterprise bears the risk or reward of changes in the value of the transferred financial assets.

③ Continue to recognize the transferred financial assets

Where almost all the risks and rewards of the ownership of the transferred financial asset are still retained, the transferred financial asset as a whole shall continue to be recognized and the consideration received shall be recognized as a financial liability.

The financial assets and the relevant financial liabilities recognized shall not offset each other. In the subsequent accounting period, the enterprise shall continue to recognize the income (or gain) generated by the financial asset and the expense (or loss) generated by the financial liability.

(7) Offset of financial assets and financial liabilities

Financial assets and financial liabilities shall be shown separately in the balance sheet and should not be set off against each other. However, if the following conditions are met at the same time, the net amount after mutual offset shall be presented in the balance sheet:

The Company has the legal right to offset the recognized amount, and such legal right is currently enforceable;

The Company plans a net settlement, or cashes the financial asset and liquidates the financial liability at the same time.

If the transfer of financial assets does not meet the conditions for termination of recognition, the transferring party shall not offset the transferred financial assets and related liabilities.

11. Inventory

(1)Classification

Inventory includes finished products or commodities held for sale in daily activities, products in the production process, materials and supplies consumed in the production process or the process of providing labor services, etc., including raw materials, inventory goods, goods sold on consignment and working capital materials.

(2)Valuation methods for delivery of inventory

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

(3) Inventory system

Inventory of the Company is inventoried on a perpetual basis. And the inventory is taken at least once a year and amount of gains/losses is recognized in gains/losses for the year.

(4) How to set aside the inventory write down

On the balance sheet date, it shall be measured at the lower of cost and net realizable value. If the inventory cost is higher than the net realizable value, set aside the inventory write down and record it into the profit and loss of the current period.

The net realizable value of the inventory shall be determined on the basis of reliable evidence obtained, and factors such as the purpose for which the inventory is held and the impact of events after the balance sheet date shall be taken into account.

① The net realizable value of the inventory directly used for sale, such as finished products, commodities and materials for sale, shall be determined in the normal process of production and operation by deducting the estimated selling cost and relevant taxes from the estimated selling price of the inventory. For inventories held for the execution of sales contracts or service contracts, the contract price shall be used as the measurement basis for the net realizable value; If the quantity of inventory held exceeds the quantity ordered under the sales contract, the net realizable value of the excess inventory shall be measured on the basis of the general sales price. The market price shall be used as the measurement basis for the net realizable value of the materials for sale, etc.

② The net realizable value of the inventory of materials to be processed is determined by the amount after deducting the estimated cost, estimated selling expenses and relevant taxes and fees at the time of completion from the estimated selling price of the finished products. If the net realizable value of the finished product produced by it is higher than the cost, the material shall be measured at cost; If the decline in the price of a material indicates that the net realizable value of the finished product is less than the cost, the material is measured at the net realizable value and inventory write down is set aside based on the difference.

③ The reserve for inventory write down is generally set aside as a single inventory item. For the inventory with large quantity and low unit price, it shall be set aside by inventory type.

④ On the balance sheet date, if the influencing factors of the previous write-down of the inventory value have disappeared, the write-down amount shall be restored, and the amount shall be reversed within the original amount of the inventory write down, and the reversed amount shall be recorded into the profits and losses of the current period.

12. Contract assets

The Company lists contractual assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The consideration to which the Company is entitled to receive for the goods or services it has transferred to the customer (and the right depends on factors other than the passage of time) is listed as contract assets. The company's obligations to transfer goods or provide services to customers for which consideration has been received or receivable are listed as contract liabilities.

The Company's determination method and accounting treatment method on expected credit loss of contract assets are detailed in Notes IV. 10.

Contract assets and contract liabilities shall be listed separately in the balance sheet. The contract assets and contract liabilities under the same contract are listed as net amount. If the net amount is the debit balance, it shall be listed under the item "Contract Assets" or "Other Non-current Assets" according to its liquidity; If the net amount is the net credit balance, it shall be listed under the "Contract Liabilities" or "Other Non-current liabilities" according to its liquidity. Contract assets and contract liabilities under different contracts cannot offset each other.

13. Contract cost

Contract cost is divided into contract performance cost and contract acquisition cost.

The cost incurred by the Company for the performance of the contract is recognized as an asset as the performance cost of the contract when the following conditions are met simultaneously:

① The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs expressly borne by the customer and other costs incurred solely as a result of the contract.

② This cost increases the Company's resources for future performance obligations.

③ The cost is expected to be recouped.

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

Assets related to contract costs are amortized on the same basis as revenue recognition for the goods or services related to the assets, however, if the amortization period of the contract acquisition cost does not exceed one year, the Company will record it into the current profit and loss when it occurs.

If the carrying value of the assets related to the contract cost is higher than the difference between the following two items, the Company will set aside impairment reserves of the excess part and recognize it as impairment loss of the asset, and further consider whether to set aside provision for the expected liabilities related to the loss contract:

① The remaining consideration expected to be obtained from the transfer of goods or services related to the asset;

② Cost estimated to be incur for transferring the related goods or services.

If the aforesaid asset impairment provision is subsequently reversed, the carrying value of the asset after the reversal shall not exceed the carrying value of the asset on the reversal date under the assumption that no impairment provision is made.

Contract performance costs recognized as assets whose amortization period at the initial recognition does not exceed one year or one normal operating cycle shall be listed in the item "Inventory", and those whose amortization period at the initial recognition exceed one year or one normal operating cycle shall be listed in the item "Other Non-current Assets".

Contract acquisition costs recognized as assets whose amortization period at the initial recognition does not exceed one year or one normal operating cycle shall be listed in the item "Other Current Assets", and those whose amortization period at the initial recognition exceeds one year or one normal operating cycle shall be listed in the item "Other Non-current Assets".

14.Assets held-for-sale

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

The Company classifies non-current assets or disposal groups that meet all of the following conditions as held-for-sale:

①according to the practice of selling this type of assets or disposal groups in a similar transaction, the non-current assets or disposal group can be sold immediately at its current condition;

②The sale is likely to occur, that is, the Company has made resolution on the selling plan and obtained definite purchase commitment, the selling is estimated to be completed within one year. Those assets whose disposal is subject to approval from relevant authority or supervisory department under relevant requirements are subject to that approval.

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

Where the Company loses control over its subsidiary due to disposal of investment in the subsidiary, whether or not the Company retains part equity investment after such disposal, investment in the subsidiary shall be classified in its entirety as held for sale in the separate financial statement of the parent company subject to that the investment in the subsidiary proposed to be disposed satisfies the conditions for being classified as held for sale, and all the assets and liabilities of the subsidiary shall be classified as held for sale in consolidated financial statement.

(2) Measurement of non-current assets held for sale or disposal group

The investment real estate by using fair value model for subsequent measurement, the biological assets measured at net amount after fair value minus sale cost, the assets formed by employee compensation, the deferred income tax assets, the financial assets specified by related accounting standards of financial instruments and the measurements of the rights generated by the insurance contract specified by related accounting standards of insurance contract respectively apply to other related accounting standards.

When initially measuring or remeasuring the non-current assets held for sale or disposal group on the balance sheet date, if its book value is higher than the net amount after the fair value minus the sale cost, book value will be written down to the net amount after the fair value minus the sale cost, the write-down amount shall be recognized as asset impairment loss and included in the current profits and losses, and the impairment reserves held for sale shall be set aside at the same time. On the subsequent balance sheet date, if the net amount of the fair value of the non-current assets or disposal group held for sale increases after subtracting the selling expenses, the previously written-down amount shall be recovered and reversed within the amount of the asset impairment losses recognized as non-current assets after being classified as held for sale, and the reversed amount is included in the current profits and losses. The carrying amount of goodwill that has been offset is not recovered.

When non-current assets or disposal groups no longer continue to be classified as held for sale as they no longer meet the classification conditions of the held for sale category or non-current assets are removed from the held for sale disposal group, measure based on the lower of the following two:

①Book value before being classified as held for sale, the amount adjusted according to the depreciation, amortization, or impairment that should have been recognized under the assumption that it is not classified as held for sale;

②Recoverable amount.

(3) Presentation

In the balance sheet, the Company lists non-current assets held for sale or assets in the disposal group held for sale separately from other assets, and lists liabilities in the disposal group held for sale separately from other liabilities. Non-current assets held for sale or assets in the disposal group held for sale and liabilities in the disposal group held for sale do not offset each other and are listed as current assets and current liabilities respectively.

15. Long-term equity investment

The long-term equity investment of the Company includes the equity investment which controls and has a significant impact on the investee and the equity investment in the joint venture. If the Company is able to exert significant influence on the invested entity, it shall be an associate enterprise of the Company.

(1) Basis for determining the joint control and significant impact on the investee

Joint control refers to the common control of an arrangement according to relevant agreements, and relevant activities of the arrangement must be agreed upon by all the participants who share the control right. When judging whether there is joint control, first judge whether all participants or participant portfolios collectively control the arrangement. If all participants or a group of participants must act in concert to determine the relevant activities of an arrangement, then all participants or a group of participants are considered to collectively control the arrangement. Secondly, it will judge whether the decision of the activities related to the arrangement must be agreed by the participants who collectively control the arrangement. If two or more participant portfolios can collectively control an arrangement, it does not constitute joint control. The existence of joint control is judged without regard to the protective rights enjoyed.

Significant impact means that the investor has the right to participate in the decision-making of the financial and operational policies of the investee, but cannot control or jointly control the formulation of these policies with other parties. When determining whether it can exert a significant impact on the investee, it shall consider the impact of the voting shares directly or indirectly held by the investor and the potential voting rights of the investor and other parties in the current period assumed to be converted into the equity of the investee, including the impact of current convertible warrants, stock options and convertible corporate bonds issued by the investee.

When the Company owns more than 20% (including 20%) but less than 50% of the voting shares of the investee directly or indirectly through its subsidiaries, it is generally considered to have a significant impact on the investee, unless there is clear evidence that it cannot participate in the production and operation decisions of the investee under such circumstances, it shall not have a significant impact.

(2) Recognition of initial investment cost

●Investment cost of the long-term equity investment resulting from enterprise combination is recognized in accordance with the following provisions:

A. In the case of a business combination under the same control, if the combining party pays cash, transfers non-cash assets or assumes debts as the merger consideration, the share of the book value of the acquired owner’s equity of the combined party in the consolidated financial statements of the ultimate controlling party shall be used as its initial investment cost. The difference between the initial investment cost of long-term equity investment and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed is adjusted to capital reserves; if the capital reserves is not sufficient to offset the difference, retained earnings is adjusted.

B. For a business combination under the same control, where the merging party issues equity securities as the merger consideration, the initial investment cost of the long-term equity investment shall be the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the final controlling party on the merger date. The capital reserves shall be adjusted according to the difference between the initial investment cost of a long-term equity investment and the total par value of the issued shares; if the capital reserves are insufficient to offset, the retained earnings shall be adjusted;

C. For a business combination not under the same control, the fair value of the assets paid, liabilities incurred or assumed and equity securities issued on the purchase date in order to acquire the control of the acquiree determines the merger cost as the initial investment cost of long-term equity investment. The intermediary fees for auditing, legal services, evaluation and consultation and other related administrative expenses incurred by the merger party shall be recorded into the profits and losses of the current period when incurred.

●Except for the long-term equity investment formed by enterprise merger, the investment cost of the long-term equity investment obtained by other means shall be determined in accordance with the following provisions:

A. For long-term equity investment acquired by paying cash, the actual purchase price paid is regarded as the investment cost. Initial investment cost includes expenses, taxes and other necessary expenses directly related to the acquisition of long-term equity investment.

B. For long-term equity investment acquired by issuing equity securities, the fair value of issuing equity securities is regarded as the investment initial investment cost.

C. For long-term equity investment acquired by the exchange of non-monetary assets,

if the exchange is of a commercial nature and the fair value of the assets received or surrendered can be reliably measured, the fair value of the assets surrendered and the relevant taxes and fees shall be taken as the initial investment cost, and the difference between the fair value and the book value of the assets surrendered shall be included in the current profits and losses. If the exchange of non-monetary assets does not meet the above two conditions at the same time, the book value of the assets surrendered and relevant taxes and fees shall be taken as the initial investment cost.

D. For long-term equity investment acquired through debt restructuring, its entry value shall be determined by the fair value of the abandoned creditor's rights and the taxes and other costs directly attributable to the asset, and the difference between the fair value of the abandoned creditor's rights and the carrying value shall be recorded into the current profits and losses.

(3) Methods of subsequent measurement and profit and loss recognition

The long-term equity investment that the Company can control over the invested unit shall use cost method for business accounting; Long-term equity investments in joint ventures and cooperative enterprises shall use equity method for business accounting.

① Cost method

For the long-term equity investment uses cost method for business accounting, the cost of the long-term equity investment shall be adjusted when the investment is added or recovered; Cash dividends or profits declared to be distributed by the invested entity shall be recognized as current investment income.

② Equity method

The general accounting treatment for long-term equity investments using equity method for business accounting is as follows:

If the investment cost of the Company's long-term equity investment is greater than the fair value share of the identifiable net assets of the invested entity, the initial investment cost of the long-term equity investment shall not be adjusted; If the initial investment cost of the long-term equity investment is less than the fair value share of the identifiable net assets of the invested entity at the time of investment, the difference shall be recorded into the current profits and losses, and the cost of the long-term equity investment shall be adjusted at the same time.

The Company recognizes investment income and other comprehensive income respectively according to the share of net profit and loss realized by the invested entity and other comprehensive income which the Company shall enjoy or share, and adjusts the book value of long-term equity investment at the same time; The Company calculates its share based on the profits or cash dividends declared and distributed by the invested entity and reduce the book value of the long-term equity investment accordingly; The book value of the long-term equity investment shall be adjusted based on other changes in the owner's equity other than the net profit or loss, other comprehensive income and profit distribution of the invested entity, and recorded into the owner's equity. When recognizing the share of the net profit or loss of the invested entity, the fair value of the identifiable net assets of the invested entity at the time of acquiring the investment shall be taken as the basis, and the net profit of the invested entity shall be recognized after adjustment. If the accounting policies and accounting periods adopted by the invested entity are inconsistent with those of the Company, the financial statements of the invested entity shall be adjusted in accordance with the accounting policies and accounting periods of the Company, and the investment income and other comprehensive income shall be recognized on the basis thereof. The part of profit and loss of the unrealized internal transactions between the Company and the associated enterprises and joint ventures which is attributable to the Company by calculating according to the proportion enjoyed shall be set off, and the investment profit and loss shall be recognized on this basis. If the loss of unrealized internal transaction between the Company and the invested entity belongs to impairment loss of assets, it shall be recognized in full.

If the company is able to exert significant influence or implement joint control on the investee due to additional investment and other reasons, which does not constitute control, the fair value of the original equity investment plus the new investment cost shall be taken as the initial investment cost according to the equity method. If the previously held equity investment is classified as other equity instrument investment, the difference between its fair value and book value, as well as the accumulated gains or losses originally included in other comprehensive income shall be transferred from other comprehensive income and included in retained earnings in the current period when changing to use equity method for accounting.

Where the joint control or significant influence on the invested unit is lost due to the disposal of some equity investments, the remaining equity after disposal shall be measured by the fair value, and the difference between the fair value and the book value on the date of the loss of joint control or significant influence shall be recorded into the current profits and losses. Other comprehensive income of the original equity investment recognized by using the equity method for accounting adopts the same basis as the direct disposal of related assets or liabilities by the invested entity for accounting treatment when the equity method is discontinued.

(4) Equity investments held for sale

Where the equity investment of a joint venture or associated enterprise is classified in whole or in part as assets held for sale, see Notes III. 15 for relevant accounting treatment.

For the remaining equity investment not classified as assets held for sale, the equity method is used for accounting treatment.

If an equity investment in a joint venture or associated enterprise that has been classified as assets held for sale no longer meets the classification conditions for assets held for sale, it shall be retroactively adjusted by using the equity method from the date when it is classified as assets held for sale. The financial statements for the period classified as held for sale are adjusted accordingly.

(5) Impairment test method and impairment reserve calculation method

For the investment of a subsidiary, associated enterprise or joint venture, see Notes IV. 21 for the method of setting aside the impairment of assets.

16. Investment real estate

(1) Category of investment real estate

The investment real estate is the real estate that held to earn rents or for capital appreciation, or both. Mainly includes:

①Leased land use rights.

②Land use rights held and ready to be transferred after appreciation.

③Leased buildings

(2) Measurement of investment real estate

The Company adopts the cost model to carry out follow-up measurement of investment real estate, see Note IV. 21 for the method of setting aside the impairment of assets.

After deducting the accumulated impairment and net residual value of the investment real estate cost, the Company calculates the depreciation or amortization by the straight-line method. The categories of the investment real estate, the estimated economic useful life and the estimated net residual value rate determine the depreciation life and the annual depreciation rate as follows:

Category	Years of depreciation(year)	Scrap value rate(%)	Yearly depreciation rate(%)
House and buildings	35-40	3	2.77-2.43
Land use right	50	—	2.00

17. Fixed assets

(1) Recognition

Fixed assets are recognized at their actual cost at the time of acquisition when both of the following conditions are met:

①the economic benefits associated with the fixed assets are likely to flow into the enterprise.

②cost of the fixed assets can be measured reliably.

If the subsequent expenditure incurred for fixed assets that meet the conditions for recognition of fixed assets are included in the costs of fixed assets; those that qualify for recognition as fixed assets are recognized in current gain/loss.

(2) Depreciation methods

Category	Method	Years of depreciation	Salvage rates	Annual depreciation rates
House and buildings	Straight-line depreciation	10, 35-40	0、3	2.43-2.77, 10.00
Including: owned house renovation	Straight-line depreciation	10	0	10
Machinery equipment	Straight-line depreciation	12	3	8.08
Transport equipment	Straight-line depreciation	7	3	13.86
Electronic equipment	Straight-line depreciation	5-7	3	13.86-19.40
Office and other equipment	Straight-line depreciation	7	3	13.86

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

18. Construction in progress

(1) Business accounting of the construction work in process in based on project classification.
(2) Standard and time point for carrying forward the construction work in process into fixed assets
For the construction work in process project, the book value of the fixed asset is all the expenses incurred before the construction of the asset reaches the predetermined serviceable state. Including construction costs, the original

price of machinery and equipment, other necessary expenses incurred to make the construction work in process reach the predetermined serviceable state, as well as the borrowing costs incurred for the special borrowing of the project before the assets reach the predetermined serviceable state and the borrowing costs incurred for the occupied general borrowing. The Company transfers the construction work in process into fixed assets when the project installation or construction is completed and reaches the predetermined serviceable state. The constructed fixed assets which have reached the predetermined serviceable state but have not yet completed the final account shall be transferred to the fixed assets based on the estimated value according to the construction budget, cost or actual cost of work performed from the date of reaching the predetermined serviceable state, and calculates the depreciation of fixed assets in accordance with the Company's policy for depreciation of fixed assets, and the original provisional estimated value shall be adjusted according to the actual cost after the completion of the final account, but the previously accrued amount of depreciation shall not be adjusted.

19. Borrowing expenses

(1) The recognition principle of capitalization of borrowing costs and capitalization period

The borrowing expenses incurred by the Company which can be directly attributed to the acquisition and construction or production of assets that meet the capitalization conditions shall be capitalized and included into the related asset costs when the following conditions are met simultaneously:

① Asset expenditure has incurred;

② Borrowing costs have incurred;

③The necessary acquisition and construction or production activities have begun to make the assets reach the predetermined serviceable state.

Other interest on borrowings, discounts or premiums and exchange gains or losses shall be included in the profits or losses of the current period.

If abnormal interruption occurs in the process of acquisition, construction or production of the assets eligible for capitalization, and the interruption period exceeds 3 consecutive months, the capitalization of borrowing costs shall be suspended.

The capitalization of the borrowing costs shall be stopped when the assets that meet the capitalization conditions of the acquisition, construction or production reach the predetermined serviceable or marketable status; Borrowing costs incurred later are recognized as expenses in the current period of occurrence.

(2)The capitalization rate of borrowing costs and the calculation method of capitalization amount

Where specific borrowings are borrowed for the acquisition and construction or production of assets eligible for capitalization, the amount after deducting the interest income obtained by depositing the unused loan funds in the bank or the investment income obtained through temporary investment from the interest expenses actually incurred in the current period of the specific borrowings is determined as the amount of the capitalization of the interest charges for specific borrowings.

Where general borrowings are occupied for the acquisition and construction or production of assets eligible for capitalization, the amount of interest that should be capitalized on the general borrowings shall be calculated and determined by multiplying the asset expenditure weighted average of the accumulated asset expenditure exceeding the specific borrowings and the capitalization rate of the general borrowings. The capitalization rate is calculated and determined based on the weighted average interest rate of general borrowings.

20. Intangible assets

(1) Valuation method, useful life and impairment testing

(1) Valuation of intangible assets

Recorded at the actual cost at the time of acquisition.

(2) Useful life and amortization of intangible assets

①Estimated useful life of the intangible assets with finite useful life:

Item	Estimated useful life	Basis
Land use right	50 years	Legal right of use
Computer software	5 years	Useful life is determined by the reference to the period that can bring economic benefit to the Company
Trademark	10 years	Useful life is determined by the reference to the period that can bring economic benefit to the Company

At the end of each year, the company shall review the service life and amortization method of intangible assets with limited service life. Upon review, the service life and amortization method of intangible assets at the end of this period are not different from previous estimates.

② Intangible assets that cannot be foreseen to bring economic benefits to the enterprise shall be regarded as intangible assets with uncertain service life. For intangible assets with uncertain service life, the company shall review the service life of the intangible assets with uncertain service life at the end of each year. If the service life of the intangible assets is still uncertain after the review, an impairment test shall be conducted on the balance sheet date.

③Amortization of intangible assets

For intangible assets with limited service life, the Company shall determine their service life at the time of acquisition, and make reasonable amortization within the service life by using the straight line method system, and the amortization amount shall be recorded into the current profits and losses according to the benefit items. The specific amount to be amortized is the amount after deducting the estimated residual value from the cost. For intangible assets for which impairment reserves have been set aside, the accumulated amount of impairment reserves for intangible assets which have been set aside shall also be deducted. For intangible assets with limited service life, its residual value shall be regarded as zero, except in the following cases: a third party promises to purchase the intangible asset at the end of its service life, or the estimated residual value information can be obtained based on the active market, and such market is likely to exist at the end of the service life of the intangible asset.

Intangible assets with uncertain service life shall not be amortized. At the end of each year, the service life of intangible assets with uncertain service life shall be reviewed. If there is evidence that the service life of intangible assets is limited, the service life of intangible assets shall be estimated and reasonably amortized in a system within the expected service life.

(3)Long-term assets impairment

The asset impairment of the long-term equity investment of subsidiary companies, associated enterprises and joint ventures, the investment real estate using cost model for subsequent measurement, the fixed assets, the construction work in process, the intangible assets, the goodwill, etc. (except for inventory, investment real estate measured by fair value model, deferred income tax assets, financial assets) is determined according to the following methods: On the balance sheet date, the Company judges whether there are any signs of possible impairment of the assets. If there are any signs of impairment, the Company will estimate the recoverable amount and conduct an impairment test. For goodwill formed by business combination, intangible assets with uncertain service life and intangible assets that have not reached the usable state, impairment test is carried out every year, regardless of whether there is any indication of impairment.

The recoverable amount is determined according to the higher between the net amount of the fair value of the asset minus the disposal expense and the present value of the expected future cash flow of the asset. The Company estimates the recoverable amount on the basis of individual assets; If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of an asset group shall be determined on the basis of the asset group to which the asset belongs. The identification of an asset group shall be based on whether the main cash inflow generated by the asset group is independent of the cash inflow of other assets or asset group.

When the recoverable amount of an asset or an asset group is lower than its carrying amount, the Company will write down the carrying amount to the recoverable amount, record the write-down amount into the current profits and losses, and at the same time make a provision for the corresponding asset impairment.

For the impairment test of goodwill, the book value of the goodwill formed by the business combination shall be apportioned to the relevant asset group in a reasonable manner from the purchase date; If it is difficult to be apportioned to the relevant asset group, it shall be apportioned to the relevant asset group portfolio. The related asset group or asset group portfolio is the asset group or asset group portfolio that can benefit from the synergies of business combination and is not greater than the reporting segment identified by the Company.

During the impairment test, if the asset group or asset group portfolio related to goodwill shows signs of impairment, the impairment test shall be carried out on the asset group or asset group portfolio which does not contain goodwill, the recoverable amount shall be calculated and the corresponding impairment loss shall be confirmed. Then the impairment test is carried out on the asset group or the asset group portfolio containing goodwill, comparing its book value with the recoverable amount, if the recoverable amount is lower than the book value, the impairment loss of goodwill is confirmed.

Once an asset impairment loss is recognized, it shall not be reversed in the subsequent accounting period.

(2) Accounting policy for internal R&D expenditures

21. Long-term assets impairment

The asset impairment of the long-term equity investment of subsidiary companies, associated enterprises and joint ventures, the investment real estate using cost model for subsequent measurement, the fixed assets, the construction work in process, the intangible assets, the goodwill, etc. (except for inventory, investment real estate measured by fair value model, deferred income tax assets, financial assets) is determined according to the following methods:

On the balance sheet date, the Company judges whether there are any signs of possible impairment of the assets. If there are any signs of impairment, the Company will estimate the recoverable amount and conduct an impairment test. For goodwill formed by business combination, intangible assets with uncertain service life and intangible assets that have not reached the usable state, impairment test is carried out every year, regardless of whether there is any indication of impairment.

The recoverable amount is determined according to the higher between the net amount of the fair value of the asset minus the disposal expense and the present value of the expected future cash flow of the asset. The Company estimates the recoverable amount on the basis of individual assets; If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of an asset group shall be determined on the basis of the asset group to which the asset belongs. The identification of an asset group shall be based on whether the main cash inflow generated by the asset group is independent of the cash inflow of other assets or asset group.

When the recoverable amount of an asset or an asset group is lower than its carrying amount, the Company will write down the carrying amount to the recoverable amount, record the write-down amount into the current profits and losses, and at the same time make a provision for the corresponding asset impairment.

For the impairment test of goodwill, the book value of the goodwill formed by the business combination shall be apportioned to the relevant asset group in a reasonable manner from the purchase date; If it is difficult to be apportioned to the relevant asset group, it shall be apportioned to the relevant asset group portfolio. The related asset group or asset group portfolio is the asset group or asset group portfolio that can benefit from the synergies of business combination and is not greater than the reporting segment identified by the Company.

During the impairment test, if the asset group or asset group portfolio related to goodwill shows signs of impairment, the impairment test shall be carried out on the asset group or asset group portfolio which does not contain goodwill, the recoverable amount shall be calculated and the corresponding impairment loss shall be confirmed. Then the impairment test is carried out on the asset group or the asset group portfolio containing goodwill, comparing its book value with the recoverable amount, if the recoverable amount is lower than the book value, the impairment loss of goodwill is confirmed.

Once an asset impairment loss is recognized, it shall not be reversed in the subsequent accounting period.

22.Long-term prepaid expenses

To account for the expenses that have been incurred but which shall be borne by the current and future periods and which are apportioned over a period of more than one year.

The long-term prepaid expenses will amortized equally over the period of benefit.

23. Employee remuneration

(1) Accounting treatment of short-term remuneration

① Basic remuneration (salary, bonus, allowance, subsidy)

During the accounting period when the employees provide services to the Company, the Company recognizes the short-term remuneration actually incurred as a liability and records it into the current profits and losses, except for those required or allowed to be included in the cost of assets under other accounting standards.

② Employee welfare expenses

The employee welfare expenses incurred by the Company shall be included in the current profits and losses or related asset costs according to the actual amount incurred when they actually occur. If employee welfare expenses are non-monetary welfare, they shall be measured at fair value.

③Medical insurance, industrial injury insurance, maternity insurance and other social insurance premiums and housing provident funds, as well as labor union funds and staff education funds

The medical insurance, industrial injury insurance, maternity insurance and other social insurance premiums and housing provident funds the Company paid for its employees, as well as the labor union funds and staff education funds set aside by rule calculate and determine the corresponding employee remuneration amount according to the stipulated provisions basic and provision ratio during the accounting period for the employee to provide services, and confirm the corresponding liabilities and record them into the current profits and losses or related asset cost.

④Short-term paid absence

The Company recognizes the employee's compensation related to the accumulated paid absence when the service provided by the employee increases his or her right to enjoy future paid absence, and measures it with the increase in expected payment due to the accumulated unexercised right. The Company recognizes employee compensation related to non-cumulative paid absence during the accounting period when the absence actually occurs.

⑤ Short-term profit sharing plan

If the profit sharing plan satisfies the following conditions at the same time, the Company recognizes the relevant employee compensation payable:

A. The enterprise has a statutory or constructive obligation to pay its employees due to past events;

B. The amount of payroll obligations arising from profit sharing plans can be reliably estimated.

(2) Accounting treatment of post-employment benefits

① Defined contribution plans

The Company recognizes the amount payable calculated according to the defined contribution plans as a liability during the accounting period when the employee provides services to it, and records it into the current profits and losses or the related asset cost.

According to the defined contribution plans, where it is not expected to pay the full amount payable within 12 months after the end of the annual reporting period for the relevant services provided by the employee, the Company measures the payroll payable by the amount after discounting the full amount payable with reference to the corresponding discount rate (determined by the treasury bonds matching with the obligatory term of defined contribution plans or the market yield of the high quality corporate bonds in the active market at the balance sheet date).

② Defined benefit plans

A. Determine the present value and current service cost of the obligations under the defined benefit plans

According to the expected accumulative welfare unit method, the relevant demographic variables and financial variables are estimated by using unbiased and consistent actuarial assumptions, the obligations arising from the defined benefit plans are measured, and the period of attribution of the relevant obligations is determined. The Company discounts the obligations arising from the defined benefit plans according to the corresponding discount rate (determined by the treasury bonds matching with the obligatory term of defined benefit plans or the market yield of the high quality corporate bonds in the active market at the balance sheet date) to determine the present value of the obligations of the defined benefit plans and the current service cost.

B. Recognize the net liabilities or net assets of the defined benefit plans

Where there are assets in the defined benefit plans, the Company shall recognize the deficit or surplus formed by the present value of the obligations of the defined benefit plans minus the fair value of the assets of the defined benefit plans as the net liabilities or net assets of a defined benefit plan.

If there is surplus in the defined benefit plans, the Company shall measure the net assets of the defined benefit plans by the lower of the defined benefit plans' surplus or the upper limit of assets.

C. Determine the amount to be included in the asset cost or the current profit and loss

Service cost includes current service cost, past service cost and settlement gains or losses. Among them, except for the current service costs required or allowed to be included in the cost of assets under other accounting standards, other service costs are included in the current profits and losses.

Net interest on net liabilities or net assets of defined benefit plans, including interest income on plan assets, interest expense on defined benefit plan obligations, and interest on the impact of asset caps, are recorded in the current profits and losses.

D. Determine the amount to be included in other comprehensive income

Remeasurement of changes in net liabilities or net assets of a defined benefit plan, including:

(a) Actuarial gain or loss is an increase or decrease in the present value of the previously measured defined benefit plan obligations as a result of actuarial assumptions and empirical adjustments;

(b) Return on plan assets, deduct the amount included in the net interest on the net liabilities or net assets of the defined benefit plan;

(c) Changes in the impact of the asset cap, deduct the amount included in the net interest on the net liabilities or net assets of the defined benefit plan.

Changes in net liabilities or net assets of the above-mentioned remeasured benefit plan are directly included in other comprehensive income and are not allowed to be transferred back to profit or loss in subsequent accounting periods, but the Company may transfer these amounts recognized in other comprehensive income within the range of equity.

(3) Accounting treatment of dismiss benefits

Where the Company provides dismiss benefits to its employees, the Company shall recognize the employees' compensation liabilities arising from dismiss benefits at the earlier day of the following two, and record them into the current profits and losses:

①The enterprise cannot unilaterally withdraw the dismiss benefits provided by the plan for the termination of labor relations or the downsizing proposal;

② When the enterprise recognizes the costs or expenses related to the restructuring involving the payment of dismiss benefits.

If the dismiss benefits are not expected to be fully paid within 12 months after the end of the annual report period, the amount of dismiss benefits shall be discounted according to the corresponding discount rate (determined by the treasury bonds matching with the obligatory term of defined benefit plans or the market yield of the high quality corporate bonds in the active market at the balance sheet date), and the discounted amount shall be used to measure the payroll payable.

(4) Other accounting treatment methods for long-term employee benefits

① Meeting the conditions of the defined benefit plan

If other long-term employee benefits provided by the Company meet the conditions of the defined benefit plan, the payroll payable shall be measured at the discounted amount of the total amount payable.

② Meeting the conditions of the defined benefit plan

At the end of the reporting period, the Company recognizes the employee compensation costs generated by other long-term employee benefits as the following components:

A. Service cost;

B. Net interest on net liabilities or net assets of other long-term employee benefits;

C. Remeasurement of changes in net liabilities or net assets of other long-term employee benefits.

In order to simplify the relevant accounting treatment, the total net amount of the above items is included in the current profits and losses or the related asset cost.

24. Accrual liability

(1) Recognition standards

The Company recognizes an accrual liability if the obligation associated with the contingency also meets the following conditions:

①the obligation is a present obligation assumed by the Company;

②it is probable that the performance of the obligation will result in an outflow of the economic benefits to the Company;

③the obligation can be measured reliably for its value.

(2) Measurement

Accrual liabilities are initially measured in accordance with the best estimate of the expenses required to fulfill the relevant current obligations, taking into account the risks, uncertainties and time value of money related to contingencies. The book value of the Accrual liabilities is reviewed on each balance sheet date. If there is conclusive evidence that the book value cannot reflect the current best estimate, the book value shall be adjusted according to the current best estimate.

25. Revenue

Accounting policy of revenue recognition and measurement

(1) General principles

Income is the total inflow of economic benefits generated in the daily activities of the Company that will lead to an increase in shareholders' equity and have nothing to do with the capital invested by shareholders.

The Company recognizes revenue when the performance obligation in the contract has been fulfilled, that is, when the customer obtains the control of the relevant commodity. To gain control of a relevant commodity means to be able to dominate the use of the commodity and gain almost all economic benefits from it.

If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, apportion the transaction price to each individual performance obligation in accordance with the relative proportion of the individual selling price of the goods or services promised in each individual performance obligation, and measure its income according to the transaction price apportioned to each individual performance obligation.

The transaction price is the amount of consideration the Company expects to be entitled to receive in connection with the transfer of goods or services to the customer, excluding payments received on behalf of third parties. When determining the contract transaction price, if there is a variable consideration, the Company determines the best estimate of the variable consideration in terms of the expected or most likely amount, and includes the transaction price in an amount not exceeding the cumulatively recognized income which is highly unlikely to be materially reversed when the relevant uncertainty is removed. If there is a significant financing component in the contract, the Company will determine the transaction price on the basis of the amount payable paid in cash by the customer at the time of acquisition of control of the goods, the difference between the transaction price and the contract consideration is amortized over the period of the contract by using the effective interest method. Where the time between the transfer of control and the payment by the customer is less than one year, the Company shall not consider the financing component.

It belongs to fulfillment of performance obligations within a certain period of time if meeting one of the following conditions; otherwise, it belongs to fulfillment of performance obligations at a certain point of time:

①The customer obtains and consumes the economic benefits brought by the performance of the Company when performing the contract;

② The customer can control the goods under construction in the process of the company's performance;

③The products produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to collect payment for the accumulated part of the performance completed so far during the entire contract period.

For performance obligations performed within a certain period of time, the Company shall recognize revenue in accordance with the performance progress within that period, except where the performance progress cannot be reasonably determined. The Company determines the performance progress of the services provided according to the input (or output) method. When the performance progress cannot be reasonably determined, if the cost already incurred by the Company is expected to be compensated, the revenue shall be recognized according to the amount of cost already incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point of time, the Company recognizes revenue at the time point when the customer obtains control of the relevant goods. When judging whether the customer has acquired control of the goods or services, the Company will consider the following indications:

①The Company is entitled to current payment rights in respect of the goods or services, that is, the customer has current payment obligations in respect of the goods;

② The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods;

③ The Company has transferred the commodity in kind to the customer, that is, the customer has physical possession of the commodity;

④The Company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has acquired the main risks and rewards of the ownership of the goods;

⑤ The customer has accepted the goods.

Sales return clause

For sales with a sales return clause, the Company shall recognize the revenue according to the amount of consideration to which the customer is entitled as a result of the transfer of the goods to the customer when the customer acquires the control of the relevant goods, and the amount refunded as expected due to the sales return shall be recognized as an estimated liability. At the same time, the balance after deducting the cost expected to be incurred for the recovery of the goods (including impairment of the value of the returned goods) from the book value of the returned commodity at the time of transfer is recognized as an asset, i.e. the cost of returns receivable, and deducts the net amount carryover cost of the above asset cost according to the book value of the transferred commodity at the time of transfer. On each balance sheet date, the Company re-estimates the return of future sales and remeasures the above assets and liabilities.

Warranty obligations

According to the contract and legal provisions, the Company provides quality assurance for the sale of goods, construction of the project, etc. For the warranty quality assurance designed to assure customers that the products sold meet established standards, the Company conducts accounting treatment in accordance with the Accounting Standards for Business Enterprises No. 13 - Contingencies. For service class quality assurance that provides a separate service in addition to assuring customers that the goods sold meet established standards, the Company regards it as a single performance obligation and apportions part of the transaction price to the service class quality guarantee in accordance with the relative proportion of the separate price for providing goods and service class quality guarantee, and recognizes the revenue when the customer obtains the control of the service. When assessing whether quality assurance provides a separate service in addition to assuring the customer that the goods sold meet established standards, the Company considers such factors as whether the warranty is a statutory requirement, the quality warranty period and the nature of the task to which the Company is committed.

Principal responsible persons and agents

The Company determines whether the status at the time of engaging in a transaction is that of a principal responsible person or agent, based on whether the company has control over the goods or services prior to transferring them to the customer. The Company can control the commodities or services before transferring them to the customers, therefore, the Company is the principle responsible person, and the revenue is recognized according to the total consideration received or receivable. Otherwise, the Company, acting as the agent, shall recognize the revenue on the basis of the amount of commissions or service charges it is expected to be entitled to receive, this amount should be determined on the basis of the net amount after deducting the price payable to other relevant parties from the total consideration received or receivable, or on the basis of the amount or proportion of fixed commissions, etc.

Customer consideration payable

If there is a customer consideration payable in the contract, unless the consideration is to obtain other clearly distinguishable goods or services from the customer, the Company will offset the consideration payable against the transaction price, and the Company will offset the current revenue at the later time point between the time recognizing the relevant revenue or the time paying (or promising to pay) the customer consideration.

Contractual rights not exercised by the client

If the Company receives payments for sales of goods or services from customers in advance, it will first recognize such payments as liabilities and then turn them into income when the relevant performance obligations are fulfilled. Where any advance received by the Company is not refundable and the Customer may waive all or part of its contractual rights, and the Company anticipates to be entitled to an amount in connection with the contractual rights waived by the customer, such amount shall be recognized as revenue pro rata according to the mode in which the customer exercises the contractual rights. Otherwise, the Company will convert the relevant balance of the said liabilities into income only when it is highly unlikely that the customer will require the fulfillment of the remaining performance obligations.

Change of contract

When the construction contract between the Company and the customer changes:

① If the change of contract adds a clearly distinguishable construction service and contract price, and the new contract price reflects the separate selling price of the new construction service, the Company will account for the change of contract as a separate contract;

② If the change of contract does not belong to the above-mentioned situation ①, and the construction service that has been transferred and the construction service that has not been transferred on the date of contract change can be clearly distinguished, the Company will regard it as the termination of the original contract, and at the same time, the unperformed part of the original contract and the changed part of the contract are combined into a new contract for accounting treatment;

③ If the change of contract does not belong to the above-mentioned situation ①, and the construction service that has been transferred and the construction service that has not been transferred on the date of contract change cannot be clearly distinguished, the Company will account for the changed part of the contract as an integral part of the original contract, and the resulting impact on the recognized revenue shall adjust the current revenue on the date of contract change.

(2) Specific methods

Specific methods for revenue recognition of the Company are as follows:

① Commodity sales contract

The sales contract between the Company and the customer contains the performance obligation of the transferred goods, which belongs to the performance obligation at a certain point in time.

The revenue recognition of auto sales and jewelry wholesale need to satisfy the following conditions: the Company has delivered goods to the customer according to the contract and customer has accepted the goods, the payment has been received or the receipt has been obtained and the associated economic benefits are likely to flow in, the major risks and rewards of ownership of the goods have been transferred, and the legal ownership of the goods has been transferred.

②Auto repair and test contract

The performance obligations contained in the auto repair and test contract between the Company and the customer belong to the performance obligations at a certain point in time.

The revenue recognition of auto repair and test contract needs to meet the following conditions: the Company has completed the service of auto repair and test as agreed in the contract, settled all materials and working hours with the customer, and allowed the customer's automobile to leave the Company's repair shop.

③ Provision of service contract

The provision of service contract between the Company and customers includes the performance obligations for services related to the rental of real estate, as the customer obtains and consumes the economic benefits brought by the Company's performance of the contract while the Company performs the contract, the Company considers them as the performance obligations to be performed within a certain period of time, and apportions and recognizes them equally during the service provision period.

④ Real estate lease contract

For the recognition method for the Company's real estate rental income, see "Notes IV. 28".

26. Government subsidy

(1) Recognition

Government subsidies are recognized when the following conditions are met at the same time:

①The company can meet the conditions attached to the government subsidies;

②The company can receive government subsidies.

(2) Measurement

If the government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. If the government subsidy is a non-monetary asset, it shall be measured at fair value; If the fair value cannot be reliably obtained, it shall be measured according to the nominal amount of 1 yuan.

(3) Accounting treatment of government subsidies

① Asset-related government subsidies

The government subsidies obtained by the company for the purchase and construction or the formation of long-term assets in other ways are classified as the government subsidies related to assets. Government subsidies related to assets are recognized as deferred income, which shall be included into profits and losses in a reasonable and systematic way in the service life of the relevant assets. Government subsidies measured in nominal amounts shall be directly included in current profits and losses. If the relevant assets are sold, transferred, scrapped or destroyed before the end of their useful life, the undistributed balance of relevant deferred income shall be transferred to the current profit sand loss of the asset disposal.

② Government subsidies related to income

Government subsidies other than those related to assets are classified as income-related government subsidies. The government subsidies related to income shall be conducted accounting treatment according to the following regulations in different cases:

Those used to compensate the relevant costs or losses of the Company in subsequent periods shall be recognized as deferred income and shall be recorded into the current profits and losses during the period in which the relevant costs or losses are recognized;

Those used to compensate the relevant costs or losses incurred by the Company shall be directly recorded into the current profit and loss.

For the government subsidies that contain both the part related to assets and the part related to income, separate different parts for accounting treatment; for the indistinguishable part, the whole is classified as income-related government subsidies.

Government subsidies related to the daily activities of the Company shall be included in other earnings in accordance with the substance of economic business. The government subsidies unrelated to the daily activities of the Company shall be included in the non-operating income and expenditure.

③ Policy-based preferential loan with discounted interest

If the finance allocates the funds with discounted interest to the lending bank, and the lending bank provides the Company with a loan at a policy-based preferential interest rate, the actual amount of the received loan shall be taken as the entry value of the loan, and the relevant borrowing costs shall be calculated according to the loan principal and the policy-based preferential interest rate.

If the finance directly allocates the funds with discounted interest to the Company, and the Company shall offset the relevant borrowing costs with the corresponding discounted interest.

④Return of government subsidies

When the recognized government subsidies need to be returned, the book value of the assets shall be adjusted if the book value of the relevant assets is written down during the initial recognition; If there is a balance of the relevant deferred income, the book balance of the relevant deferred income shall be written down, and the excess part shall be included into the current profits and losses; Under other circumstances, they shall be directly recorded into current profits and losses.

27. Deferred income tax assets /deferred income tax liabilities

The Company usually recognizes and measures the amount of income tax impact of taxable temporary differences or deductible temporary differences as deferred income tax liabilities and deferred income tax assets by using the balance sheet liability method based on the temporary differences between the book value of assets and liabilities on the balance sheet date and the tax base. The Company does not discount deferred tax assets and deferred tax liabilities.

(1) Recognition of deferred tax assets

For deductible temporary differences, deductible losses and tax credits that can be carried forward to the next year, their amount of impact on income tax is calculated at the expected income tax rate during the reversal period and is recognized as a deferred income tax asset, but is within the limit of future taxable income that the Company are likely to use to offset deductible temporary differences, deductible losses and tax credits.

The impact amount of income tax of a deductible temporary difference arising from the initial recognition of an asset or liability in a transaction or event simultaneously having both the following characteristics shall not be recognized as a deferred income tax asset:

A. The transaction is not a business merger;

B. The transaction occurs without affecting either accounting profit or taxable income (or deductible loss).

The impact amount of income tax of the Company's deductible temporary differences related to its investments in subsidiaries, associated companies and joint ventures shall be recognized as deferred income tax assets if both of the following conditions are met:

A. Temporary differences are likely to be reversed in the foreseeable future;

B. Taxable income is likely to be obtained in the future to offset the deductible temporary difference;

At the balance sheet date, if there is conclusive evidence that sufficient taxable income is likely to be obtained in the future period to offset the deductible temporary difference, the deferred income tax assets not recognized in the previous period shall be recognized.

At the balance sheet date, the Company reviews the book value of the deferred tax assets. Write down the book value of the deferred tax asset if it is likely that sufficient taxable income will not be available to offset the benefit of the deferred tax asset in future periods. When sufficient taxable income is likely to be obtained, the amount of the write-down shall be reversed.

(2) Recognition of deferred income tax liabilities

The impact of all taxable temporary differences of the Company on income tax is measured at the expected income tax rate during the reversal period and is recognized as a deferred income tax liability, except in the following cases:

① The effect of taxable temporary differences on income tax arising from the following transactions or events is not determined as a deferred income tax liability:

A. Initial recognition of goodwill;

B. Initial recognition of assets or liabilities arising from transactions having the following characteristics: the transaction is not a business combination and affects neither accounting profit nor taxable income or deductible losses when the transaction occurs.

② The impact amount of income tax of the Company's taxable temporary differences related to its investments in subsidiaries, associated enterprises and joint ventures shall be recognized as deferred income tax liabilities, except where the following two conditions are met:

A. The Company can control the time for the temporary difference to be reversed;

B. The temporary difference is unlikely to reverse in the foreseeable future.

(3) Recognition of deferred income tax liabilities or assets involved in a particular transaction or event

① Deferred income tax liabilities or assets related to the business combination

For taxable temporary differences or deductible temporary differences arising from business combinations not under the same control, when a deferred tax liability or deferred tax asset is recognized, the associated deferred income tax expense (or income) is usually adjusted for the goodwill recognized in the business combination.

②Items directly included in owners' equity

The current income tax and deferred income tax related to the transaction or event directly included in the owner's equity shall be included in the owner's equity. The influence of temporary differences on income taxes are included in the transactions or events of owners' equity, including other comprehensive income generated by changes in fair value of other creditor's rights investments, retained earnings at the beginning of the period adopting retroactive adjustment method for changes in accounting policies or adjusting retroactive restatement method for prior (or important) accounting errors correction difference, and hybrid financial instruments containing both liabilities ingredients and equity ingredients at the same time included in the owner's equity at the initial recognition, etc.

③ Recoverable loss and tax deduction

A. Recoverable losses and tax deductions arising from the Company's own operations

Deductible loss refers to the loss calculated and determined in accordance with the provisions of the tax law which is allowed to be made up with the taxable income of subsequent years. Uncovered losses (deductible losses) and tax deductions that can be carried forward to subsequent years in accordance with the provisions of the tax law shall be dealt with as deductible temporary differences. Where sufficient taxable income is likely to be obtained in the future periods in which losses or tax deductions are expected to be available, the corresponding deferred income tax asset shall be recognized within the limit of the taxable income likely to be obtained, and the income tax expense in the current income statement shall be reduced.

B. Recoverable uncovered losses of the combined enterprise resulting from business combination

In a business combination, the Company shall not recognize the deductible temporary differences acquired by the acquiree that do not meet the conditions for the recognition of deferred income tax assets on the purchase date.Within 12 months after the acquisition date, if new or further information indicates that relevant conditions existed on the date of purchase, and it is expected that the economic benefits of the acquiree brought by the deductible temporary differences on the purchase date can be realized, recognize the relevant deferred income tax assets, and reduce the goodwill at the same time, if the goodwill is insufficient for write-down, the difference part shall be recognized as the current profits and losses; In addition to the above conditions, the deferred income tax assets related to the business combination shall be recognized and recorded into the current profits and losses.

④Temporary differences formed by merger offset

When preparing the consolidated financial statements, where there is a temporary difference between the book value of the assets or liabilities in the consolidated balance sheet and the tax base of the taxable entity due to the offset of unrealized internal sales gains and losses, the deferred income tax assets and deferred income tax liabilities shall be recognized in the consolidated balance sheet, and the income tax expenses in the consolidated income statement shall be adjusted at the same time, but except for the transactions or events directly included in owners' equity and the deferred income taxes related to the business combination.

⑤ Equity-settled share-based payments

If the tax law allows a pre-tax deduction for expenses related to share-based payments, within the period during which costs and expenses are recognized in accordance with accounting standards, the Company shall calculate and determine its tax base and temporary differences arising therefrom according to the amount of pre-tax deductions estimated by the information obtained at the end of the accounting period, and recognize the relevant deferred income taxes in compliance with recognition conditions. Among them, the amount that can be deducted before tax in the future period is expected to exceed the cost and expense related to share-based payment recognized in accordance with the provisions of accounting standards, and the income tax impact of the excess part shall be directly recorded into the owner's equity.

28. Leasing

(1) Accounting treatment of operating leases

The Company recognizes the lease receipts as rental income on a straight-line basis during each period of the lease term, and capitalizes the initial direct expenses incurred and amortizes them on the same basis as the recognition of rental income, and includes in the current profit and loss in installments. The variable lease payments obtained by the Company related to operating leases but not included in the lease receipts are included in the current profit and loss when actually incurred.

(2) Accounting treatment of finance lease

On the lease start date, the Company recognizes the finance lease receivables based on the net investment in the lease (the sum of the unguaranteed residual value and the present value of the lease receipts not yet received on the lease start date and discounted at the interest rate implicit in the lease), and derecognizes the financial lease assets. During each period of the lease term, the Company calculates and recognizes interest income based on the interest rate implicit in the lease. The variable lease payments obtained by the Company that are not included in the measurement of net lease investment are included in the current profit and loss when they are actually incurred.

V. Taxes

1. Type of tax and rate for main applicable tax

Taxes	Basis	Rate
VAT	Selling goods or providing taxable services	13%, 11%, 9%, 5%, 6%, 3%
Consumption tax	Sell goods	0.1
Urban maintenance and construction tax	Price-based resource tax, 1.2 percent of the remaining value after deducting 30% of the original value of the property; tax on 12% of rent income for calculation and collection based on rent	1.2%, 12%
Enterprise income tax	Turnover tax payable	0.07
Educational surtax	Turnover tax payable	0.03
Local education surcharge	Turnover tax payable	0.02
Enterprise income tax	Taxable income	20%, 25%

Rate of income tax for different taxpaying body:

Taxpaying body	Rate of income tax
Shenzhen Xinyongtong Auto Vehicle Inspection Equipment Co., Ltd.	0.2
Shenzhen Huari Anxin Automobile Inspection Ltd.	0.2
Shenzhen Tellus Chuangying Tech. Co., Ltd.	0.2
Other taxpaying body than the above	0.25

2. Tax preferential

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

VI. Annotation to main items of consolidated financial statements

1. Monetary funds

Unit: RMB/CNY

Item	Ending balance	Opening balance
Cash on hand	9,691.12	36,941.24
Cash in bank	219,723,053.11	240,545,115.92

Total	219,732,744.23	240,582,057.16
The total amount of money that has restrictions on use due to mortgage, pledge or freezing	27,188,802.59	26,926,471.30

Other explanation:

As of June 30, 2022, bank deposits of 27,188,802.59 yuan is the supervision fund by the Company developed the land plot 03 project of the upgrading project of Tellus-Gman Gold Jewelry Industrial Park. 2,000,000 yuan refers to the performance bond, in addition, there are no other amount in the monetary funds at the end of the period that are subject to restrictions on use and potential recovery risks due to mortgages, pledges or freezes.

2. Trading financial assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Financial assets measured by fair value and with variation reckoned into current gains/losses	422,095,775.34	412,712,843.84
Including:		
Structured deposits and wealth management products	422,095,775.34	412,712,843.84
Including:		
Total	422,095,775.34	412,712,843.84

3. Account receivable

(1) Category

Unit: RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt provision accrual on a single basis	68,796,409.16	65.95%	48,981,634.40	71.20%	19,814,774.76	48,781,485.16	72.74%	48,781,485.16	100%	
Account receivable with bad debt provision accrual on portfolio	35,517,001.20	34.05%	183,413.13	0.52%	35,333,588.07	18,277,473.05	27.26%	183,413.13	100.00%	18,094,059.92

Total	104,313,410.36	100.00%	49,165,047.53	47.13%	55,148,362.83	67,058,958.21	100.00%	48,964,898.29	73.02%	18,094,059.92

Bad debt provision accrual on single basis:

Unit: RMB/CNY

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Shenzhen Jinlu Industry and Trade Co., Ltd.	9,846,607.00	9,846,607.00	100%	The account age is long and is not expected to be recovered
Guangdong Zhanjiang Sanxing Auto Service Co., Ltd.	4,060,329.44	4,060,329.44	100%	The account age is long and is not expected to be recovered
Wang Changlong	2,370,760.40	2,370,760.40	100%	The account age is long and is not expected to be recovered
Huizhou Jiandacheng Daoqiao Engineering Company	2,021,657.70	2,021,657.70	100%	The account age is long and is not expected to be recovered
Jiangling Automobile Factory	1,191,059.98	1,191,059.98	100%	The account age is long and is not expected to be recovered
Yangjiang Auto Trade Co., Ltd.	1,150,000.00	1,150,000.00	100%	The account age is long and is not expected to be recovered
Guangdong Materials Group Corp	1,862,000.00	1,862,000.00	100%	The account age is long and is not expected to be recovered
Shenzhen Nuoqi Jewelry Co., Ltd.	20,014,924.00	200,149.24	1%	Accrual of the bad debt in line with provision for the single large amount
Other	26,279,070.64	26,279,070.64	100%	The account age is long and is not expected to be recovered
Total	68,796,409.16	48,981,634.40		

Bad debt provision accrual on portfolio:

Unit: RMB/CNY

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio
Aging portfolio	35,517,001.20	183,413.13	0.52%

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

□ Applicable √Not applicable

By account age

Unit: RMB/CNY

Account age	Ending balance
Within one year (including one year)	35,513,641.20
1-2 years	
2- 3 years	3,360.00
Over 3 years	68,796,409.16
Over 5 years	68,796,409.16
Total	104,313,410.36

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

Bad debt provision accrual in the period:

Unit: RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	
Account receivable with bad debt provision accrual on a single basis	48,781,485.16	200,149.24				48,981,634.40
Account receivable with bad debt provision accrual on portfolio	183,413.13					183,413.13
Total	48,964,898.29	200,149.24				49,165,047.53

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

Unit: RMB/CNY

Enterprise	Ending balance of accounts receivable	Proportion in total receivables at ending balance	Bad debt preparation ending balance
Shenzhen Jinlu Industry and Trade Co., Ltd.	9,846,607.00	9.44%	9,846,607.00
Guangdong Zhanjiang Sanxing Auto Service Co., Ltd.	4,060,329.44	3.89%	4,060,329.44
Shenzhen Shangjinyuan Jewelry Industry Co., Ltd.	3,358,649.44	3.22%	29,810.07
Wang Changlong	2,370,760.40	2.27%	2,370,760.40
Guangdong Materials Group	2,021,657.70	1.94%	2,021,657.70
Total	21,658,003.98	20.76%	

4. Accounts paid in advance

(1) By account age

Unit: RMB/CNY

Account age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	13,880,282.14	99.91%	16,519,701.91	99.92%
Over 3 years	12,525.94	0.09%	12,525.94	0.08%
Total	13,892,808.08		16,532,227.85	

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

Name	Ending balance	Proportion in prepayment balance at the end of period
FAW Toyota Motor Sales Co., Ltd.	9,374,525.58	67.48%
Toyota Motor (China) Investment Co., Ltd.	1,264,424.00	9.10%
Kingdee Software (China) Co., Ltd.	1,012,679.25	7.29%
Xiaopeng Automobile Sales Co., Ltd.	842,355.78	6.06%
Shenzhen Wonder Construction Group Co., Ltd.	361,025.45	2.60%
Total	12,855,010.06	92.53%

5. Other account receivable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Interest receivable	0.00	0.00
Dividends receivable	547,184.35	547,184.35
Other account receivable	7,007,270.18	4,525,786.42
Total	7,554,454.53	5,072,970.77

(1) Interest receivable

Not applicable

3) Provision for bad debts

□ Applicable √Not applicable

(2) Dividends receivable

1) Category

Unit: RMB/CNY

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

2) Important dividend receivable with account age over one year

Unit: RMB/CNY

Item (or invested unit)	Ending balance	Account age	Reasons for non-	Whether there is

			recovery	impairment and its judgment basis
China Pudong Development Machinery Industry Co., Ltd	547,184.35	2-3 years	Not yet paid	The enterprise has a normal financial status and operation conditions, the dividend receivable have not been impaired.
Total	547,184.35			

3) Provision for bad debts

□ Applicable √Not applicable

(3) Other account receivable

1) By nature

Unit: RMB/CNY

Nature	Ending book balance	Opening book balance
Deposit margin	1,652,247.03	598,861.89
Reserve fund	120,000.00	0
Interim payment receivable	56,976,953.77	104,970,218.27
Total	58,749,200.80	105,569,080.16

2) Provision for bad debts

Unit: RMB/CNY

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2022	58,951.65		51,682,978.97	51,741,930.62
Balance of Jan. 1, 2022 in the period				
Balance on Jun. 30, 2022	58,951.65		51,682,978.97	51,741,930.62

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

□ Applicable √Not applicable

By account age

Unit: RMB/CNY

Account age	Ending balance
Within one year (including one year)	4,066,926.42
1-2 years	531,458.10
2-3 years	82,621.56
Over 3 years	54,068,194.72

Over 5 years	54,068,194.72
Total	58,749,200.80

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

Not applicable

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

Not applicable

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

Unit: RMB/CNY

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other account receivables	Ending balance of bad debt reserve
Zhongqi South China Auto Sales Company	Intercourse funds	9,832,956.37	Over 3 years	16.74%	9,832,956.37
South Industry & TRADE Shenzhen Industrial Company	Intercourse funds	7,359,060.75	Over 3 years	12.53%	7,359,060.75
Shenzhen Zhonghao (Group) Co., Ltd	Intercourse funds	5,000,000.00	Over 3 years	8.51%	5,000,000.00
Shenzhen Kaifeng Special Automobile Industry Co., Ltd.	Intercourse funds	4,413,728.50	Over 3 years	7.51%	2,206,864.25
Shenzhen Gold Beili Electrical Appliances Co., Ltd.	Intercourse funds	2,706,983.51	Over 3 years	4.61%	2,706,983.51
Total		29,312,729.13		49.89%	27,105,864.88

6) Other account receivables related to government grants

Not applicable

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

Not applicable

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

Not applicable

6. Inventories

Does the company need to comply with the disclosure requirements of the real estate industry
No

(1) Category

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Provision for inventory depreciation or contract performance cost impairment provision	Book value	Book balance	Provision for inventory depreciation or contract performance cost impairment provision	Book value
Raw materials	15,829,602.24	14,772,382.17	1,057,220.07	15,814,028.99	14,772,382.17	1,041,646.82
Inventory	41,486,464.73	15,117,773.94	26,368,690.79	39,261,052.16	14,867,773.94	24,393,278.22
Total	57,316,066.97	29,890,156.11	27,425,910.86	55,075,081.15	29,640,156.11	25,434,925.04

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

Unit: RMB/CNY

Item	Opening balance	Current amount increased		Current amount decreased		Ending balance
		Accrual	Other	Reversal or write-off	Other	
Raw materials	14,772,382.17					14,772,382.17
Inventory	14,867,773.94	250,000.00				15,117,773.94
Total	29,640,156.11	250,000.00				29,890,156.11

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

Not applicable

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

Not applicable

7. Other current assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Reclassification of the VAT debit balance	3,630,901.41	8,596,585.57
Total	3,630,901.41	8,596,585.57

8. Long-term account receivable

(1) Long-term account receivable

Unit: RMB/CNY

Item	Ending balance			Opening balance			Discount rate interval
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	
Related transactions	2,179,203.68	2,179,203.68	0.00	2,179,203.68	2,179,203.68	0.00	
Total	2,179,203.68	2,179,203.68	0.00	2,179,203.68	2,179,203.68	0.00	

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

□ Applicable √Not applicable

9. Long-term equity investment

Unit: RMB/CNY

The invested entity	Opening balance (book value)	Current changes (+, -)								Ending balance (book value)	Ending balance of impairment provision
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Accrual of impairment provision	Other		
I. Joint venture											
Shenzhen Tellus Gman Investment Co., Ltd	47,490,740.78			8,739,142.07			15,000,000.00			41,229,882.85	
Shenzhen Tellus Hang Investment Co., Ltd. [Note 5]	13,452,222.35			350,111.20						13,802,333.55	
Subtotal	60,942,963.13			9,089,253.27			15,000,000.00			55,032,216.40	
II. Associated enterprise											
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	27,367,904.34			-1,161,465.69						26,206,438.65	
Shenzhen Autom											

obile Industry Import and Export Co., Ltd.											
Shenzhen Xinyongtong Oil Pump Environment Protection Co., Ltd.											127,836.59
Shenzhen Xinyongtong Consultant Co., Ltd.											41,556.83
Shenzhen Tellus Automobile Service Chain Co., Ltd. [Note 3]											
Shenzhen Xinyongtong Auto Service Co., Ltd. [Note 3]											
Shenzhen Xinyongtong Dongxiao Auto Service Co., Ltd.											
Shenzhen											

Yongtong Xinda Inspection Equipment Co., Ltd. [Note 3]											
Hunan Changyang Industrial Co., Ltd. [Note 1]											1,810,540.70
Shenzhen Jiecheng Electronic Co., Ltd. [Note 1]											3,225,000.00
Shenzhen Xiandao New Materials Co., Ltd. [Note 1]											4,751,621.62
China Auto Industrial Shenzhen Trading Company [Note 1]											400,000.00
Shenzhen General Standard Co., Ltd. [Note 1]											500,000.00
Shenzhen Zhongq											2,250,000.00

i South China Auto Sales Company [Note 1]											
Shenzhen Bailiyuan Power Supply Co., Ltd. [Note 1]											1,320,000.00
Shenzhen Yimin Auto Trading Company [Note 1]											200,001.10
Shenzhen Torch Spark Plug Industry Company											17,849.20
Shenzhen Hanli High-Tech Ceramics Co., Ltd. [Note 2]											1,956,000.00
Shenzhen South Automobile Repair Center [Note 2]											6,700,000.00
Subtotal	27,367,904.34			-1,161,465.69						26,206,438.65	23,300,406.04

Total	88,310,867.47			7,927,787.58			15,000,000.00			81,238,655.05	23,300,406.04

Other explanation

Note 1: Business registration of the above companies have been revoked and the Company has made a full provision for impairment of these long-term equity investment.

Note 2: Operating period of Shenzhen Hanli High-Tech Ceramics Co., Ltd is from September 21, 1993 to September 21, 1998; operating period of Shenzhen South Automobile Repair Center is from July 12, 1994 to July 11, 2002. the companies have ceased their business activities for many years, business registration have been revoked for failure to participate in annual inspection. It is unable to exercise effective control over these companies, which are excluded in the scope of consolidation statement, and the carrying value of the investment in those companies is Zero.

Note 3: the carrying amount of these long-term equity investment was 0 yuan after adjusting for the recognition of gain/loss under the equity method

Note 4: equity of the enterprise held by the Company have been transferred in the Period.

Note 5: we has a 51% equity of the enterprise. According to relevant regulation of the Article of Association, the voting rights held by the Company are not sufficient to unilaterally pass the votes of the shareholders' meeting and BOD on the relevant decision-making motions, the Company does not control the enterprise

10. Other equity instrument investment

Unit: RMB/CNY

Item	Ending balance	Opening balance
Unlisted equity instrument investment	10,176,617.20	10,176,617.20
Total	10,176,617.20	10,176,617.20

Itemized disclosure of investment in non-trading equity instruments for the current period

Unit: RMB/CNY

Item	Recognized dividend income	Cumulative gain	Accumulated loss	The amount of other comprehensive income transferred to retained earnings	The reason for the designation as being measured at fair value and the change included in other comprehensive income	Reasons for transferring other comprehensive income to retained income
China Pudong Development Machinery Industry Co., Ltd.					Strategic investment that is expected to be held for a long time	

11. Investment real estate

(1) Measured at cost

√ Applicable □Not applicable

Unit: RMB/CNY

Item	House and building	Land use right	Construction in progress	Total
I. Original book value				
1.Opening balance	645,997,222.66	49,079,520.00		695,076,742.66
2.Current amount increased				
(1) Outsourcing				
(2) Inventory\fixed assets\construction in process transfer-in				
3.Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4.Ending balance	645,997,222.66	49,079,520.00		695,076,742.66
II. Accumulated depreciation and accumulated amortization				
1.Opening balance	140,347,117.08	3,346,331.04		143,693,448.12
2.Current amount increased	9,305,204.58	557,724.18		9,862,928.76
(1) Accrual or amortization	9,305,204.58	557,724.18		9,862,928.76
3.Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4.Ending balance	149,652,321.66	3,904,055.22		153,556,376.88
III. Impairment provision				
1.Opening balance				
2.Current amount increased				
(1)Accrual				
3.Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4.Ending balance				
IV. Book value				

1.Ending book value	496,344,901.00	45,175,464.78		541,520,365.78
2. Opening book value	505,650,105.58	45,733,188.96		551,383,294.54

(2) Measure at fair value

□ Applicable √Not applicable

(3) Investment real estate without property certificate completed

Item	Book value	Reasons
Nuclear Office build	4,280,281.38	Failure to handle the ownership certificate for historical reasons
12 buildings in Sungang	12,588.53	Failure to handle the ownership certificate for historical reasons
12 building shops in Sungang	38,916.87	Failure to handle the ownership certificate for historical reasons
Total	4,331,786.78	

12. Fixed assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Fixed assets	112,837,946.28	109,438,198.23
Total	112,837,946.28	109,438,198.23

(1) Fixed assets

Unit: RMB/CNY

Item	House and buildings	Machinery equipment	Transport equipment	Electronic equipment	Office and other equipment	Total
I. Original book value:						
1.Opening 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
2.Current amount increased	8,535,210.00	12,649.56	155,178.10	359,332.64	117,820.93	9,180,191.23
(1) Purchase	8,535,210.00	12,649.56				9,180,191.23
(2) Transfer of construction in progress						
3.Current amount decreased			515,733.46	2,819.66		
(1) Disposal or scrap			515,733.46	2,819.66		
4.Ending balance	283,391,387.01	22,238,881.85	5,475,367.29	12,701,318.34	7,968,775.22	331,775,729.71
II. Accumulated depreciation						
1.Opening 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
2.Current amount increased	3,763,028.26	614,348.36	248,175.17	417,954.87	457,951.43	5,501,458.09

(1)Accrual	3,763,028.26	614,348.36	248,175.17	417,954.87	457,951.43	5,501,458.09
3.Current amount decreased			237,030.34	2,537.69		239,568.03
(1) Disposal or scrap			237,030.34	2,537.69		239,568.03
4.Ending balance	188,558,750.30	10,334,886.21	3,803,797.88	8,844,520.22	3,389,943.79	214,692,330.37
III. Impairment provision						
1.Opening balance	3,836,768.43	319,675.11	6,165.00	17,984.71	64,859.81	4,245,453.06
2.Current amount increased						
(1)Accrual						
3.Current amount decreased						
(1) Disposal or scrap						
4.Ending balance	3,836,768.43	319,675.11	6,165.00	17,984.71	64,859.81	4,245,453.06
IV. Book value						
1.Ending book value	90,995,868.28	11,584,320.53	1,665,404.41	3,838,813.41	4,513,971.62	112,837,946.28
2. Opening book value	86,223,686.54	12,186,019.33	2,274,134.94	3,900,255.30	4,854,102.12	109,438,198.23

(2) Temporarily idle fixed assets

Not applicable

(3) Fixed assets leased out by operation

Not applicable

(4) Fix assets without property certification held

Unit: RMB/CNY

Item	Book value	Reasons for without the property certification
Yongtong Building	28,396,915.34	Failure to handle the ownership certificate for historical reasons
Automotive building	14,629,948.69	Failure to handle the ownership certificate for historical reasons
Tellus Building underground parking	8,477,976.20	Parking lot is un-able to carried out the certificate
1#,2# and 3-5/F 3# plant of Taoyuan Road	3,265,867.51	Failure to handle the ownership certificate for historical reasons
Tellus Building transformation layer	1,426,541.48	Un-able to carried out the certificate
16# Taohua Garden	1,252,104.42	Failure to handle the ownership certificate for historical reasons
Shuibei Zhongtian comprehensive building	661,581.60	Failure to handle the ownership certificate for historical reasons

First floor of Bao'an commercial-residence build	817,290.20	Failure to handle the ownership certificate for historical reasons
Warehouse	795,291.01	Failure to handle the ownership certificate for historical reasons
Trade department warehouse	63,803.65	Failure to handle the ownership certificate for historical reasons
Songquan Apartment (mixed)	10,086.79	Failure to handle the ownership certificate for historical reasons
Hostel of Renmin North Road	5,902.41	Failure to handle the ownership certificate for historical reasons
Subtotal	59,803,309.30	

13. Construction in progress

Unit: RMB/CNY

Item	Ending balance	Opening balance
Construction in progress	261,124,333.54	210,197,546.72
Total	261,124,333.54	210,197,546.72

(1) Construction in progress

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Tellus Jinzhuan Trading Building	260,999,489.22		260,999,489.22	210,072,702.40		210,072,702.40
Other projects	124,844.32		124,844.32	124,844.32		124,844.32
Total	261,124,333.54		261,124,333.54	210,197,546.72		210,197,546.72

(2) Changes of major construction in progress

Unit: RMB/CNY

Item	Budget	Opening balance	Current amount increased	Transfer-in fixed assets	Other decreased in the Period	Ending balance	Proportion of project investment in budget	Progress	Accumulated capitalization of interest	Including: amount of capitalization of interest in Period	Interest capitalization rate in Period	Sources of funds
Tellus Jinzhuan Trading Building	515,460,000.00	210,072,702.40	50,926,786.82			260,999,489.22	50.63%	50.63%	4,050,285.57	4,050,285.57	100.00%	Financial Institution Loans
Total	515,460,000.00	210,072,702.40	50,926,786.82			260,999,489.22			4,050,285.57	4,050,285.57	100.00%	

14. Right-of-use asset

Unit: RMB/CNY

Item	House and buildings	Total
I. Original book value:		
1.Opening balance	10,313,192.96	10,313,192.96
2.Current amount increased		
3.Current amount decreased		
4.Ending balance	10,313,192.96	10,313,192.96
II. Accumulated depreciation		
1.Opening balance	2,976,277.13	2,976,277.13
2.Current amount increased	823,543.50	823,543.50
(1)Accrual	823,543.50	823,543.50
3.Current amount decreased		
(1) Disposal		
4.Ending balance	3,799,820.63	3,799,820.63
III. Impairment provision		
1.Opening balance		
2.Current amount increased		
(1)Accrual		
3.Current amount decreased		
(1) Disposal		
4.Ending balance		
IV. Book value		
1.Ending book value	6,513,372.33	6,513,372.33
2. Opening book value	7,336,915.83	7,336,915.83

15. Intangible assets

(1) Intangible assets

Unit: RMB/CNY

Item	Land use right	Patent rights	Non-patented technology	Trademark	Software	Total
I. Original book value						
1.Opening balance	50,661,450.00			128,500.00	5,470,373.66	56,260,323.66
2.Current amount increased						
3.Current amount						

decreased						
(1) Disposal						
4.Ending balance	50,661,450.00			128,500.00	5,470,373.66	56,260,323.66
II. Accumulated amortization						
1.Opening balance	2,867,902.16			99,042.56	3,703,880.66	6,670,825.38
2.Current amount increased	538,721.58			2,034.96	82,405.16	623,161.70
(1)Ac crual	538,721.58			2,034.96	82,405.16	623,161.70
3.Current amount decreased						
(1) Disposal						
4.Ending balance	3,406,623.74			101,077.52	3,786,285.82	7,293,987.08
III. Impairment provision						
1.Opening balance						
2.Current amount increased						
(1)Ac crual						
3.Current amount decreased						
(1) Disposal						
4.Ending balance						
IV. Book value						
1.Ending book value	47,254,826.26			27,422.48	1,684,087.84	48,966,336.58
2. Opening book value	47,793,547.84			29,457.44	1,766,493.00	49,589,498.28

16. Long-term expenses to be apportioned

Unit: RMB/CNY

Item	Opening balance	Current amount increased	Current amortization	Other decreased	Ending balance

Renovation costs	28,682,636.66	487,995.85	2,321,921.53		26,848,710.98
Total	28,682,636.66	487,995.85	2,321,921.53		26,848,710.98

17. Deferred income tax asset /Deferred income tax liabilities

(1) Deferred income tax assets without offset

Unit: RMB/CNY

Item	Ending balance		Opening balance	
	Deductible temporary differences	Deferred income tax asset	Deductible temporary differences	Deferred income tax asset
Credit impairment provision	33,998,204.12	8,499,551.03	33,998,204.09	8,499,551.03
Total	33,998,204.12	8,499,551.03	33,998,204.09	8,499,551.03

(2) Deferred income tax liability without offset

Unit: RMB/CNY

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Taxable temporary differences	3,852,181.96	963,045.49	3,852,181.96	963,045.49
Total	3,852,181.96	963,045.49	3,852,181.96	963,045.49

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

Unit: RMB/CNY

Item	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets		8,499,551.03		8,499,551.03
Deferred income tax liabilities		963,045.49		963,045.49

(4) Details of uncertain deferred income tax assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Deductible temporary differences	126,273,992.95	126,073,843.71
Deductible loss	19,228,072.00	19,228,072.00
Total	145,502,064.95	145,301,915.71

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

Unit: RMB/CNY

Year	Ending amount	Opening amount	Note
2022	330,146.48	330,146.48	
2023	401,294.00	401,294.00	
2024	497,832.28	497,832.28	

2025	9,182,475.07	9,182,475.07	
2026	8,816,324.17	8,816,324.17	
Total	19,228,072.00	19,228,072.00	

18. Other non-current asset

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Advance payment for engineering equipment	42,300,204.90		42,300,204.90	56,169,049.73		56,169,049.73
VAT to be deducted (input tax on engineering and equipment)	12,204,839.26		12,204,839.26	12,204,839.26		12,204,839.26
Other	100,000.00		100,000.00	100,000.00		100,000.00
Total	54,605,044.16		54,605,044.16	68,473,888.99		68,473,888.99

19. Account payable

(1) Account payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Purchase of goods and services	9,121,414.90	4,068,460.06
Engineering equipment	60,657,468.31	63,339,302.97
Total	69,778,883.21	67,407,763.03

(2) Major accounts payable with age over one year

Unit: RMB/CNY

Item	Ending balance	Reasons of outstanding or carry-over
Shenzhen Yinglong Jian'an (Group) Co., Ltd.	29,695,887.90	Project unsettled
Shenzhen SDG Real Estate Co., Ltd	6,054,855.46	Unrepayment from related enterprise
Shenzhen Yinuo Construction Engineering Co., Ltd.	3,555,095.22	Project unsettled
Shenzhen Cuilu Jewelry Co., Ltd.	1,120,000.00	Project unsettled
Total	40,425,838.58	

20. Accounts received in advance

(1) Accounts received in advance

Unit: RMB/CNY

Item	Ending balance	Opening balance

Rent	10,861,839.87	1,827,827.28
Total	10,861,839.87	1,827,827.28

21. Contractual liabilities

Unit: RMB/CNY

Item	Ending balance	Opening balance
Advance payment	6,474,665.61	17,959,187.61
Pre-collected service fee	3,693,924.78	3,100,123.57
Total	10,168,590.39	21,059,311.18

22. Wage payable

(1) Wage payable

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
I. Short-term compensation	38,893,597.75	32,089,862.24	29,434,049.42	41,549,410.57
II. After-service welfare-defined contribution plans		2,946,118.91	2,946,118.91	
III. Dismissed welfare		164,485.00	164,485.00	
Total	38,893,597.75	35,200,466.15	32,544,653.33	41,549,410.57

(2) Short-term compensation

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Wage, bonus, allowance and subsidy	38,284,893.23	24,557,518.38	22,318,845.89	40,523,565.72
2. Employees' welfare	410,244.25	924,408.26	532,604.01	802,048.50
3. Social insurance charges		4,185,930.50	4,185,930.50	
Including: medical insurance premium		4,042,348.97	4,042,348.97	
Industrial injury insurance premiums		22,413.40	22,413.40	
Maternity insurance premiums		88,062.65	88,062.65	
Other		33,105.48	33,105.48	
4. Housing public reserve		1,935,484.78	1,935,484.78	
5. Trade union fee and education fee	198,460.27	486,520.32	461,184.24	223,796.35
Total	38,893,597.75	32,089,862.24	29,434,049.42	41,549,410.57

(3) Defined contribution plans

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Basic endowment insurance premiums		2,917,225.43	2,917,225.43	
2. Unemployment insurance premiums		28,893.48	28,893.48	
Total		2,946,118.91	2,946,118.91	

23. Taxes payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
VAT	1,589,744.77	808,520.40
Enterprise income tax	9,470,044.63	7,964.60
Personal income tax	604,864.12	105,706.61
Urban maintenance and construction tax	34,608.47	47,558.24
Land VAT	5,407,284.90	31,705.50
House property tax	3,595,591.57	41,276,334.18
Use tax of land	211,756.28	512,260.46
Educational surtax	2,657.88	5,362,682.64
Local education surcharges	361.01	26,459.98
Other tax	138,399.81	342,907.84
Total	21,055,313.44	48,522,100.45

24. Other account payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Interest payable	0.00	0.00
Dividend payable	0.00	0.00
Other account payable	115,063,036.77	112,617,963.65
Total	115,063,036.77	112,617,963.65

(1) Other account payable

1) By nature

Unit: RMB/CNY

Item	Ending balance	Opening balance
Deposit margin	41,896,024.19	41,657,964.73
Related transactions	30,025,023.86	24,146,524.51
Withholding payments	9,858,819.35	15,417,939.62
Payable interim payment	33,283,169.37	31,395,534.79
Total	115,063,036.77	112,617,963.65

2) Significant other account payable with over one year age

Unit: RMB/CNY

Item	Ending balance	Reasons for non-repayment or carry-over
Shenzhen Special Development Group Co., Ltd.	12,369,413.94	Related company non-repayment
Hong Kong Yujia Investment Co., Ltd.	1, 961, 673. 06	Related company non-repayment
Total	14, 331, 087. 00	

25. Non-current liabilities due within one year

Unit: RMB/CNY

Item	Ending balance	Opening balance
Lease liabilities due within one year	2,884,263.93	3,021,452.25
Total	2,884,263.93	3,021,452.25

26. Other current liabilities

Unit: RMB/CNY

Item	Ending balance	Opening balance
Tax amount to be written off	601,487.93	2,367,994.70
Total	601,487.93	2,367,994.70

27. Long-term loans

(1) Classification of long-term loans

Unit: RMB/CNY

Item	Ending balance	Opening balance
Mortgage loan	121,670,407.44	86,875,874.39
Total	121,670,407.44	86,875,874.39

28. Lease liability

Unit: RMB/CNY

Item	Ending balance	Opening balance
Lease liability	3,963,266.13	4,474,543.09
Total	3,963,266.13	4,474,543.09

29. Long-term account payable

Unit: RMB/CNY

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

(1) By nature

Unit: RMB/CNY

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

30. Accrual liabilities

Unit: RMB/CNY

Item	Ending balance	Opening balance	Causes
Pending litigation	268,414.80	268,414.80	
Total	268,414.80	268,414.80	

31. Deferred income

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance	Causes
Government subsidies	10,235,331.21		677,196.54	9,558,134.67	Receive government subsidies
Total	10,235,331.21		677,196.54	9,558,134.67	

Item with government grants involved:

Unit: RMB/CNY

Liability	Opening balance	New grants in the Period	Amount reckoned in non-operation revenue	Amount reckoned in other income	Cost reduction in the period	Other changes	Ending balance	Assets related/income related
Elevator Renewal Subsidy Fund for Futian District Old Elevator Renovation Working Group	111,188.09						111,188.09	Assets related
Luohu District 2021 special funds for industrial transformation and upgrading-industry	3,511,821.20						3,511,821.20	Assets related

service platform								
Luohu District 2021 special funds for industrial transformation and upgrading-Green building support subsidy	2,364,130.45						2,364,130.45	Assets related
Subsidy revenue from the Shenzhen Municipal Bureau of Commerce in 2020 to promote consumption to enhance the support project	4,248,191.47						4,248,191.47	Assets related

32. Share capital

Unit: RMB/CNY

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

33. Capital public reserve

Unit: RMB/CNY

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

34. Other comprehensive income

Unit: RMB/CNY

		Current Period	

Item	Opening balance	Account before income tax in the period	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less: written in other comprehensive income in previous period and carried forward to retained earnings in current period	Less: income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	Ending balance
II. Other comprehensive income items which will be reclassified subsequently to profit or loss	26,422.00							26,422.00
Including: Other comprehensive income under equity method that can transfer to gain/loss	26,422.00							26,422.00
Total other comprehensive income	26,422.00							26,422.00

35. Surplus public reserve

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
Statutory surplus reserves	26,546,480.09			26,546,480.09
Total	26,546,480.09			26,546,480.09

36. Retained profit

Unit: RMB/CNY

Item	Current period	Last period
Retained profit at the end of the previous period before adjustment	543,843,496.85	424,141,893.34
Total retained profit at the beginning of the previous period before adjustment	543,843,496.85	424,141,893.34
Add: net profit attributable to shareholder of parent company	43,480,236.19	44,542,715.32

Common stock dividends payable	10,781,545.75	8,621,166.40
Retained profit at period-end	576,542,187.29	460,063,442.26

37. Operating income and operating cost

Unit: RMB/CNY

Item	Current period		Last period	
	Income	Cost	Income	Cost
Main business	245,186,251.37	187,271,730.10	244,632,938.62	172,326,102.86
Other business	4,828,900.86	1,072,447.45	4,859,322.62	987,151.10
Total	250,015,152.23	188,344,177.55	249,492,261.24	173,313,253.96

Income related information:

Unit: RMB/CNY

Contract classification	Auto sales	Auto maintenance and inspection	Lease and service	Jewelry sales and service	Total
Product types					
Including:					
Auto sales	90,748,050.16				90,748,050.16
Auto maintenance and inspection		21,877,337.87			11,522,091.64
Lease and service			89,143,718.75		99,498,964.98
Jewelry sales and service				48,246,045.45	48,246,045.45
Classified by business area					
Including:					
Shenzhen	90,748,050.16	21,877,337.87	89,143,718.75	48,246,045.45	250,015,152.23
Market or customer type					
Including:					
Contract type					
Including:					
Classification by time of goods transfer					
Including:					
Classification by contract duration					
Including:					
Classification by sales channel					
Including:					
Total	90,748,050.16	11,522,091.64	99,498,964.98	48,246,045.45	250,015,152.23

Information relating to performance obligations: nil

38. Tax and surcharges

Unit: RMB/CNY

Item	Current period	Last period
Urban maintenance and construction tax	179,352.95	373,364.45
Education surcharge	127,757.65	266,566.48
House property tax	3,595,591.57	1,750,236.76
Use tax of land	229,898.56	132,393.16
Stamp duty	133,976.69	88,215.19
Other taxes	2,670.00	3,380.00
Total	4,269,247.42	2,614,156.04

39. Sales expenses

Unit: RMB/CNY

Item	Current period	Last period
Staff remuneration	6,697,191.21	6,414,558.14
Advertising and exhibition expenses	355,969.09	813,955.93
Depreciation and amortization	1,835,480.94	2,066,128.41
Office expenses	294,600.87	202,242.09
Property and utilities	239,436.33	433,397.24
Transportation and business trip cost	173,322.82	114,255.71
Insurance supervision fee	102,004.55	476,862.25
Other	1,249,312.34	1,480,912.25
Total	10,947,318.15	12,002,312.02

40. Administration expenses

Unit: RMB/CNY

Item	Current period	Last period
Staff remuneration	15,547,995.24	16,070,330.49
Office expenses	231,630.78	248,988.77
Transportation and business trip cost	18,250.52	124,886.80
Business entertainment expenses	130,553.80	170,483.29
Depreciation and amortization	1,513,826.81	1,614,251.84
Intermediary agency service fee	1,223,090.79	1,285,160.67
Other	1,167,569.27	1,293,372.83
Total	19,832,917.21	20,807,474.69

41. Financial expenses

Unit: RMB/CNY

Item	Current period	Last period

Interest expenses	2,303,220.59	1,747,427.56
Less: Interest income	2,843,386.98	1,719,072.96
Less: interest capitalized amount	2,194,828.71	547,427.56
Exchange loss	-65,959.60	-7,790.79
Other	99,398.31	122,303.86
Total	-2,701,556.39	-404,559.89

42. Other income

Unit: RMB/CNY

Sources	Current period	Last period
Handling fee refund for withholding personal income tax	50,129.40	4,082.49
Other	1,525,860.90	322,337.67

43. Investment income

Unit: RMB/CNY

Item	Current period	Last period
Long-term equity investment income measured by equity	7,927,787.58	9,683,638.47
Investment income of trading financial assets during the holding period	6,774,748.47	4,712,120.21
Investment income from disposal of trading financial assets	8,785,410.47	
Total	23,487,946.52	14,395,758.68

44. Income of fair value changes

Unit: RMB/CNY

Sources	Current period	Last period
Trading financial assets	-617,068.50	-418,952.05
Total	-617,068.50	-418,952.05

45. Credit impairment loss

Unit: RMB/CNY

Item	Current period	Last period
Loss of bad debt of other account receivable	-200,149.24	
Total	-200,149.24	0.00

46. Non-operating income

Unit: RMB/CNY

Item	Current period	Last period	Amount included in the current non-recurring profit and loss
Other	295,807.48	72,884.60	295,807.48
Total	295,807.48	72,884.60	295,807.48

47. Non-operating expenditure

Unit: RMB/CNY

Item	Current period	Last period	Amount included in the current non-recurring profit and loss
Other	237.72	9,945.86	237.72
Total	237.72	9,945.86	237.72

48. Income tax expense

(1) Income tax expense

Unit: RMB/CNY

Item	Current period	Last period
Current income tax expenses	10,808,747.89	11,085,413.51
Total	10,808,747.89	11,085,413.51

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

Unit: RMB/CNY

Item	Current period
Total profit	53,906,103.05
Income tax expenses calculated by statutory tax rate	13,476,525.76
Impact by different tax rate applied by subsidies	-23,350.94
Impact of non taxable income	-1,981,946.90
Unrecognized impacts of deductible temporary differences or deductible losses on deferred income tax assets in the period	-662,480.04
Income tax expenses	10,808,747.89

49. Other comprehensive income

More of “Other comprehensive income” and income tax effect and transfer to gain/loss as well as the reconciliation of various items of other comprehensive income found in 34. Other comprehensive income in Note VI

50. Annotation of cash flow statement

(1) Cash received with other operating activities concerned

Unit: RMB/CNY

Item	Current period	Last period
Deposit margin	3,980,878.67	9,160,722.91
Interest income	2,843,386.98	1,719,072.96
Intercourse funds and other	88,610,563.21	62,509,088.41
Total	95,434,828.86	73,388,884.28

(2) Cash paid with other operating activities concerned

Unit: RMB/CNY

Item	Current period	Last period
Cash paid	20,599,573.29	28,551,813.16
Deposit margin	4,263,044.41	6,501,628.21
Intercourse funds and other	72,184,949.67	42,275,584.65
Total	97,047,567.37	77,329,026.02

(3) Cash paid related with investment activities

Unit: RMB/CNY

Item	Current period	Last period
Import & export equity transfer listing fee on United Property and Equity Exchange	18,669.20	
Total	18,669.20	0.00

51. Supplementary information to statement of cash flow

(1) Supplementary information to statement of cash flow

Unit: RMB/CNY

Supplementary information	Current period	Last period
1. Net profit adjusted to cash flow of operation activities:		
Net profit	43,097,355.16	44,496,619.21
Add: Impairment provision for assets		
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	15,364,386.85	15,293,526.20
Depreciation of right-of-use assets		
Amortization of intangible assets	623,161.70	716,715.48
Amortization of long-term pending expenses	2,321,921.53	2,080,287.58
Loss from disposal of fixed assets, intangible assets and other long-term assets (income is listed with “-”)	-40,765.92	-56,242.77
Losses on scrapping of fixed assets (income is listed with “-“)	237.72	
Loss from change of fair value (income is listed with “-“)	617,068.50	418,952.05
Financial expenses (income is listed with “-”)	108,391.88	1,200,000.00
Investment loss (income is listed with “-”)	-23,487,946.52	-14,395,758.68

Decrease of deferred income tax assets (increase is listed with "-")		19,471.10
Increase of deferred income tax assets (decrease is listed with "-")		
Decrease of inventory (increase is listed with "-")	-1,990,985.82	9,297,128.79
Decrease of operating receivable accounts (increase is listed with "-")	-36,896,366.90	-7,192,322.29
Increase of operating payable accounts (decrease is listed with "-")	-10,834,604.35	7,693,022.35
Other	-200,149.24	
Net cash flow arising from operating activities	-11,318,295.41	59,571,399.02
2. Material investment and financing not involved in cash flow		
Conversion of debt into capital		
Switching Company bonds due within one year		
financing lease of fixed assets		
3. Net change of cash and cash equivalents:		
Balance of cash at period end	188,890,609.03	358,059,693.02
Less: Balance of cash equivalent at period-begin	211,655,585.86	208,462,656.63
Add: Balance at period-end of cash equivalents		
Less: Balance at period-begin of cash equivalents		
Net increase of cash and cash equivalents	-22,764,976.83	149,597,036.39

(2) Constitution of cash and cash equivalent

Unit: RMB/CNY

Item	Ending balance	Opening balance
I. Cash	188,890,609.03	211,655,585.86
Including: Cash on hand	9,691.12	36,941.24
Bank deposit available for payment at any time	188,880,917.91	211,618,644.62
III. Balance of cash and cash equivalent at period-end	188,890,609.03	211,655,585.86

52. Assets with ownership or use right restricted

Unit: RMB/CNY

Item	Ending book value	Reasons for restriction
Monetary fund	27,188,802.59	Upgrading project of the Tellus-Gman Gold & Jewelry Industrial Park - supervision funds for the 03# land
Intangible assets	45,934,295.01	Bank loan mortgage
Total	73,123,097.60	

53. Foreign currency monetary

(1) Foreign currency monetary

Unit: RMB/CNY

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted
Monetary funds			682,909.72
Including: USD	104,030.95	6.5126	677,515.04
EURO			
HKD	6,858.41	0.7866	5,394.68

54. Government grants

(1) Government grants

Unit: RMB/CNY

Category	Amount	Item	Amount reckoned into current gains/losses
Elevator Renewal Subsidy Fund for Futian District Old Elevator Renovation Working Group	131,102.38	Deferred income	
Luohu District 2021 Special funds for industrial transformation and upgrading-industry service platform	4,017,501.99	Deferred income	221,174.34
Luohu District 2021 special funds for industrial transformation and upgrading-Green building support subsidy	2,500,000.00	Deferred income	163,043.46
Subsidy revenue from the Shenzhen Municipal Bureau of Commerce in 2020 to promote consumption to enhance the support project	4,590,000.00	Deferred income	292,978.74
Work-based vocational training subsidy	82,750.00	Other income	82,750.00
Stabilization subsidy from social security bureau	6,679.80	Other income	6,679.80

VII. Changes of consolidation range

1. Increased in scope of consolidation

Name	Ways to acquire equity	Time of equity acquisition	Contribution amount	Contribution ratio
Guorun Gold (Shenzhen) Co., Ltd.	Newly established	June 2022	7850	39.25%

2. Enterprise combine under the same control

Not applicable

3. Reverse purchase

Not applicable

4. Disposal of subsidiaries

Not applicable

VIII. Equity in other entity

1. Equity in subsidiary

(1) Constitute of enterprise group

Subsidiary	Main operation place	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
Shenzhen Tellus Xinyongtong Automobile Development Co. Ltd	Shenzhen	Shenzhen	Commerce	5.00%	95.00%	Establishment
Shenzhen Bao'an Shiquan Industrial Co., Ltd.	Shenzhen	Shenzhen	Commerce		100.00%	Establishment
Shenzhen SDG Tellus Real Estate Co., Ltd.	Shenzhen	Shenzhen	Manufacture	100.00%		Establishment
Shenzhen Tellus Chuangying Tech. Co., Ltd.	Shenzhen	Shenzhen	Commerce	100.00%		Establishment
Shenzhen Xinyongtong Auto Vehicle Inspection Equipment Co., Ltd.	Shenzhen	Shenzhen	Commerce	51.00%		Establishment
Shenzhen Auto Industry and Trade	Shenzhen	Shenzhen	Commerce	100.00%		Establishment

Corporation						
Shenzhen Automotive Industry Supply Corporation	Shenzhen	Shenzhen	Commerce		100.00%	Establishment
Shenzhen SDG Huari Auto Enterprise Co., Ltd.	Shenzhen	Shenzhen	Commerce	60.00%		Establishment
Shenzhen Huari Anxin Automobile Inspection Ltd.	Shenzhen	Shenzhen	Commerce		100.00%	Establishment
Shenzhen Zhongtian Industrial Co,. Ltd.	Shenzhen	Shenzhen	Commerce	100.00%		Establishment
Shenzhen Huari TOYOTA Automobile Sales Service Co., Ltd.	Shenzhen	Shenzhen	Commerce	60.00%		Establishment
Shenzhen Tellus Treasury Supply Chain Tech. Co., Ltd.	Shenzhen	Shenzhen	Commerce	100.00%		Establishment
Shenzhen Jewelry Industry Service Co., LTD	Shenzhen	Shenzhen	Commerce	65.00%		Establishment
Shanghai Fanyue Diamond Co., Ltd.	Shenzhen	Shenzhen	Commerce		100.00%	Establishment
Guorun Gold (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	Commerce	36%	3.25%	Establishment

(2) Important non-wholly-owned subsidiary

Unit: RMB/CNY

Subsidiary	Share-holding ratio of minority	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
Shenzhen Huari Toyota Auto Sales Co., Ltd	40.00%	-442,894.84		4,030,875.67
Shenzhen SDG Huari Auto Enterprise Co., Ltd.	40.00%	935,322.67		13,439,198.81

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

Unit: RMB/CNY

Subsidiary	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabiliti	Non-current liabiliti	Total liabilities	Current assets	Non-current assets	Total assets	Current liabiliti	Non-current liabiliti	Total liabilities

				es	es					es	es	
Shenzhen Huari Toyota Auto Sales Co., Ltd	76,682,138.54	4,176,286.66	80,858,425.20	70,781,236.03		70,781,236.03	85,290,018.33	5,005,912.12	90,295,930.45	79,111,504.18		79,111,504.18
Shenzhen SDG Huari Auto Enterprise Co., Ltd.	59,268,648.87	19,665,196.11	78,933,844.98	45,093,542.93		45,093,542.93	61,681,938.58	20,655,893.78	82,337,832.36	50,835,836.99		50,835,836.99

Unit: RMB/CNY

Subsidiary	Current period				Last period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operation activity	Operating income	Net profit	Total comprehensive income	Cash flow from operation activity
Shenzhen Huari Toyota Auto Sales Co., Ltd	31,626,860.92	798,121.42	798,121.42	15,892,157.85	120,908,660.87	-1,096,939.01	-1,096,939.01	-1,066,151.60
Shenzhen SDG Huari Auto Enterprise Co., Ltd.	18,688,992.55	2,338,306.68	2,338,306.68	-19,176,506.73	18,429,177.57	1,882,612.79	1,882,612.79	68,643.14

2. Equity in joint venture and associated enterprise

(1) Important joint venture or associated enterprise

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

(2) Main financial information of the important joint venture

Unit: RMB/CNY

	Ending balance/Current period	Opening balance/Last period
	Shenzhen Tellus Gman Investment Co., Ltd	Shenzhen Tellus Gman Investment Co., Ltd
Current assets	30,303,217.19	45,816,920.84
Including: Cash and cash equivalent	26,391,630.67	41,913,040.87
Non current assets	357,067,102.52	366,402,308.03
Total Assets	387,370,319.71	412,219,228.87
Current liabilities	37,478,449.11	39,971,747.31
Non current liabilities	268,188,000.00	277,266,000.00
Total liabilities	305,666,449.11	317,237,747.31
Minority interests		
Shareholders' equity attributable to the parent company	81,703,870.60	94,981,481.56
Share of net assets calculated by shareholding ratio	40,851,935.30	47,490,740.78
Adjustment matters		
--Goodwill		
—Unrealized profit of internal trading		
--Others		
Book value of equity investment in joint ventures	56,229,882.88	47,490,740.78
Fair value of the equity investment of joint venture with public offers concerned		
Business income	51,327,658.48	47,490,740.78
Financial expenses	7,454,900.88	7,886,096.17
Income tax expenses	5,826,094.71	3,082,111.84
Net profit	17,478,284.13	9,246,335.50
Net profit of the termination of operation		
Other comprehensive income		
Total comprehensive income	17,478,284.13	9,246,335.50
Dividends received from joint ventures during the year		

(3) Main financial information of the important associated enterprise

Unit: RMB/CNY

	Ending balance/Current period	Opening balance/Last period
	Shenzhen Zung Fu Tellus Auto Service	Shenzhen Zung Fu Tellus Auto Service

	Co., Ltd.	Co., Ltd.
Current assets	181,809,658.99	134,921,582.03
Non current assets	32,088,660.57	33,583,787.31
Total Assets	213,898,319.56	168,505,369.34
Current liabilities	139,022,780.57	90,311,356.93
Non current liabilities		
Total liabilities	139,022,780.57	90,311,356.93
Minority interests		
Shareholders' equity attributable to the parent company	74,875,538.99	78,194,012.41
Share of net assets calculated by shareholding ratio	26,206,438.65	27,367,904.34
Adjustment matters		
--Goodwill		
—Unrealized profit of internal trading		
--Other		
Book value of equity investment in associated enterprise	26,206,438.65	27,367,904.34
Fair value of the equity investment of associated enterprise with public offers concerned		
Business income	493,226,617.42	638,056,465.79
Net profit	-3,318,473.42	21,570,821.49
Net profit of the termination of operation		
Other comprehensive income		
Total comprehensive income	-3,318,473.42	21,570,821.49
Dividends received from associates during the year		

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

Unit: RMB/CNY

	Ending balance/Current period	Opening balance/Last period
Joint venture:		
Total book value of investment	13,802,333.55	13,452,222.35
Amount based on share-holding ratio		
-- Net profit	686,492.55	708,235.59
-- Total comprehensive income	686,492.55	708,235.59
Associated enterprise:		
Amount based on share-holding ratio		

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

Unit: RMB/CNY

Joint venture/Associated enterprise	Cumulative un-recognized losses	Un-recognized losses not recognized in the Period (or net profit enjoyed in the Period)	Cumulative un-recognized losses at period-end
Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd.	1,176,212.73		1,176,212.73
Shenzhen Tellus Automobile Service Chain Co., Ltd.	98,865.26		98,865.26

IX. Risk related with financial instrument

The Company's risks related to financial instruments originate from various financial assets and financial liabilities recognized by the Company in the course of operation, including credit risk, liquidity risk and market risk.

The management of the Company is responsible for the management objectives and policies of various risks related to financial instruments of the Company. Operating management is responsible for daily risk management through functional departments (e.g., the credit management department of the Company checks the credit sales of the company on a case-by-case basis). The internal audit department of the Company conducts daily supervision over the implementation of the company's risk management policies and procedures and reports relevant findings to the audit committee of the Company in a timely manner.

The overall goal of the Company's risk management is to formulate risk management policies that may minimize the risks associated with various financial instruments without unduly affecting the company's competitiveness and resilience.

1. Credit risk

Credit risk is the risk that one party of a financial instrument fails to fulfill its obligations, resulting in a financial loss to the other party. The credit risk of the Company is mainly generated from monetary funds, notes receivable, accounts receivable, receivables financing, other account receivable, contract assets, debt investment and long-term receivables, etc. The credit risk of these financial assets is derived from the default of the counterparty, and the maximum risk exposure is equal to the book amount of these instruments.

The Company's monetary funds are mainly deposited in commercial banks and other financial institutions. The Company believes that these commercial banks have high credit and asset status and low credit risk.

For notes receivable, accounts receivable, receivables financing, Other account receivable, contract assets, debt investment and long-term receivables, the Company establishes relevant policies to control credit risk exposure. The Company evaluates customers' credit qualifications and sets up corresponding credit periods based on their financial status, the possibility of obtaining guarantees from third parties, credit history and other factors such as current market conditions. The Company regularly monitors the credit records of customers. For customers with poor credit records, the Company will adopt written payment reminders, shortening or cancellations of credit periods, etc., to ensure that the Company's overall credit risk is within a controllable range.

(1) Judgment criteria for a significant increase in credit risk

On each balance sheet date, the Company evaluates whether the credit risk of the relevant financial instrument has increased significantly since the initial recognition. In determining whether the credit risk has increased significantly since the initial recognition, the Company considers the reasonable and evidence-based information that can be obtained without unnecessary additional cost or effort, including qualitative and quantitative analysis based on the Company's historical data, external credit risk ratings and forward-looking information. On the basis of a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics, the Company determines the change of the default risk during the expected duration of the financial instrument by comparing the risk of default of the financial instrument on the balance sheet date with the risk of default on the initial recognition date.

When one or more of the following quantitative or qualitative criteria are triggered, the Company considers that the credit risk of the financial instrument has significantly increased. The quantitative criteria mainly mean that the probability of default of the remaining duration on the reporting date increases over a certain percentage compared with the initial recognition. The qualitative criteria are the significant adverse changes in major debtor's business or financial situation, the list of early warning customers, etc.

(2) Definition of assets with credit impairment

In order to determine whether credit impairment has occurred, the Company adopts the definition criteria consistent with the internal credit risk management objectives for relevant financial instruments, and considers both quantitative and qualitative indicators.

When assessing whether the debtor has suffered credit impairment, the Company mainly considers the following factors: major financial difficulties of the issuer or the debtor; the debtor breaches the contract, such as the default or overdue payment of interest or principal; the creditor, for economic or contractual reasons relating to the debtor's financial difficulties, gives the debtor concessions that it would not have given in any other circumstances; the debtor is likely to go bankrupt or undergo other financial restructuring; the financial difficulties of the issuer or debtor lead to the disappearance of the active market for the financial asset; purchase or origination of a financial asset at a substantial discount reflects the fact that a credit loss has occurred.

The credit impairment of financial assets may be caused by the joint action of several events, but is not necessarily by separately identifiable events.

(3) Parameters of expected credit loss measurement

Depending on whether the credit risk has significantly increased and whether the credit impairment has occurred, the Company measures the impairment reserve for different assets at the expected credit loss of 12 months or the entire duration respectively. The key parameters of expected credit loss measurement include probability of default, loss given default and exposure at default. The Company establishes the probability of default, loss given default and exposure at default model by taking into account the quantitative analysis and forward-looking information of historical statistical data (such as counterparty rating, guarantee method and collateral type, repayment mode, etc.).

Relevant definitions are as follows:

The probability of default is the probability that the debtor will not be able to meet its reimbursement obligations in the next 12 months or in the entire duration.

Loss given default refers to the Company's expectation to the extent of loss caused by exposure at default. The loss given default also varies depending on the type of the counterparty, the type and priority of the claim, and the collateral. The loss given default is the percentage of the risk exposure loss when the default occurs, which is calculated on the basis of the next 12 months or the entire duration;

Exposure at default is the amount payable by the Company at the time of the occurrence of default over the next 12 months or over the entire remaining duration. Both the assessment of a significant increase in credit risk and the calculation of expected credit losses involve the forward-looking information. Through historical data analysis, the Company identifies the key economic indicators that affect the credit risk and expected credit loss of each business type.

The maximum credit risk exposure of the Company is the carrying amount of each financial asset on the balance sheet. The Company does not provide any other guarantee which may expose the Company to credit risk.

2. Liquidity risk

Liquidity risk refers to the risk of capital shortage when an enterprise performs its obligations of settlement in the form of cash payment or other financial assets. The Company is responsible for the overall cash management of the company's subsidiaries, including short-term investment of surplus cash and financing of loans to meet projected cash needs. It is the Company's policy to regularly monitor short - and long-term working capital requirements and compliance with borrowing agreements to ensure adequate cash reserves and marketable securities readily available for cash for cash at any time.

As of June 30, 2022, the maturity periods of the company's financial liabilities are as follows:

Item	June 30, 2022			
	Within one year	1-2 years	2-3 years	Over 3 years
Accounts payable	69,778,883.21			
Other payable	115,063,036.77			
Non-current liabilities due within one year	2,884,263.93			
Long term loan	5,040,362.36	5,966,267.19	7,285,517.69	103,378,260.21
Long-term payable	3,920,160.36			
Lease liability		1,318,243.17	1,684,781.03	960,241.93
Total	193,802,442.70	7,284,510.36	8,970,298.72	104,338,502.14

(Continued from above table)

Item	December 31, 2021			
	Within one year	1-2 years	2-3 years	Over 3 years
Accounts payable	69,318,035.89			
Other payable	112,617,963.65			
Non-current liabilities due within one	3,021,452.25			

Item	December 31, 2021			
	Within one year	1-2 years	2-3 years	Over 3 years
year				
Long term loan	3,644,467.25	4,609,457.14	5,967,792.71	118,790,550.21
Long-term payable	3,920,160.36			
Lease liability		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

X. Disclosure of fair value

1. Ending fair value of the assets and liabilities measured by fair value

Unit: RMB/CNY

Item	Ending fair value			
	First-order	Second-order	Third-order	Total
I. Sustaining measured by fair value	--	--	--	--
(I) Transaction financial asset			422,095,775.34	422,095,775.34
1.Financial assets measured at fair value and whose changes are included in current profit or loss			422,095,775.34	422,095,775.34
(III) Other equity instrument investment			10,176,617.20	10,176,617.20
Total assets continuously measured at fair value			432,272,392.54	432,272,392.54
II. Non-persistent measure	--	--	--	--

2. The qualitative and quantitative information for the valuation technique and critical parameter that sustaining and non-persistent measured by fair value on third-order

Financial assets held for trading are the purchased structured deposits and wealth management products, and the expected rate of return is used to predict the future cash flows, and the unobservable estimate is the expected rate of return. Investments in other equity instruments are measured at the investment cost as a reasonable estimate of fair value because the operating environment, operating conditions and financial conditions of the investee company, China Pudong Development Machinery Industry Co., Ltd, have not undergone significant changes.

XI. Related party and related transactions

1. Parent company

Parent company	Registration place	Business nature	Registered capital	Ratio of shareholding on the Company	Ratio of voting right on the Company
Shenzhen Special Development Group Co., Ltd.	Shenzhen	Development and operation of real estate and domestic commerce	RMB 4,582,820,000	49.09%	49.09%

Explanation on parent company of the enterprise

Shenzhen SDG Co., Ltd. is invested by the State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government and was established on August 1, 1981. The company now holds a business license with a unified social credit code of 91440300192194195C and a registered capital of 4582.82 million yuan.

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

2. Subsidiary

Found more in Ⅷ. Equity in other entity in the Note

3. Joint venture and associated enterprise

Found more in Ⅷ. Equity in other entity in the Note

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

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

4. Related transaction

(1) Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

Unit: RMB/CNY

Related party	Related transaction content	Current Period	Approved transaction limit	Whether more than the transaction limit (Y/N)	Last Period
Shenzhen SDG Engineering Management Co., Ltd.	Accept labor		430,000.00	N	518,499.99
Shenzhen SDG Tellus Property Management Co., Ltd.	Accept labor	1,529,149.09	15,700,000.00	N	7,668,080.71
Shenzhen SDG Service Co., Ltd. Jewelry Park Branch	Accept labor	5,236,179.69	360,000.00	N	412,752.47

Unit: RMB/CNY

Related party	Related transaction content	Current Period	Last Period
Shenzhen SDG Petty Loan Co., Ltd.	Providing services	94,975.53	80,602.62
Shenzhen SDG Tellus Property Management Co., Ltd.	Providing services	54,548.96	36,701.08

(2) Related lease

As a lessor for the Company:

Unit: RMB/CNY

Lessee	Assets type	Lease income in recognized in the Period	Lease income in recognized last the Period
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	House lease	2,595,238.12	2,595,238.12
Shenzhen Xinyongtong Auto Service Co., Ltd.	House lease		404,910.00
Shenzhen SD Petty Loan Co., Ltd.	House lease	654,081.87	495,064.92
Shenzhen SDG Tellus Property Management Co., Ltd.	House lease	15,155.24	23,041.90
Shenzhen SDG Service Co., Ltd. Jewelry Park Branch	House lease	1,108,284.57	542,136.57
Subtotal		4,788,605.52	4,357,391.51

(3) Related guarantee

As guarantor

Unit: RMB/CNY

Secured party	Guarantee amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	3,500,000.00	2007-04-17		N

(4) Related party's borrowed funds

Not applicable

(5) Remuneration of key manager

Unit: RMB/CNY

Item	Current period	Last period
Total pre-tax remuneration received from the Company	3,258,800.00	2,695,100.00

5. Receivable and payable of related party

(1) Receivable item

Unit: RMB/CNY

Item Name	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Shenzhen Xinyongtong Auto Service Co., Ltd.	0.00	0.00		
	Shenzhen SDG Service Co., Ltd. Jewelry Park Branch	1,605.4	91.68	9,167.57	91.68
	Shenzhen SD Petty Loan Co., Ltd.	186,202.60	177.91	17,791.06	177.91
Subtotal		187,808	269.59	26,958.63	269.59
Other account receivable	Shenzhen Tellus Automobile Service Chain Co., Ltd.	1,359,297.00	1,359,297.00	1,359,297.00	1,359,297.00
	Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd.	531,882.24	531,882.24	531,882.24	531,882.24
	Shenzhen Xiandao New Material Co., Ltd.	660,790.09	660,790.09	660,790.09	660,790.09
	Shenzhen SDG Tellus Property Management Co., Ltd.	13,659.18	128.30	12,829.59	128.30
Subtotal		2,565,628.51	2,552,097.63	2,564,798.92	2,552,097.63
Long-term receivables	Shenzhen Tellus Automobile Service Chain Co., Ltd.	2,179,203.68	2,179,203.68	2,179,203.68	2,179,203.68
Subtotal		2,179,203.68	2,179,203.68	2,179,203.68	2,179,203.68

(2) Payable item

Unit: RMB/CNY

Item Name	Related party	Ending book balance	Opening book balance
Accounts payable	Shenzhen SDG Real Estate Co., Ltd	6,054,855.46	6,054,855.46
	Shenzhen Machinery Equipment Import & Export Corporation	45,300.00	45,300.00
	Shenzhen Tellus Gman Investment Co., Ltd	200,000.00	200,000.00
	Shenzhen SDG Engineering Management Co., Ltd	38,905.66	150,005.66
	Shenzhen SDG Tellus Property Management Co., Ltd.	1,708,125.16	1,708,125.16
Subtotal		8,047,186.28	8,158,286.28
Other payable	Hong Kong Yujia Investment Co, Ltd.	1, 961, 673. 06	1,961,673.06
	Shenzhen SDG Swan Industrial Co., Ltd.	28, 766. 05	28,766.05
	Shenzhen Machinery Equipment Imp & Exp. Company	1,575,452.52	1,575,452.52
	Shenzhen Special Development Group Co., Ltd.	12,369,413.94	17,383,655.94
	Shenzhen Longgang Tellus Real Estate Co., Ltd.	1,095,742.50	1,095,742.50
	Shenzhen Tellus Yangchun Real Estate Co., Ltd.	476,217.49	476,217.49
	Shenzhen Tellus Hang Investment Co., Ltd.	11,144.73	167,470.29
	Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd.	5,600.00	5,600.00
	Shenzhen SDG Tellus Property Management Co., Ltd.	30,428.43	122,141.49
	Shenzhen SDG Service Co., Ltd. Jewelry Park Branch	22,680.00	29,278.00
	Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	833,334.00	833,334.00
	Shenzhen SD Petty Loan Co., Ltd.	237,804.66	237,804.66

	Shenzhen SDG Engineering Management Co., Ltd	40,000.00	56,600.00
	Shenzhen SDG Service Co., Ltd.		5,832.00
Subtotal		18,688,257.38	23,979,568.00

XII. Commitment or contingency

1. Important commitments

Important commitments at the balance sheet date

(1) Capital commitment

Capital commitments that have been signed but not yet confirmed in the financial statements	June 30, 2022	December 31, 2020
Large contract	153,763,306.33	220,523,772.58

2. Contingency

(1) Contingency on balance sheet date

In October 2005, the Company filed a lawsuit with the Luohu District People's Court of Shenzhen, requesting that Jintian Industrial (Group) Co., Ltd. (hereinafter referred to as Jintian Company) be ordered to pay the amounts forcibly deducted due to the Company's guarantee for its bank borrowings, totally 4,081,830 yuan (including 3 million yuan in principal, 1,051,380 yuan in interest, 25,160 yuan in litigation fees, and 5,290 yuan in execution fees). The court has ruled in favor of the Company, and the Company has applied for compulsory execution. The Company made loss accounting treatment for the deducted funds in previous years.

In April 2006, Shenzhen Development Bank sued Jintian Company for the overdue loan repayment of 2 million US dollars and the Company’s guarantee for it. After the Company took over the principal of Jintian Company's loan of 2 million US dollars and all interests, the Company filed an appeal to the Luohu District People's Court of Shenzhen, requesting that Jintian Company be ordered to pay our company 2,960,490 US dollars and the interests repaid by our company on its behalf. In 2008, mediated by Luohu District People's Court of Shenzhen, both parties reached a civil mediation agreement ((2008) SLFMYCZ No. 937), and reached the following agreements: Jintian Company should repay 2,960,490 US dollars to the Company before October 31, 2008, the Company shall exempt Jintian Company from its obligation to pay interest. If Jintian Company fails to pay on time, it shall pay the penalty for overdue payment according to the RMB benchmark loan interest rate for the same period announced by the People's Bank of China from that day. Jintian Company goes through bankruptcy, reorganization and debt repayment procedures. On January 29, 2016, Shenzhen Intermediate People's Court ruled that the execution of the reorganization plan of Jintian Company was completed and the bankruptcy proceedings were terminated. Jintian Company should make additional distributions to creditors including the Company according to the reorganization plan, and the Company should be distributed cash of 325,000 yuan and 427,604 A shares and 163,886 B shares of

Jintian Company. As of the date of approval of the financial report, the Company has not received the distributed property. On August 15, 2018, after failing to communicate with Jintian for many times about the cash and shares to be distributed after the bankruptcy and reorganization of Jintian Company, the Company filed a lawsuit with the People's Court of Qianhai Cooperation Zone, and the Qianhai Court issued a civil judgment (2018) Yue 0391 Min Chu No. 3104, Jintian Company was ordered to pay the Company 325,000 yuan in cash and 427,604 A shares and 163,886 B shares of Jintian Company within five days of the legal effect of this judgment (if the shares cannot be delivered, they may be paid in cash at the market price of the shares on the last day of the deadline for performance).

As of June 30, 2022, the Company had fulfilled a payment of 400,808.02 yuan (including 325,000 yuan in cash as determined in the judgment and a total of 75,808.02 yuan in cash such as B-shares converted to cash, preservation fees, delayed performance fees, etc.), and 427,604 A-shares had been transferred to the account designated by the court, the company had also submitted an account to accept Jintian's A-shares, and was waiting for the Qianhai Court to transfer the aforesaid funds and stocks to the Company.

XIII. Other important events

1. Segment

(1) Recognition basis and accounting policy for reportable segment

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

(2) Financial information for reportable segment

Unit: RMB/CNY

Item	Auto sales	Auto maintenance and inspection	Leasing and services	Wholesale and retail of jewelry	Offset between segment	Total
Main business income	90,748,050.16	26,147,132.30	100,183,766.89	48,246,045.45	-15,309,842.57	250,015,152.23
Main business cost	89,009,452.61	18,754,863.60	43,466,666.56	53,215,540.26	-16,102,345.48	188,344,177.55
Total assets	39,848,642.72	141,387,032.02	2,922,091,666.44	106,295,526.07	-1,267,962,334.32	1,901,811,890.21

Total liability	40,644,046.54	96,674,136.98	834,493,197.93	37,438,315.55	-596,943,442.00	412,306,255.00

XIV. Principal notes of financial statements of parent company

1. Account receivable

(1) Category

Unit: RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt provision accrual on a single basis	484,803.08	15.14%	484,803.08	100.00%		484,803.08	65.79%	484,803.08	100.00%	
Account receivable with bad debt provision accrual on portfolio	2,717,239.31	84.86%	1,847.01	0.07%	2,715,392.30	120,861.42	34.21%	1,847.01	1.53%	119,014.41
Total	3,202,042.39	100.00%	486,650.09	15.20%	2,715,392.30	605,664.50	100.00%	486,650.09	80.35%	119,014.41

On June 30, 2022, account receivable with bad debt provision accrual on a single basis

Unit: RMB/CNY

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Shenzhen Bijiashan Entertainment Company	172,000.00	172,000.00	100%	The account age is long and is not expected to be recovered
Gong Yanqing	97,806.64	97,806.64	100%	The account age is long and is not expected to be recovered
Guangzhou Lemin Computer Center	86,940.00	86,940.00	100%	The account age is long and is not expected to be recovered
Other	128,056.44	128,056.44	100%	The account age is long and is not expected to

				be recovered
Total	484,803.08	484,803.08		

By account age

Unit: RMB/CNY

Account age	Ending balance
Within one year (including one year)	2,717,239.31
Over 3 years	484,803.08
Over 5 years	484,803.08
Total	3,202,042.39

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

Bad debt provision accrual in the period:

Unit: RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	
Bad debt provision accrual on a single basis	484,803.08					484,803.08
Provision for bad debts by combination	1,847.01					1,847.01
Total	486,650.09					486,650.09

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

Unit: RMB/CNY

Enterprise	Ending balance of accounts receivable	Proportion in total receivables at ending balance	Bad debt preparation ending balance
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	2,595,238.08	81.05%	
Shenzhen Bijiashan Entertainment Company	172,000.00	5.37%	172,000.00
Shenzhen Jincheng Yinyu Jewelry Co., Ltd.	117,501.42	3.67%	2,487.23
Gong Yanqing	97,806.64	3.05%	97,806.64
Guangzhou Lemin Computer Center	86,940.00	2.72%	86,940.00
Total	3,069,486.14	95.86%	

2. Other account receivable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Interest receivable	0.00	0.00

Dividends receivable	547,184.35	547,184.35
Other account receivable	1,715,853.02	89,854,408.23
Total	2,263,037.37	90,401,592.58

(1) Dividends receivable

1) Category

Unit: RMB/CNY

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

2) Important dividend receivable with account age over one year

Unit: RMB/CNY

Item (or invested unit)	Ending balance	Account age	Reasons for non-recovery	Whether there is impairment and its judgment basis
China Pudong Development Machinery Industry Co., Ltd	547,184.35	2-3 years	Not yet paid	The enterprise has a normal financial status and operation conditions, the dividend receivable have not been impaired.
Total	547,184.35			

3) Provision for bad debts

□ Applicable √Not applicable

(2) Other account receivable

1) By nature

Unit: RMB/CNY

Nature	Ending book balance	Opening book balance
Other interim payment receivable	14,288,238.53	13,776,179.52
Related transactions within the scope of consolidation	1,021,365.19	89,671,979.41
Total	15,309,603.72	103,448,158.93

2) Provision for bad debts

Unit: RMB/CNY

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration	Expected credit losses for the entire duration	

		(without credit impairment occurred)	(with credit impairment occurred)	
Balance on Jan. 1, 2022	10,804.96		13,582,945.74	13,593,750.70
Balance on Jun. 30, 2022	10,804.96		13,582,945.74	13,593,750.70

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

□ Applicable √Not applicable

By account age

Unit: RMB/CNY

Account age	Ending balance
Within one year (including one year)	1,721,258.06
Over 3 years	13,588,345.66
Over 5 years	13,588,345.66
Total	15,309,603.72

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

Bad debt provision accrual in the period:

Unit: RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	
Bad debt provision accrual on a single basis	13,588,345.66					13,588,345.66
Provision for bad debts by combination	5,405.04					5,405.04
Total	13,593,750.70					13,593,750.70

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

Unit: RMB/CNY

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other account receivables	Ending balance of bad debt reserve
Shenzhen Zhonghao (Group) Co., Ltd	Intercourse funds	5,000,000.00	Over 3 years	32.66%	5,000,000.00
Gold Beili Electrical Appliances Company	Intercourse funds	2,706,983.51	Over 3 years	17.68%	2,706,983.51
Shenzhen Petrochemical Group	Intercourse funds	1,898,419.67	Over 3 years	12.40%	1,898,419.67
Offesetting debt claims from Huatong	Intercourse funds	1,212,373.79	Over 3 years	7.92%	1,212,373.79

Packaging					
Shenzhen Jewelry Industry Service Co., LTD	Intercourse funds	1,021,190.59	Over 3 years	6.67%	
Total		11,838,967.56		77.33%	10,817,776.97

3. Long-term equity investment

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment for subsidiary	714,245,472.73	1,956,000.00	712,289,472.73	694,745,472.73	1,956,000.00	692,789,472.73
Investment for associates and joint venture	91,025,817.37	9,787,162.32	81,238,655.05	98,098,029.79	9,787,162.32	88,310,867.47
Total	805,271,290.10	11,743,162.32	793,528,127.78	792,843,502.52	11,743,162.32	781,100,340.20

(1) Investment for subsidiary

Unit: RMB/CNY

The invested entity	Opening balance (book value)	Increase and decrease in current period				Ending balance (book value)	Ending balance of impairment provision
		Additional investment	Reduce investment	Provision for impairment	Other		
Shenzhen SDG Tellus Real Estate Co., Ltd.	31,152,888.87					31,152,888.87	
Shenzhen Tellus Chuangying Technology Co., Ltd.	14,000,000.00					14,000,000.00	
Shenzhen Tellus Xinyongtong Automobile Development Co. Ltd.	57,672,885.22					57,672,885.22	
Shenzhen Zhongtian Industrial Co,. Ltd.	369,680,522.90					369,680,522.90	
Shenzhen Auto Industry and Trade Corporation	126,251,071.57					126,251,071.57	
Shenzhen SDG Huari Auto Enterprise Co., Ltd.	19,224,692.65					19,224,692.65	
Shenzhen Huari TOYOTA	1,807,411.52					1,807,411.52	

Automobile Sales Service Co., Ltd.							
Shenzhen Xinyongtong Automobile Inspection Equipment Co. Ltd.	10,000,000.00					10,000,000.00	
Shenzhen Tellus Treasury Supply Chain Tech. Co., Ltd.	50,000,000.00					50,000,000.00	
Shenzhen Hanli High-Tech Ceramics Co., Ltd.	0.00					0.00	1,956,000.00
Shenzhen Jewelry Industry Service Co., LTD	13,000,000.00	19,500,000.00				32,500,000.00	
Total	692,789,472.73	19,500,000.00				712,289,472.73	1,956,000.00

(2) Investment for associates and joint venture

Unit: RMB/CNY

Investment company	Opening balance (book value)	Current changes (+, -)								Ending balance (book value)	Ending balance of impairment provision
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Accrual of impairment provision	Other		
I. Joint venture											
Shenzhen Tellus Gman Investment Co., Ltd	47,490,740.78			8,739,142.07			15,000,000.00			41,229,882.85	
Shenzhen Tellus Hang Investment Co., Ltd.	13,452,222.35			350,111.20						13,802,333.55	
Subtotal	60,942,963.13			9,089,253.27						55,032,216.40	
II. Associated enterprise											
Shenzhen	27,367,904.34			-1,161,4						26,206,438.65	

Zung Fu Tellus Auto Service Co., Ltd.				65.69							
Hunan Changyang Industrial Co., Ltd.											1,810,540.70
Shenzhen Jiecheng Electronic Co., Ltd.											3,225,000.00
Shenzhen Xiandao New Materials Co., Ltd.											4,751,621.62
Subtotal	27,367,904.34			-1,161,465.69						26,206,438.65	9,787,162.32
Total	88,310,867.47									81,238,655.05	9,787,162.32

4. Operating income and operating cost

Unit: RMB/CNY

Item	Current period		Last period	
	Income	Cost	Income	Cost
Main business	12,666,278.27	5,003,948.63	19,483,635.23	5,163,217.03
Total	12,666,278.27	5,003,948.63	19,483,635.23	5,163,217.03

5. Investment income

Unit: RMB/CNY

Item	Current period	Last period
Long-term equity investment income measured by equity	7,927,787.58	12,534,155.42
Investment income from the disposal of long-term equity investments		21,843.90
Investment income of trading financial assets during the holding period	5,715,948.58	2,053,727.05
Total	13,643,736.16	14,609,726.37

XV. Supplementary information

1. Current non-recurring gains/losses

√ Applicable □Not applicable

Unit: RMB/CNY

Item	Amount	Note
Governmental subsidy reckoned into current gains/losses (except for those with normal operation business concerned, and conform to the national policies & regulations and are continuously enjoyed at a fixed or quantitative basis according to certain standards)	1,575,990.30	Government subsidies
Losses/gains from changes of fair values occurred in holding trading financial assets and trading financial liabilities, and investment income obtaining from the disposal of trading financial assets, trading financial liability and financial assets available-for-sale, excluded effective hedging business relevant with normal operations of the Company	6,157,679.97	Wealth management income
Other non-operating income and expenditure except for the aforementioned items	295,569.76	The lease deposit transferred to non-operation income upon early surrender of lease by tenant
Transfer of equity gains and losses	8,785,410.47	
Less: Impact on income tax	4,124,792.46	
Impact on minority interests	232,778.21	
Total	12,457,079.83	--

Details of other gains/losses items that meet 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

2. ROE and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic EPS (RMB/share)	Diluted EPS (RMB/share)
Net profits belong to common stock stockholders of the	3.00%	0.1009	0.1009

Company			
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	2.14%	0.0720	0.0720

3. Difference of the accounting data under accounting rules in and out of China

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

□ Applicable √Not applicable

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

□ Applicable √Not applicable

(3) Explanation on data differences under the accounting standards in and out of China; as for the differences adjustment audited by foreign auditing institute, listed name of the institute

□ Applicable √Not applicable