SHENZHEN TELLUS HOLDING CO., LTD.

Financial Report

Semi-Annual Report 2021

（Un-audited）

August 2021

Financial statements

1. Consolidated balance sheet

June 30, 2021

In RMB

Item	June 30, 2021	December 31, 2020
Current assets:		
Monetary funds	387,706,347.94	237,625,698.93
Settlement provisions		
Capital lent		
Trading financial assets	211,374,917.81	314,013,869.86
Derivative financial assets		
Note receivable		
Account receivable	22,463,253.23	19,828,510.36
Receivable financing		
Accounts paid in advance	11,415,380.88	9,847,749.74
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	31,608,617.41	29,269,790.83
Including: Interest receivable		
Dividend receivable	24,647,732.42	24,647,732.42
Buying back the sale of financial assets		
Inventories	12,782,551.14	22,079,679.93
Contractual assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	4,379,772.91	6,000,566.69
Total current assets	681,730,841.32	638,665,866.34
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment	133,324,594.04	123,640,955.57
Investment in other equity instrument	10,176,617.20	10,176,617.20

Other non-current financial assets		
Investment real estate	558,347,822.91	568,246,616.13
Fixed assets	115,624,967.86	119,136,917.91
Construction in progress	135,900,468.42	101,740,485.48
Productive biological asset		
Oil and gas asset		
Right-of-use assets		
Intangible assets	50,910,957.73	51,627,673.21
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	31,366,000.92	30,714,879.22
Deferred income tax asset	8,479,351.00	8,498,822.10
Other non-current asset	58,264,427.76	55,993,467.99
Total non-current asset	1,102,395,207.84	1,069,776,434.81
Total assets	1,784,126,049.16	1,708,442,301.15
Current liabilities:		
Short-term loans		
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable		
Account payable	78,222,681.88	76,583,166.53
Accounts received in advance	1,799,359.80	2,403,580.47
Contractual liability	8,322,128.79	18,988,628.13
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	33,296,017.64	28,365,685.21
Taxes payable	20,576,507.89	21,062,154.32
Other account payable	171,255,364.09	158,663,974.62
Including: Interest payable	40,098.14	
Dividend payable	46,295.65	46,295.65
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		

Non-current liabilities due within one year		
Other current liabilities	434,069.37	2,237,573.19
Total current liabilities	313,906,129.46	308,304,762.47
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	40,886,819.43	11,171,759.33
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable	3,920,160.36	3,920,160.36
Long-term wages payable		
Accrual liability	268,414.80	268,414.80
Deferred income	4,672,272.59	131,102.38
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	49,747,667.18	15,491,436.87
Total liabilities	363,653,796.64	323,796,199.34
Owner’s equity:		
Share capital	431,058,320.00	431,058,320.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	431,449,554.51	431,449,554.51
Less: Inventory shares		
Other comprehensive income	26,422.00	26,422.00
Reasonable reserve		
Surplus public reserve	23,848,485.62	23,848,485.62
Provision of general risk		
Retained profit	460,063,442.26	424,141,893.34
Total owner’s equity attributable to parent company	1,346,446,224.39	1,310,524,675.47
Minority interests	74,026,028.13	74,121,426.34
Total owner’s equity	1,420,472,252.52	1,384,646,101.81
Total liabilities and owner’s equity	1,784,126,049.16	1,708,442,301.15

Legal representative: Fu Chunlong

Accounting Principal: Lou Hong

Accounting Firm's Principal: Liao Zebin

2. Balance Sheet of Parent Company

In RMB

Item	June 30, 2021	December 31, 2020
Current assets:		
Monetary funds	78,459,033.08	71,772,303.28
Trading financial assets	187,374,917.81	118,484,941.09
Derivative financial assets		
Note receivable		
Account receivable	2,352,571.12	249,428.20
Receivable financing		
Accounts paid in advance	-	-
Other account receivable	81,508,454.04	126,970,097.13
Including: Interest receivable		
Dividend receivable	547,184.35	547,184.35
Inventories		
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	-	-
Total current assets	349,694,976.05	317,476,769.70
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	889,294,940.30	876,760,784.88
Investment in other equity instrument	10,176,617.20	10,176,617.20
Other non-current financial assets		
Investment real estate	30,691,201.66	31,971,205.42
Fixed assets	18,345,195.46	19,082,604.22
Construction in progress	134,405,642.66	100,252,309.72
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	49,477,355.44	50,135,951.98
Research and development costs		
Goodwill		
Long-term deferred expenses	9,024,144.19	8,786,280.69
Deferred income tax assets	3,378,237.65	3,397,708.75

Other non-current assets	30,879,227.76	27,427,939.18
Total non-current assets	1,175,672,562.32	1,127,991,402.04
Total assets	1,525,367,538.37	1,445,468,171.74
Current liabilities:		
Short-term borrowings		
Trading financial liability		
Derivative financial liability		
Notes payable		
Account payable	239,126.06	267,841.07
Accounts received in advance	405,837.22	682,934.41
Contractual liability		
Wage payable	20,083,061.30	15,784,381.93
Taxes payable	1,922,599.19	1,123,476.72
Other accounts payable	387,367,692.32	345,894,297.23
Including: Interest payable	40,098.14	-
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	410,018,316.09	363,752,931.36
Non-current liabilities:		
Long-term loans	40,886,819.43	11,171,759.33
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable		
Accrued liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	40,886,819.43	11,171,759.33
Total liabilities	450,905,135.52	374,924,690.69
Owners' equity:		
Share capital	431,058,320.00	431,058,320.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		

Capital public reserve	428,256,131.23	428,256,131.23
Less: Inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	23,848,485.62	23,848,485.62
Retained profit	191,299,466.00	187,380,544.20
Total owner’s equity	1,074,462,402.85	1,070,543,481.05
Total liabilities and owner’s equity	1,525,367,538.37	1,445,468,171.74

3. Consolidated Profit Statement

In RMB

Item	Semi-annual of 2021	Semi-annual of 2020
I. Total operating income	249,492,261.24	197,051,790.29
Including: Operating income	249,492,261.24	197,051,790.29
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	208,332,636.82	177,927,309.69
Including: Operating cost	173,313,253.96	154,774,587.52
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	2,614,156.04	1,376,727.57
Sales expense	12,002,312.02	6,776,144.54
Administrative expense	20,807,474.69	17,202,000.61
R&D expense		
Financial expense	-404,559.89	-2,202,150.55
Including: Interest expenses	1,200,000.00	46,986.20
Interest income	1,719,072.96	2,453,494.99
Add: Other income	326,420.16	52,846.70
Investment income (Loss is listed with “-”)	14,395,758.68	12,881,490.50
Including: Investment income on affiliated company and joint	9,683,638.47	8,521,866.84

venture		
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 "-")	-418,952.05	-356,102.35
Loss of credit impairment (Loss is listed with "-")	-	599,201.43
Losses of devaluation of asset (Loss is listed with "-")	-	-
Income from assets disposal (Loss is listed with "-")	56,242.77	-
III. Operating profit (Loss is listed with "-")	55,519,093.98	32,301,916.88
Add: Non-operating income	72,884.60	946,106.92
Less: Non-operating expense	9,945.86	29,059.48
IV. Total profit (Loss is listed with "-")	55,582,032.72	33,218,964.32
Less: Income tax expense	11,085,413.51	6,448,306.06
V. Net profit (Net loss is listed with "-")	44,496,619.21	26,770,658.26
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with '-")	44,496,619.21	26,770,658.26
2.termination of net profit (net loss listed with '-")		
(ii) Classify by ownership		
1.Net profit attributable to owner's of parent company	44,542,715.32	25,594,985.78
2.Minority shareholders' gains and losses	-46,096.11	1,175,672.48
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	44,496,619.21	26,770,658.26
Total comprehensive income attributable to owners of parent Company	44,542,715.32	25,594,985.78
Total comprehensive income attributable to minority shareholders	-46,096.11	1,175,672.48
VIII. Earnings per share:		
(i) Basic earnings per share	0.1033	0.0594
(ii) Diluted earnings per share	0.1033	0.0594

Legal representative: Fu Chunlong

Accounting Principal: Lou Hong

Accounting Firm's Principal: Liao Zebin

4. Profit Statement of Parent Company

In RMB

Item	Semi-annual of 2021	Semi-annual of 2020
I. Operating income	19,483,635.23	13,120,854.52
Less: Operating cost	5,163,217.03	3,857,719.57
Taxes and surcharge	717,195.50	409,089.36
Sales expenses	-	1,569,961.98
Administration expenses	16,198,882.72	12,509,528.85
R&D expenses	-	-
Financial expenses	-671,872.77	-961,656.89
Including: Interest expenses	-	-
Interest income	659,566.06	1,050,258.70
Add: Other income	-	21,849.42
Investment income (Loss is listed with "-")	14,609,726.37	19,230,523.18
Including: Investment income on affiliated Company and joint venture	12,534,155.42	8,715,946.43
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 "-")	-110,023.28	-324,383.56
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 "-")	12,575,915.84	14,664,200.69
Add: Non-operating income	19,127.02	-18,810.00
Less: Non-operating expense		
III. Total Profit (Loss is listed with "-")	12,595,042.86	14,645,390.69
Less: Income tax	54,954.66	-369,343.18
IV. Net profit (Net loss is listed with	12,540,088.20	15,014,733.87

“-”)		
(i) continuous operating net profit (net loss listed with ‘-”)	12,540,088.20	15,014,733.87
(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	12,540,088.20	15,014,733.87

5. Consolidated Cash Flow Statement

In RMB

Item	Semi-annual of 2021	Semi-annual of 2020

I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	255,459,153.13	263,485,972.58
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received		-
Other cash received concerning operating activities	73,388,884.28	38,218,429.50
Subtotal of cash inflow arising from operating activities	328,848,037.41	301,704,402.08
Cash paid for purchasing commodities and receiving labor service	141,066,170.40	142,251,999.24
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	30,623,586.20	24,589,002.12
Taxes paid	20,257,855.77	68,873,589.78
Other cash paid concerning operating activities	77,329,026.02	48,683,488.74
Subtotal of cash outflow arising from operating activities	269,276,638.39	284,398,079.88
Net cash flows arising from operating activities	59,571,399.02	17,306,322.20
II. Cash flows arising from investing activities:		
Cash received from recovering investment	896,400,000.00	755,800,000.00
Cash received from investment income	4,969,394.03	4,556,873.60
Net cash received from disposal of fixed, intangible and other long-term assets	334,000.00	6,400.00
Net cash received from disposal of subsidiaries and other units	-	-
Other cash received concerning investing activities	-	-
Subtotal of cash inflow from investing activities	901,703,394.03	760,363,273.60
Cash paid for purchasing fixed, intangible and other long-term assets	37,930,602.45	37,821,844.32
Cash paid for investment	794,280,000.00	810,800,000.00
Net increase of mortgaged loans	-	-
Net cash received from subsidiaries and other units obtained	-	-
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	832,210,602.45	848,621,844.32
Net cash flows arising from investing activities	69,492,791.58	-88,258,570.72
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	29,715,060.10	-
Other cash received concerning financing activities	-	-
Subtotal of cash inflow from financing activities	29,715,060.10	-
Cash paid for settling debts	-	2,952,372.85
Cash paid for dividend and profit distributing or interest paying	9,165,434.86	21,825,829.24
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	9,165,434.86	24,778,202.09
Net cash flows arising from financing activities	20,549,625.24	-24,778,202.09
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-16,779.45	88.42
V. Net increase of cash and cash equivalents	149,597,036.39	-95,730,362.19
Add: Balance of cash and cash equivalents at the period -begin	208,462,656.63	400,668,257.81
VI. Balance of cash and cash equivalents at the period -end	358,059,693.02	304,937,895.62

Legal representative: Fu Chunlong

Accounting Principal: Lou Hong

Accounting Firm’s Principal: Liao Zebin

6. Cash Flow Statement of Parent Company

In RMB

Item	Semi-annual of 2021	Semi-annual of 2020
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	4,331,488.77	4,151,391.53
Write-back of tax received	-	-
Other cash received concerning operating activities	145,968,999.79	40,826,847.87
Subtotal of cash inflow arising from	150,300,488.56	44,978,239.40

operating activities		
Cash paid for purchasing commodities and receiving labor service	-	239,375.15
Cash paid to/for staff and workers	14,532,885.73	11,892,984.82
Taxes paid	1,621,570.18	54,859,179.71
Other cash paid concerning operating activities	47,698,960.71	46,163,081.37
Subtotal of cash outflow arising from operating activities	63,853,416.62	113,154,621.05
Net cash flows arising from operating activities	86,447,071.94	-68,176,381.65
II. Cash flows arising from investing activities:		
Cash received from recovering investment	269,900,000.00	307,000,000.00
Cash received from investment income	2,175,570.95	10,641,433.09
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	272,075,570.95	317,641,433.09
Cash paid for purchasing fixed, intangible and other long-term assets	33,234,690.43	17,257,856.83
Cash paid for investment	339,000,000.00	267,000,000.00
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	372,434,840.43	284,257,856.83
Net cash flows arising from investing activities	-100,359,269.48	33,383,576.26
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		

Cash received from loans	29,715,060.10	
Other cash received concerning financing activities	-	
Subtotal of cash inflow from financing activities	29,715,060.10	
Cash paid for settling debts		
Cash paid for dividend and profit distributing or interest paying	9,116,132.76	18,104,449.44
Other cash paid concerning financing activities	-	-
Subtotal of cash outflow from financing activities	9,116,132.76	18,104,449.44
Net cash flows arising from financing activities	20,598,927.34	-18,104,449.44
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	6,686,729.80	-52,897,254.83
Add: Balance of cash and cash equivalents at the period -begin	42,609,260.98	173,702,343.04
VI. Balance of cash and cash equivalents at the period -end	49,295,990.78	120,805,088.21

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

Current Amount

In RMB

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 comprehensive income											44,542,715.32		44,542,715.32	-46,096.11	44,496,619.21
(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

Amount of the previous period

In RMB

Item	Semi-annual of 2020												
	Owners' equity attributable to the parent Company											Minority	Total owne
	Sha	Other equity	Capi	Less	Othe	Reas	Surp	Prov	Reta	Othe	Subt		

	re capital	instrument			tal reserve	: Inventory shares	r comprehensive income	onable reserve	lus reserve	ision of general risk	ined profit	r	otal	interests	rs' equity
		Preferred stock	Perpetual capital securities	Other											
I. The ending balance of the previous year	431,058,320.00	-	-	-	431,449,554.51	-	26,422.00	-	21,007,488.73		387,423,510.78		1,270,965,296.02	68,247,700.77	1,339,212,996.79
Add: Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. The beginning balance of the current year	431,058,320.00	-	-	-	431,449,554.51	-	26,422.00	-	21,007,488.73		387,423,510.78		1,270,965,296.02	68,247,700.77	1,339,212,996.79
III. Increase/ Decrease in the period (Decrease is listed with "-")											7,490,536.34		7,490,536.34	-2,545,707.32	4,944,829.02
(i) Total comprehensive income											25,594,985.7		25,594,985.7	1,175,672.48	26,770,658.26

											8		8		
(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											-18,104,449.44		-18,104,449.44	-3,721,379.80	-21,825,829.24
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)											-18,104,449.44		-18,104,449.44	-3,721,379.80	-21,825,829.24
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.	-	-	-	431,449,554.51	-	26,422.00	-	21,007,488.73		394,914,047.12		1,278,455,832.36	65,701,993.45	1,344,157,825.81

	00														

Legal representative: Fu Chunlong

Accounting Principal: Lou Hong

Accounting Firm's Principal: Liao Zebin

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

Current Amount

In RMB

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

Amount of the previous period

In RMB

Item	Semi-annual of 2020											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. The ending balance of the previous year	431,058,320.00	-	-	-	428,256,131.23	-	-	-	21,007,488.73	179,916,021.60		1,060,237,961.56
Add: Changes of												

accounting policy												
Error correction of the last period												
Other												
II. The beginning balance of the current year	431,058,320.00	-	-	-	428,256,131.23	-	-	-	21,007,488.73	179,916,021.60		1,060,237,961.56
III. Increase/ Decrease in the period (Decrease is listed with “-”)										-3,089,715.57		-3,089,715.57
(i) Total comprehensive income										15,014,733.87		15,014,733.87
(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										-18,104,449.44		-18,104,449.44
1. Withdrawal												

of surplus reserves												
2. Distribution for owners (or shareholders)										-18,104,449.44		-18,104,449.44
3. Other												
(iv) Carrying forward internal owners' equity												
1. Capital reserves 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	-	-	-	21,007,488.73	176,826,306.03		1,057,148,245.99

Shenzhen Tellus Holding Co., Ltd.

Notes to Financial Statements (Jan.-Jun. 2021)

(The unit is RMB unless otherwise specified)

I. Company information

1. Company profile

Chinese name of the Company: 深圳市特力(集团)股份有限公司

Foreign name of the Company: ShenZhen Tellus Holding Co.,Ltd

Registered address of the Company: 3/F, Tellus Building, No.56, Shui Bei Er Road, Luohu District, Shenzhen
Office address of the Company: 3/F, 4/F, Tellus Building, No.56, Shui Bei Er Road, Luohu District, Shenzhen

Stock exchange for listing: Shenzhen Stock Exchange

Short form of the stock and Stock code: Tellus-A(000025),Tellus-B(200025)

Registered capital: RMB 431,058,300

Legal representative: Fu Chunlong

Unified social credit code: 914403001921922I0U

2. Business scope and major products and services of the Company

Business scope: Investment in industries (a separate application would be made for specific project); domestic commerce, supply and distribution of materials (excluding those commodities subject to exclusive operation, control and sale); rental and management of independently-owned properties. Operation of the products produced by the Company and its subsidiaries, productive materials used by us, and import and export of metal proceeding machinery and general components; the import and export business is subject to the foreign trade certificate Shen Mao Guan Zheng Zi No. 098.

Major products and services: automobile sales, auto maintenance and inspection, sales of jewelry, property rental and service.

3. History of the Company

Shenzhen Tellus Holding Co., Ltd. (hereinafter referred to as the Company), previously known as Shenzhen Machinery Industry Company, was incorporated on 10 November 1986. In 1992, 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, Shenzhen Machinery Industry Company was transformed to Shenzhen Testrite Machinery Co., Ltd. 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, Shenzhen Testrite Machinery Co., Ltd. changed to be a public company and made the initial public offering. The name of the Company changed to Shenzhen Testrite Machinery and Electric Co., Ltd., with a total share capital of 166,880,000 shares, among which, 120,900,000 shares were converted from the original assets and 45,980,000 shares were newly issued. The newly issued shares comprises of 25,980,000 RMB ordinary shares (A shares) and 20,000,000 RMB special shares (B shares). In June 1993, as approved by the reply relating to listing of Shenzhen Testrite Machinery and Electric Co., Ltd. (SZBF[1993]34) issued by Shenzhen Securities Management Office and the Listing Grant issued by Shenzhen Stock Exchange(SZSZ[1993]22), Shenzhen Testrite Machinery and Electric Co., Ltd. was listed on Shenzhen Stock Exchange. On 15 March 1993, being approved by branch of Shenzhen Special Economic Zone of People's Bank of China "Shen Ren Yin Fu Zi (1993) No.: 092", the Company released 25.98 million registered common A shares with RMB 1.00 par value as well as 20 million B shares. And the Company renamed as Shenzhen Tellus Holding Co., Ltd. instead of Shenzhen Testrite Machinery Co., Ltd. dated 30 June 1994 after approval from the Shenzhen Administration for Industry and commerce. As of 30 June 2021, the Company has 431,058,300 shares issued in total.

The 15 subsidiaries including Shenzhen Zhongtian Industrial Co,. Ltd., Sichuan Tellus Jewelry Tech. Co., Ltd and Shenzhen Huari Toyota Automobile Sales Service Co., Ltd are included in the consolidate financial statement scope, found more in the explanation of Note 7 and Note 8 carried in the financial statement.

II. Basis Preparation of the Financial Statements

1.Preparation base

Financial statement of the Company is prepared on a going concern basis.

2. Going concern

The Company does not have any events or circumstances that would cause significant doubt about its ability to continue as a going concern within 12 months from the end of the reporting period.

III. Important accounting policy & accounting estimation

Specific accounting policies and estimation attention:

Important tips: according to the characteristics of the actual production and operation, the Company formulated specific accounting policies and estimation for transactions or events such as impairment of financial instruments, depreciation of fixed assets, amortization of intangible assets and revenue recognition.

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

The financial statements prepared by the Company are in accordance to requirements of Accounting Standard for Business Enterprise, which truly and completely reflect the financial status of the Company, as well as the operation results and cash flows.

2. Accounting period

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

3. Operating cycle

Operating cycle of the Company's business is relatively short, and 12 months is taken as the liquidity division standard of assets and liabilities.

4. Standard currency

The recording currency of the Company is Renminbi(RMB/CNY), and the foreign (branch) subsidiaries are recorded in the currency of the primary economic environment in which they operates.

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 materiality 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 V. 6 (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 V. 6 (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.

(3) Conversion method of foreign currency statements

Adjust accounting periods and accounting policies of overseas operations before the conversion of the financial statements of enterprises' overseas operations, make it consistent with the accounting periods and accounting policies of the enterprise, and then prepare financial statements in corresponding currencies (currencies other than the standard currency for accounting) according to the adjusted accounting policies and accounting periods, and convert the overseas business financial statements according to the following methods:

①Spot exchange rate as of the balance sheet date is adopted for conversion of assets and liabilities in the balance sheet; as for the items in statement of owners’ equity except for “Retained profit”, conversion is made pursuant to the spot exchange rate of business day.

②items of income and expenses in the profit statement shall be converted at the spot exchange rate on the date of transaction or the approximate exchange rate translation of the spot rates.

③ Foreign currency cash flow and cash flow of overseas subsidiaries shall be converted by the spot exchange rate on the date of cash flow occurrence or an approximate exchange rate of spot exchange rate. The impact of

exchange rate changes on cash shall be presented separately in the statement of cash flows as an adjustment item.
④The balance generated from the conversion of foreign currency financial statements shall be separately presented as "other comprehensive income" under the owner's equity item in the consolidated balance sheet when preparing the consolidated financial statements.
When disposing of overseas operations and losing control of such operations, the balance of conversion of foreign currency statements related to such operations shown in the owner's equity item of the balance sheet shall be transferred into the disposal of current profits and losses in whole or in proportion to the disposal of such overseas operations.

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.

(8) Determination method of the fair value of financial instruments

Fair value refers to the price that the market participants can receive by selling an asset or need to pay for transferring a liability in orderly transactions occurred on the measurement day.

The Company measures the fair value of the relevant assets or liabilities at the prices in the main market. If there is no main market, the Company measures the fair value of the relevant assets or liabilities at the prices in the most favorable market. The Company adopts the assumptions used by market participants in pricing such asset or liability in order to maximize their economic benefits.

The main market refers to the market with the largest trading volume and the highest trading activity degree of related assets or liabilities. The most favorable market refers to the market in which the relevant assets can be sold for the highest amount or the related liabilities can be transferred for the lowest amount after considering transaction costs and transportation costs

For financial assets or financial liabilities with active market, the Company determines their fair value by using quotations in active market. Where there is no active market for financial instruments, the Company shall use valuation techniques to determine their fair value.

If non-financial assets are measured at fair value, the ability of market participants to produce economic benefits by using the assets for the best use, or the ability to produce economic benefits by selling the assets to other market participants who can use the assets for the best use shall be considered.

① Valuation technique

The Company adopts the valuation techniques applicable to the current situation and supported by sufficient available data and other information. The valuation techniques used mainly include the market method, the revenue method and the cost method. The Company uses the method consistent with one or multiple valuation techniques to measure the fair value. If multiple valuation techniques are used to measure the fair value, the Company shall consider the rationality of the valuation results and select the amount that best represents the fair value in the current situation as the fair value.

The Company prioritizes the use of relevant observable inputs in the application of valuation techniques, and uses unobservable inputs only when relevant observable inputs cannot be obtained or are not feasible to obtain. Observable input values are those that can be obtained from market data. The input value reflects the assumptions used by market participants in pricing the underlying asset or liability. Unobservable input values are those that cannot be obtained from market data. The input value is derived from the best available information about the assumptions used by market participants in pricing the underlying asset or liability.

② Fair value levels

The Company divides the input value used for fair value measurement into three levels, and uses the input value of the first level first, and then uses the input value of the second level, and the input value of the third level last. The first-level input values are the unadjusted quotations in the active market for the same asset or liability that can be obtained at the measurement date. The second-level input values are the directly or indirectly observable input values of the underlying asset or liability in addition to the first-level input values. The third-level input values are the unobservable input values of the underlying asset or liability.

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. Contractual assets and liabilities

The Company lists contractual assets or contractual 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 contractual assets. The company's obligations to transfer goods or provide services to customers for which consideration has been received or receivable are listed as contractual liabilities.

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

Contractual assets and contractual liabilities shall be listed separately in the balance sheet. The contractual assets and contractual 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 "Contractual 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 "Contractual Liabilities" or "Other Non-current liabilities" according to its liquidity. Contractual assets and contractual 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. Non-current assets or disposal groups 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

①Investment 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.

② 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 V. 14 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 V. 20 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 V. 20 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

16. Fixed assets

Fixed assets are the tangible assets with a high unit value that are held for good production, provision of service, rental or operation management with a useful life of more than one year.

(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 for various type of fixed assets

The Company depreciates the fixed assets on an average annual basis from the month following the date when the fixed assets reach their intended usable condition. The year of depreciation and annual depreciation rates are determined by the category of fixed assets, estimated economic useful lives and estimated net salvage rates respectively are as:

Category	Method	Years of depreciation(Year)	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	10.00
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

As for the fixed assets with impairment accrual, the provision for impairment of fixed assets is deducted when the depreciation is provided.

At the end of each year, the Company reviews the useful life, estimated net salvage value and depreciation method of fixed assets. When the estimated useful life differs from the original estimates, the useful life of such fixed assets should be adjusted.

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

The Company recognizes the lease of a fixed asset as a financial lease when all the risks and rewards related to the leased fixed asset have been transferred substantially. The cost of fixed assets acquired by finance lease shall be determined by the lower of the fair value of the leased asset and the present value of the minimum lease payment on the commencement date of lease. The fixed assets leased through financing adopt the depreciation policy consistent with the self-owned fixed assets to calculate the depreciation of the leased assets. Where it can reasonably be determined that ownership of the leased asset will be acquired at the end of the lease term, depreciation of the leased asset shall be calculated during the useful life of the leased asset; Where it can not reasonably be determined that ownership of the leased asset will be acquired at the end of the lease term, depreciation shall be accrued during the shorter of the lease term and the useful life of the leased asset.

17. 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.

18. 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.

19. Intangible assets

(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	5years	Useful life is determined by the reference to the period that can bring economic benefit to the Company
Trademark	10years	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.

20. 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.

21.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.

22. Employee remuneration

Employee remuneration refers to various forms of remuneration or compensation given by the Company to the employee for obtaining the service provided by the employee or the termination of labor relationship. Employee remuneration includes short-term remuneration, after-service benefits, dismissal benefits and other long-term employee benefits. The benefits provided by the Company to spouses, children, dependants, deceased employees' survivors and other beneficiaries shall also be considered as employee remuneration.

According to the liquidity, employee remuneration is listed separately under the "employee remuneration payable" and "long-term employee remuneration payable" items in the balance sheet.

(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.

23. 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.

24.Recognition and measurement of revenue

(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

If the Company acquires the control of the trading commodities from a third party and then transfers them to customers, the Company shall have the right to determine the price of the trading commodities independently, that is, the Company can control the trading commodities 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.

(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 V. 27".

25. 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.

③Return 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.

26. Deferred income tax assets and 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.

27. Leasing

The leases that transfer substantially all the risks and rewards associated with the ownership of assets are regarded as financial leases, except for those that are operating leases.

(1) Accounting treatment of operating leases

①When the Company acts as the lessee of an operating lease, the rental expenses of the operating lease shall be recorded into the current profits and losses in each period of the lease term according to the straight line method or according to the usage of the leased asset. Where the lessor provides a rent-free period, the Company shall allocate the total rent by the straight line method or other reasonable methods throughout the entire lease term without deducting the rent-free period, and recognize the rent expenses and the corresponding liabilities during the rent-free period. If the lessor bears certain expenses of the lessee, the Company shall allocate the rent expense balance after deducting such expenses from the total rent expenses during the lease term.

Initial direct expenses are recorded into the profits and losses of the current period. If there is contingent rent agreed in the agreement, it will be recorded into the current profit and loss when it actually occurs.

②When the Company acts as a lessor of an operating lease, straight line method is adopted to recognize the rent received as income during the lease term.Where the lessor provides a rent-free period, the lessor shall allocate the total rent by the straight line method or other reasonable methods throughout the lease term without deducting the rent-free period, and the lessor shall also recognize the rental income during the rent-free period. If the lessee bears certain expenses, the Company shall allocate such expenses within the lease term according to the balance of the rental income after deducting such expenses from the total rental income.

Initial direct expenses are recorded into the profits and losses of the current period. The larger amount will be capitalized and recorded into the current profits and losses on the same basis as the rental income during the entire operating lease term. If there is contingent rent agreed in the agreement, it shall be recorded into current income when it actually occurs.

(2) Accounting treatment of finance lease

① When the Company is the lessee of a finance lease, on the beginning date of the lease term, the lower of the fair value of the leased asset and the present value of the minimum lease payment on the beginning date of the lease shall be regarded as the record value of the leased asset, the minimum lease payment shall be regarded as the record value of the long-term payable, and the difference shall be regarded as unrecognized finance fees. In each period of the lease term, the effective interest rate method is adopted for apportionment, which is recognized as the current financing costs and included into the financial expenses.

The initial direct expenses incurred shall be included in the value of the leased asset.

When calculating the depreciation of finance lease assets, the Company adopts the depreciation policy consistent with its own depreciable assets, and the period of depreciation is determined by the lease contract. If it can reasonably be determined that the Company will acquire ownership of the leased asset at the expiration of the lease term, the life of the leased asset on the commencement date of the lease term will be regarded as the depreciation period. If it can not reasonably be determined whether the Company will be able to acquire ownership of the leased asset at the expiration of the lease term, the shorter of the lease term or the life of the leased asset shall be taken as the depreciation period.

② When the Company acts as the lessor of the finance lease, the sum of the minimum lease receivables on the lease commencement date and the initial direct expenses shall be recorded as the book value of the finance lease receivables on the lease commencement date and recorded into the long-term receivables in the balance sheet, and the unsecured residual value shall be recorded at the same time. The difference between the sum of the minimum lease receivables, the initial direct expenses and the unsecured residual value and its present value is regarded as unrealized financing income, which is recognized as lease income by using the effective interest rate method in each period of the lease term.

28. Important accounting judgement and estimates

The Company continuously evaluates the used significant accounting estimates and key assumptions based on historical experience and other factors, including reasonable expectations of future events. Significant accounting estimates and key assumptions that are likely to lead to a significant adjustment risk in the carrying value of assets and liabilities in the next fiscal year are listed as below:

Classification of financial assets

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

The Company determines the business model for the management of financial assets at the level of financial asset portfolio, factors taken into account include the way in which the performance of financial assets is evaluated and reported to key management personnel, the risks affecting the performance of financial assets and the way in which the performance of financial assets is managed, and the way in which the management personnel of related businesses are compensated, etc.

When evaluating whether the contractual cash flow of financial assets is consistent with the basic lending arrangement, the Company has the following major judgments: whether the principal may change in the time distribution or amount within the duration due to repayment in advance or other reasons; whether the interest includes only the time value of money, credit risk, other fundamental borrowing risks, and consideration for costs and profits. For example, whether the amount repaid in advance only reflects the outstanding principal and interest based on the outstanding principal, as well as reasonable compensation paid for early termination of the contract.

Measurement of expected credit loss of accounts receivable

The Company calculates the expected credit loss of accounts receivable through the exposure at default of accounts receivable and the expected credit loss rate, and determines the expected credit loss rate based on the probability of default and the loss given default. When determining the expected credit loss rate, the Company uses data such as its internal historical credit loss experience, and adjusts historical data in the light of current conditions and forward-looking information. When considering forward-looking information, the Company uses indicators such as the risk of economic downturns, external market conditions, technological environment and changes in customer conditions. The Company regularly monitors and reviews assumptions related to the calculation of expected credit losses.

Deferred tax assets

Deferred tax assets should be recognized for all unutilized tax losses to the extent that there is a high likelihood of sufficient taxable profit to offset the loss. This requires management to use a great deal of judgment to estimate the timing and amount of future taxable profits, and combine with tax planning strategies to determine the amount of deferred tax assets to be recognized.

Determination of fair value of unlisted equity investments

The fair value of an unlisted equity investment is the projected future cash flow discounted by the current discount rate of the project with similar terms and risk characteristics. Such valuation requires the Company to estimate expected future cash flows and discount rates and is therefore subject to uncertainty. In limited cases, where the information used to determine the fair value is insufficient, or where the possible estimated amounts of the fair value are distributed over a wide range and the cost represents the best estimate of the fair value within that range, the cost may represent the appropriate estimate of the fair value within that range.

29. Changes of important accounting policies and accounting estimate

(1)Changes of important accounting policies

□Applicable √ Not applicable

(2) Changes of important accounting estimate

□Applicable √ Not applicable

(3)Adjustment on the relevant items of financial statement at beginning of the year when implemented the new leasing standards since 2021

Applicable

Whether need to adjust the balance sheet items at the beginning of the year

□Yes √No

Explain the reasons of no need to adjust the balance sheet items at the beginning of the year

On 7 December 2018, the Ministry of Finance revised and issued the "Accounting Standards for Business Enterprises No.21- Leasing"(Cai Kuai [2018] No.35) (hereinafter referred to as New Leasing Standards), and requires the enterprises listed both domestically and internationally, as well as enterprises listed aboard with adoption of the IFRS or ASBEs for the preparation of financial statement, should implemented the new leasing standards since 1 Jan. 2019; other enterprise implementing ASBEs will be effective from 1 Jan. 2021. The Company disclose the accounting statements in accordance with the requirements of the new leasing standards from 1 Jan. 2021, without adjusting the comparable figures for year of 2020, and the accounting policy change will not affect relevant financial index of the Company for year of 2020.

(4) Retrospective adjustment of early comparison data description when implemented the new leasing standards since 2021

□ Applicable √ Not applicable

30. Other

IV. 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	10%
Urban maintenance and construction tax	Turnover tax payable	7%
Enterprise income tax	Taxable income	20%, 25%
Property 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%
Educational surtax	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%

Rate of income tax for different taxpaying body:

Taxpaying body	Rate of income tax
Shenzhen Xinyongtong Motor Vehicle Testing Equipment Co., Ltd.	20%
Shenzhen Huari Anxin Automobile Inspection Co., Ltd.	20%

Other taxpaying body than the above	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 Automobile Inspection Equipment Co. Ltd enjoys the preferential tax policies for small & micro enterprises with enterprise income tax at the rate of 20%.

3. Other

V. Annotation to main items of consolidated financial statements

1. Monetary funds

In RMB

Item	Ending balance	Opening balance
Cash on hand	9,536.20	20,542.55
Cash in bank	387,696,811.74	237,605,156.38
Other monetary fund		
Total	387,706,347.94	237,625,698.93
Including: total amount deposited in overseas		
The total amount of money that has restrictions on use due to mortgage, pledge or freezing	29,646,654.29	29,163,042.30

Bank deposits of 29,646,654.29 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. 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

In RMB

Item	Ending balance	Opening balance
Financial assets measured by fair value and with variation reckoned into current gains/losses	211,374,917.81	314,013,869.86
Including: structured deposits and wealth management products	211,374,917.81	314,013,869.86
Total	211,374,917.81	314,013,869.86

3. Derivative financial assets

□ Applicable √Not applicable

4. Note receivable

□ Applicable √Not applicable

5. Account receivable

(1) Category

In RMB

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	49,125,862.29	68.43%	49,125,862.29	100.00%	-	49,125,862.29	71.04%	49,125,862.29	100.00%	-
Account receivable with bad debt provision accrual on portfolio	22,663,676.97	31.57%	200,423.74	0.88%	22,463,253.23	20,028,934.10	28.96%	200,423.74	1.00%	19,828,510.36
Total	71,789,539.26	100.00%	49,326,286.03	68.71%	22,463,253.23	69,154,796.39	100.00%	49,326,286.03	71.33%	19,828,510.36

Bad debt provision accrual on single basis:

In RMB

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	100.00	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	100.00	The account age is long and is not expected to be recovered
Wang Changlong	2,370,760.40	2,370,760.40	100.00	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	100.00	The account age is long and is not expected to be recovered
Jiangling Automobile Factory	1,191,059.98	1,191,059.98	100.00	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	100.00	The account age is long and is not expected to be recovered
Guangdong Materials Group Corp	1,862,000.00	1,862,000.00	100.00	The account age is long and is not expected to be recovered
Other	26,623,447.77	26,623,447.77	100.00	The account age is long and is not expected to be recovered
Total	49,125,862.29	49,125,862.29	--	--

Bad debt provision accrual on portfolio:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio
Aging portfolio	22,663,676.97	200,423.74	0.88%
Total	22,663,676.97	200,423.74	--

Explanation on portfolio determines:

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

In RMB

Account age	Ending balance
Within one year (including one year)	22,660,316.97
1-2 years	3,360.00
Over 3 years	49,125,862.29
Over 5 years	49,125,862.29
Total	71,789,539.26

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

Bad debt provision accrual in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	
Accounts receivable with single item provision for bad debts	49,125,862.29					49,125,862.29
Accounts receivable with provision for bad debts by combination	200,423.74					200,423.74
Total	49,326,286.03					49,326,286.03

(3) Account receivable actually written-off in the period

Nil

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

In RMB

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	13.72	9,846,607.00
Guangdong Zhanjiang	4,060,329.44	5.66	4,060,329.44

Sanxing Auto Service Co., Ltd.			
Shenzhen Shangjinyuan Jewelry Industry Co., Ltd.	3,094,799.85	4.31	33,906.53
Wang Changlong	2,370,760.40	3.30	2,370,760.40
Guangdong Materials Group	1,862,000.00	2.59	1,862,000.00
Total	21,234,496.69	29.58	

(5) Account receivable derecognition due to financial assets transfer

Nil

(6) Assets and liabilities resulted by account receivable transfer and continues involvement

Nil

6. Account receivable financing

Nil

7. Accounts paid in advance

(1) By account age

In RMB

Account age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	11,402,054.94	99.88%	9,834,423.80	99.86%
1-2 years	800.00	0.01%	800.00	0.01%
2-3 years	632.00		632.00	0.01%
Over 3 years	11,893.94	0.10%	11,893.94	0.12%
Total	11,415,380.88	--	9,847,749.74	--

(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.	6,730,597.91	58.96%
Toyota Motor (China) Investment Co., Ltd.	1,335,990.00	11.70%
Xiaopeng Automobile Sales Co., Ltd.	582,456.88	5.10%
Shenzhen Gorgeous Decoration Furniture Enterprise Company	494,476.31	4.33%
Shenzhen Shengshi Classic Lighting Technology Co., Ltd.	354,341.44	3.10%
Total	9,497,862.54	83.20%

8. Other account receivable

In RMB

Item	Ending balance	Opening balance
Dividend receivable	24,647,732.42	24,647,732.42
Other account receivable	6,960,884.99	4,622,058.41
Total	31,608,617.41	29,269,790.83

(1) Interest receivable

□ Applicable √Not applicable

(2) Dividend receivable

1) Category

In RMB

Item (or invested unit)	Ending balance	Opening balance
China Pudong Development Machinery Industry Co., Ltd	547,184.35	547,184.35
Shenzhen Dongfeng Motor Co., Ltd.	24,100,548.07	24,100,548.07
Total	24,647,732.42	24,647,732.42

(3) Other account receivable

1) By nature

In RMB

Nature	Ending book balance	Opening book balance
Deposit margin	477,190.50	477,190.50
Reserve fund	18,622.20	13,822.20
Interim payment receivable	58,228,121.58	55,894,095.00
Total	58,723,934.28	56,385,107.70

2) Accrual of bad debt provision

In RMB

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, 2021	109,600.10		51,653,449.19	51,763,049.29
Balance of Jan. 1, 2021 in the period	——	——	——	——
--Transfer to the second stage				
-- Transfer to the third stage				
-- Reversal to the second stage				
-- Reversal to the first stage				
Current accrual				
Current switch back				
Current conversion				
Current write off				
Other change				
Balance on Jun. 30, 2021	109,600.10		51,653,449.19	51,763,049.29

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

□ Applicable √Not applicable

By account age

In RMB

Account age	Ending balance
Within one year (including one year)	4,139,121.19
1-2 years	161,722.86
2-3 years	417,554.97
Over 3 years	54,005,535.26
Over 5 years	54,005,535.26
Total	58,723,934.28

Note: the notes to other receivable should state whether there is a single material receivable with an age of more than three year and, if so, disclosed in detail the reasons for the high level of such receivables and indicate the risks of recovery, etc.

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

Bad debt provision accrual in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written off	Other	
Single provision for bad debts	49,301,363.12					49,301,363.12
Provision for bad debts by combination	2,461,686.17	-	-			2,461,686.17
Total	51,763,049.29					51,763,049.29

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

Nil

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

In RMB

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	7.52%	4,413,728.50
Shenzhen Gold Beili Electrical Appliances	Intercourse funds	2,706,983.51	Over 3 years	4.61%	2,706,983.51

Co., Ltd.					
Total	--	29,312,729.13	--	49.92%	29,312,729.13

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

1. Inventories

Does the company need to comply with the disclosure requirements of the real estate industry

No

Category

In RMB

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	15,656,716.17	14,772,382.17	884,334.00	15,481,888.98	14,772,382.17	709,506.81
Inventory	26,043,517.76	14,145,300.62	11,898,217.14	35,515,473.74	14,145,300.62	21,370,173.12
Consignment merchandise				6,307,872.38		
Consignment merchandise				-6,307,872.38		
Total	41,700,233.93	28,917,682.79	12,782,551.14	50,997,362.72	28,917,682.79	22,079,679.93

Provision for inventory depreciation or contract performance cost impairment provision

In RMB

Item	Opening balance	Current amount increased		Current amount decreased		Ending balance	Note
		Accrual	Other	Reversal or write-off	Other		
Raw materials	14,772,382.17					14,772,382.17	
Inventory	14,145,300.62					14,145,300.62	
Total	28,917,682.79					28,917,682.79	--

The interest capitalization rate in the inventory balance at the end of the period

Not applicable

Inventory restrictions

Not applicable

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

Not applicable

Description of the current amortization amount of contract performance costs

Not applicable

10. Contract assets

Not applicable

11. Assets held for sale

Not applicable

12. Non-current asset due within one year

Not applicable

13. Other current assets

In RMB

Item	Ending balance	Opening balance
Input VAT to be deducted	4,379,772.91	6,000,566.69
Total	4,379,772.91	6,000,566.69

14. Creditors' investment

Not applicable

15. Other creditors' investment

Not applicable

16. Long-term account receivable

(1) Long-term account receivable

In RMB

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	-	2,179,203.68	2,179,203.68	-	
Total	2,179,203.68	2,179,203.68	-	2,179,203.68	2,179,203.68		--

Impairment of bad debt provision

In RMB

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 of Jan. 1, 2021			2,179,203.68	2,179,203.68
Balance of Jan. 1, 2020 in the period	——	——	——	——
--Transfer to the second stage				
-- Transfer to the third stage				
-- Reversal to the second stage				
-- Reversal to the first stage				
Current provision				
Current reversal				

Current conversion				
Current write off				
Other change				
Balance of Jun. 30, 2020			2,179,203.68	2,179,203.68

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

□ Applicable √Not applicable

(2) Long-term account receivable derecognition due to financial assets transfer

Not applicable

(3) Assets and liabilities resulted by long-term account receivable transfer and continues involvement

Not applicable

17. Long-term equity investment

In RMB

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	37,666,741.13			4,623,167.75						42,289,908.88	
Shenzhen Tellus Hang Investment Co., Ltd.	12,697,424.88			361,200.15						13,058,625.03	
Subtotal	50,364,166.01			4,984,367.90						55,348,533.91	
II. Associated enterprise											
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	33,607,146.14			7,549,787.52						41,156,933.66	
Shenzhen Automobile	995,270.33			-203,702.12						791,568.21	

Industry Import and Export Co., Ltd.											
Shenzhen Dongfeng Motor Co., Ltd.	38,674,373.09			-2,646,814.83						36,027,558.26	
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. [Note 3]											
Shenzhen											

Yongtong Xinda Inspection Equipment Co., Ltd. [Note 3]											
Hunan Changyang Industrial Co., Ltd. [Note 1]											1,810,540.70
Shenzhen Jiecheng Electronic Co., Ltd. [Note 1]											3,225,000.00
Shenzhen Xiandao 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 Zhongqi South China Auto Sales Company [Note 1]											2,250,000.00

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
Subtotal	73,276,789.56			4,699,270.57						77,976,060.13	14,644,406.04
Shenzhen Hanligao Technology Ceramics Co., Ltd. [Note 2]											1,956,000.00
Shenzhen South Auto Maintenance Center [Note 2]											6,700,000.00
Subtotal											8,656,000.00
Total	123,640,955.57			9,683,638.47						133,324,594.04	23,300,406.04

18. Other equity instrument investment

In RMB

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

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	

19. Other non-current financial assets

Not applicable

20. Investment real estate

(1) Measured at cost

√ Applicable □Not applicable

In RMB

Item	House and building	Land use right	Construction in progress	Total
I. Original book value				
1.Opening balance	639,235,625.45	49,079,520.00		688,315,145.45
2.Current amount increased				
(1) Outsourcing				
(2) Inventory\fixed assets\construction in process transfer-in				
(3) Increased by combination				
3.Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4.Ending balance	639,235,625.45	49,079,520.00		688,315,145.45
II. Accumulated depreciation and accumulated amortization				

1.Opening balance	117,837,641.96	2,230,887.36		120,068,529.32
2.Current amount increased	9,341,071.38	557,721.84		9,898,793.22
(1) Accrual or amortization	9,341,071.38	557,721.84		9,898,793.22
3.Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4.Ending balance	127,178,713.34	2,788,609.20		129,967,322.54
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	512,056,912.11	46,290,910.80		558,347,822.91
2. Opening book value	521,397,983.49	46,848,632.64		568,246,616.13

(2) Measure at fair value

□ Applicable √Not applicable

(3) Investment real estate without property certificate completed

In RMB

Item	Book value	Reasons
Shuibei Jewelry Building Phase I (Houses and Buildings)	407,142,618.23	Uncompleted settlement, failure to handle the ownership certificate
12 buildings in Sungang	13,814.69	Failure to handle the ownership certificate for historical reasons
12 building shops in Sungang	42,855.15	Failure to handle the ownership certificate for historical reasons
Total	407,199,288.07	

21. Fixed assets

In RMB

Item	Ending balance	Opening balance

Fixed assets	115,624,967.86	119,136,917.91
Fixed assets liquidation		
Total	115,624,967.86	119,136,917.91

(1) Fixed assets

In RMB

Item	House and buildings	Machinery equipment	Transport equipment	Electronic equipment	Office and other equipment	Total
I. Original book value:						
1.Opening balance	281,403,065.30	22,284,034.71	5,177,216.34	10,901,047.18	6,719,081.84	326,484,445.37
2.Current amount increased	-	26,371.68	747,895.10	1,198,770.77	110,236.79	2,083,274.34
(1) Purchase	-	26,371.68	747,895.10	1,198,770.77	110,236.79	2,083,274.34
3.Current amount decreased	-	74,451.54	457,412.12	12,931.73	-	544,795.39
(1) Disposal or scrap	-	74,451.54	457,412.12	12,931.73		544,795.39
4.Ending balance	281,403,065.30	22,235,954.85	5,467,699.32	12,086,886.22	6,829,318.63	328,022,924.32
II. Accumulated depreciation						
1.Opening balance	181,251,255.82	8,561,758.35	3,426,528.00	7,601,240.63	2,261,291.60	203,102,074.40
2.Current amount increased	3,925,217.60	606,249.44	246,965.37	381,676.30	234,624.27	5,394,732.98
(1) Accrual	3,925,217.60	606,249.44	246,965.37	381,676.30	234,624.27	5,394,732.98
3.Current amount decreased	-	67,006.38	265,659.05	11,638.55	-	344,303.98
(1) Disposal or scrap	-	67,006.38	265,659.05	11,638.55		344,303.98
4.Ending balance	185,176,473.42	9,101,001.41	3,407,834.32	7,971,278.38	2,495,915.87	208,152,503.40
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	92,389,823.45	12,815,278.33	2,053,700.00	4,097,623.13	4,268,542.95	115,624,967.86
2. Opening book value	96,315,041.05	13,402,601.25	1,744,523.34	3,281,821.84	4,392,930.43	119,136,917.91

(2) Temporarily idle fixed assets

Not applicable

(3) Fixed assets leased out by operation

In RMB

Item	Ending book value

House building	67,589,117.03

(4) Fix assets without property certification held

In RMB

Item	Book value	Reasons for without the property certification
Yongtong Building	29,591,993.09	Failure to handle the ownership certificate for historical reasons
Automotive building	15,093,229.49	Failure to handle the ownership certificate for historical reasons
Tellus Building underground parking	8,734,694.78	Parking lot is un-able to carried out the certificate
Nuclear Office build	4,529,854.59	Failure to handle the ownership certificate for historical reasons
1#,2# and 3-5/F 3# plant of Taoyuan Road	3,394,143.13	Failure to handle the ownership certificate for historical reasons
Tellus Building transformation layer	1,482,511.76	Un-able to carried out the certificate
16# Taohua Garden	1,313,385.78	Failure to handle the ownership certificate for historical reasons
Shuibei Zhongtian comprehensive building	844,455.06	Failure to handle the ownership certificate for historical reasons
First floor of Bao’an commercial-residence build	851,351.25	Failure to handle the ownership certificate for historical reasons
Warehouse	817,309.45	Failure to handle the ownership certificate for historical reasons
Trade department warehouse	67,468.69	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	66,736,386.27	

(5) Fixed assets disposal

Not applicable

22. Construction in progress

In RMB

Item	Ending balance	Opening balance
Construction in progress	135,900,468.42	101,740,485.48
Engineer material		
Total	135,900,468.42	101,740,485.48

(1) Construction in progress

In RMB

Item	Ending balance	Opening balance

	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Tellus Jinzhuan Trading Building	134,405,642.66		134,405,642.66	100,252,309.72		100,252,309.72
05 plots	1,397,981.44		1,397,981.44	1,391,331.44		1,391,331.44
Other projects	96,844.32		96,844.32	96,844.32		96,844.32
Total	135,900,468.42		135,900,468.42	101,740,485.48		101,740,485.48

(2) Changes of major construction in progress

In RMB

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	100,252,309.72	34,153,332.94			134,405,642.66	26.07%	26.07%	547,427.56	547,427.56	4.20%	Own funds and loans from financial institutions
Total	515,460,000	100,252,309.72	34,153,332.94			134,405,642.66	--	--	547,427.56	547,427.56	4.20%	--

(3) The provision for impairment of construction in progress

Not applicable

(4) Engineering material

Not applicable

23. Productive biological asset

Not applicable

24. Oil and gas asset

Not applicable

25. Right-of-use asset

Not applicable

26. Intangible assets

(1) Intangible assets

In RMB

Item	Land use right	Trademark	Software	Total
I. Original book value				
1.Opening balance	50,661,450.00	128,500.00	4,157,254.20	54,947,204.20
2.Current amount increased				
(1) Purchase				
3.Current amount decreased				
(1) Disposal				
4.Ending balance	50,661,450.00	128,500.00	4,157,254.20	54,947,204.20
II. Accumulated depreciation				
1.Opening balance	1,790,459.00	94,972.64	1,434,099.35	3,319,530.99
2.Current amount increased	378,142.08	23,869.88	314,703.53	716,715.48
(1) Accrual	378,142.08	23,869.88	314,703.53	716,715.48
3.Current amount decreased	-	-	-	-
(1) Disposal	-	-	-	-
4.Ending balance	2,168,601.08	118,842.52	1,748,802.88	4,036,246.47
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	48,492,848.92	9,657.48	2,408,451.32	50,910,957.73
2. Opening book value	48,870,991.00	33,527.36	2,723,154.85	51,627,673.21

(2) Land use rights without certificate of ownership

Not applicable

27. Expense on Research and Development

Not applicable

28. Goodwill

Not applicable

29. Long-term expenses to be apportioned

In RMB

Item	Opening balance	Current amount increased	Current amortization	Other decreased	Ending balance
Renovation costs	30,714,879.22	2,731,409.28	2,080,287.58		31,366,000.92
Total	30,714,879.22	2,731,409.28	2,080,287.58		31,366,000.92

30. Deferred income tax asset /Deferred income tax liabilities

(1) Deferred income tax assets without offset

In RMB

Item	Ending balance		Opening balance	
	Deductible temporary differences	Deferred income tax asset	Deductible temporary differences	Deferred income tax asset

Credit impairment provision	33,917,404.00	8,479,351.00	33,995,288.38	8,498,822.10
Total	33,917,404.00	8,479,351.00	33,995,288.38	8,498,822.10

(2) Deferred income tax liability without offset

Not applicable

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

Not applicable

(4) Details of uncertain deferred income tax assets

In RMB

Item	Ending balance	Opening balance
Deductible temporary differences	126,457,938.51	126,380,054.13
Deductible loss	27,588,656.95	27,588,656.95
Total	154,046,595.46	153,968,711.08

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

In RMB

Year	Ending amount	Opening amount	Note
2021	513,356.86	513,356.86	
2022	4,702,701.91	4,702,701.91	
2023	5,238,151.51	5,238,151.51	
2024	7,380,279.17	7,380,279.17	
2025	9,754,167.50	9,754,167.50	
Total	27,588,656.95	27,588,656.95	--

31. Other non-current asset

In RMB

Item	Ending balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Advance payment for engineering equipment	51,749,228.06		51,749,228.06	49,478,268.29		49,478,268.29
VAT to be deducted (input tax on engineering and equipment)	6,415,199.70		6,415,199.70	6,415,199.70		6,415,199.70
Other	100,000.00		100,000.00	100,000.00		100,000.00
Total	58,264,427.76		58,264,427.76	55,993,467.99		55,993,467.99

32. Short-term loans

Not applicable

33. Tradable financial liability

Not applicable

34. Derivative financial liability

Not applicable

35. Note payable

Not applicable

36. Account payable

(1) Account payable

In RMB

Item	Ending balance	Opening balance
Purchase of goods and services	5,548,321.22	5,130,983.91
Engineering equipment	72,674,360.66	71,452,182.62
Total	78,222,681.88	76,583,166.53

(2) Major accounts payable with age over one year

In RMB

Item	Ending balance	Reasons of outstanding or carry-over
Shenzhen Yinglong Jian’an (Group) Co., Ltd.	28,503,133.19	Project unsettled
Shenzhen SDG Real Estate Co., Ltd	6,054,855.46	Unrepayment from related enterprise
Shenzhen Yinuo Construction Engineering Co., Ltd.	4,274,022.22	Project unsettled
Shenzhen Ruihe Building Decoration Co., Ltd.	3,621,859.50	Project unsettled
Total	42,453,870.37	--

37. Accounts received in advance

(1) Accounts received in advance

In RMB

Item	Ending balance	Opening balance
Rent	1,799,359.80	2,403,580.47
Total	1,799,359.80	2,403,580.47

(2) Important advance receipts aged more than 1 year

Not applicable

38. Contractual liabilities

In RMB

Item	Ending balance	Opening balance
Advance payment	5,270,378.54	17,833,476.50
Pre-collected service fee	3,051,750.25	1,155,151.63
Total	8,322,128.79	18,988,628.13

39. Wage payable

(1) Wage payable

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
I. Short-term compensation	28,365,685.21	32,641,387.66	27,711,055.23	33,296,017.64
II. After-service welfare-defined contribution plans		2,460,992.84	2,460,992.84	-
III. Dismissed welfare		243,137.00	243,137.00	-
IV. Other benefits due				

within one year				
Total	28,365,685.21	35,345,517.50	30,415,185.07	33,296,017.64

(2) Short-term compensation

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Wage, bonus, allowance and subsidy	28,150,871.60	28,273,384.82	23,230,501.23	33,193,755.19
2. Employees' welfare		380,278.97	416,892.32	-36,613.35
3. Social insurance charges	-	1,641,626.01	1,641,626.01	-
Including: medical insurance premium		1,509,301.62	1,509,301.62	-
Industrial injury insurance premiums		17,195.20	17,195.20	-
Maternity insurance premiums		115,129.19	115,129.19	-
		-	-	-
4. Housing public reserve		1,756,632.02	1,757,055.62	-423.60
5. Trade union fee and education fee	214,813.61	589,465.84	664,980.05	139,299.40
6. Short-term paid absence				
7. Short-term profit sharing plan				
Total	28,365,685.21	32,641,387.66	27,711,055.23	33,296,017.64

(3) Defined contribution plans

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Basic endowment insurance premiums		2,435,090.35	2,435,090.35	
2. Unemployment insurance premiums		25,902.49	25,902.49	
3. Enterprise annuity				
Total		2,460,992.84	2,460,992.84	

40. Taxes payable

In RMB

Item	Ending balance	Opening balance
VAT	579,567.13	1,003,221.74
Enterprise income tax	11,692,516.67	13,891,223.58
Personal income tax	770,240.66	281,053.06
Urban maintenance and construction tax	89,508.55	79,176.17
Land VAT	5,362,682.64	5,362,682.64
House property tax	1,750,236.76	-

Use tax of land	252,008.39	26,459.98
Educational surtax	79,622.52	43,391.83
Local education surcharges	36,674.70	28,927.88
Other tax	-36,550.13	346,017.44
Total	20,576,507.89	21,062,154.32

41. Other account payable

In RMB

Item	Ending balance	Opening balance
Interest payable	40,098.14	
Dividend payable	46,295.65	46,295.65
Other account payable	171,168,970.30	158,617,678.97
Total	171,255,364.09	158,663,974.62

(1) Interest payable

In RMB

Item	Ending balance	Opening balance
Other	40,098.14	
Total	40,098.14	

(2) Dividend payable

In RMB

Item	Ending balance	Opening balance
Common stock dividend	46,295.65	46,295.65
Total	46,295.65	46,295.65

(3) Other account payable

1) By nature

In RMB

Item	Ending balance	Opening balance
Deposit margin	38,037,143.52	37,603,031.07
Related transactions	74,578,791.87	76,457,197.82
Withholding payments	20,132,334.81	15,300,654.81
Payable interim payment	38,420,700.10	29,256,795.27
Total	171,168,970.30	158,617,678.97

2) Significant other account payable with over one year age

In RMB

Item	Ending balance	Reasons for non-repayment or carry-over
Shenzhen Special Development Group Co., Ltd.	17,416,948.94	Related company non-repayment
Hong Kong Yujia Investment Co., Ltd.	2,172,091.54	Related company non-repayment
Total	19,589,040.48	--

42. Liability held for sale

Not applicable

43. Non-current liabilities due within one year

Not applicable

44. Other current liabilities

In RMB

Item	Ending balance	Opening balance
Tax amount to be written off	434,069.37	2,237,573.19
Total	434,069.37	2,237,573.19

45. Long-term loans

(1) Classification of long-term loans

In RMB

Item	Ending balance	Opening balance
Mortgage loan	40,886,819.43	11,171,759.33
Total	40,886,819.43	11,171,759.33

46. Bonds payable

Not applicable

47. Lease liability

Not applicable

48. Long-term account payable

In RMB

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

In RMB

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
Total	3,920,160.36	3,920,160.36

(2) Special account payable

Not applicable

49. Long-term wage payable

Not applicable

50. Accrual liabilities

In RMB

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

51. Deferred income

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance	Causes
Government subsidies	131,102.38	4,590,000.00	48,829.79	4,672,272.59	Receive government subsidies
Total	131,102.38	4,590,000.00	48,829.79	4,672,272.59	--

Item with government grants involved:

In RMB

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	131,102.38						131,102.38	Assets related
2020 Consumption Promotion Support Program Subsidy Funds		4,590,000.00		48,829.79			4,541,170.21	Income related

52. Other non-current liabilities

Not applicable

53. Share capital

In RMB

	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

54. Other equity instrument

Not applicable

55. Capital public reserve

In RMB

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

56. Treasury stock

Not applicable

57. Other comprehensive income

In RMB

Item	Opening balance	Current Period						Ending balance
		Account before income tax in the period	Less: written in other comprehensive income in previous period and	Less: written in other comprehensive income in previous	Less: income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	

			carried forward to gains and losses in current period	period and carried forward to retained earnings in current period				
I. Other comprehensive income items which will not be reclassified subsequently to profit of loss								
Including: Changes of the defined benefit plans that re-measured								
Other comprehensive income under equity method that cannot be transfer to gain/loss								
Change of fair value of investment in other equity instrument								
Fair value change of enterprise's credit risk								
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
Change of fair value of other debt investment								
Amount of financial assets re-classify to other comprehensive income								
Credit impairment provision for other debt investment								
Cash flow hedging reserve								
Translation differences arising on translation of foreign								

currency financial statements								
Total other comprehensive income	26,422.00							26,422.00

58. Reasonable reserve

Not applicable

59. Surplus public reserve

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
Statutory surplus reserves	23,848,485.62			23,848,485.62
Total	23,848,485.62			23,848,485.62

60. Retained profit

In RMB

Item	Current period	Last period
Retained profit at the end of the previous period before adjustment	424,141,893.34	387,423,510.78
Adjust the total Retained profits at the beginning of the period (Increase +, Decrease -)		
Total retained profit at the beginning of the previous period before adjustment	424,141,893.34	387,423,510.78
Add: net profit attributable to shareholder of parent company	44,542,715.32	57,663,828.89
Less: withdrawal of legal surplus reserve		2,840,996.89
Withdraw of discretionary surplus reserve		
Withdraw of general risk provision		
Common stock dividends payable	8,621,166.40	18,104,449.44
Dividend of ordinary shares transferred to share capital		
Retained profit at period-end	460,063,442.26	424,141,893.34

61. Operating income and operating cost

In RMB

Item	Current period		Last period	
	Income	Cost	Income	Cost
Main business	244,632,938.62	172,326,102.86	193,056,348.40	153,545,320.45
Other business	4,859,322.62	987,151.10	3,995,441.89	1,229,267.07
Total	249,492,261.24	173,313,253.96	197,051,790.29	154,774,587.52

Income related information

In RMB

Contract classification	Auto sales	Auto maintenance and inspection	Lease and service	Jewelry sales and service	Total
Product types					
Including: Auto sales	95,643,935.09				95,643,935.09

Auto maintenance and inspection		23,157,150.81			23,157,150.81
Lease and service			99,013,183.37		99,013,183.37
Jewelry sales and service				31,677,991.97	31,677,991.97
Classified by business area					
Including: Shenzhen	95,643,935.09	23,157,150.81	99,013,183.37	31,677,991.97	249,492,261.24
Total	95,643,935.09	23,157,150.81	99,013,183.37	31,677,991.97	249,492,261.24

Information on the top five items of revenue recognized during the reporting period:

In RMB

Serial	Item	Income
1	Customer I	29,242,478.00
2	Customer II	4,137,114.27
3	Customer III	4,101,654.49
4	Customer IV	4,055,466.04
5	Customer V	2,793,716.42

62. Tax and surcharges

In RMB

Item	Current period	Last period
Urban maintenance and construction tax	373,364.45	273,827.41
Education surcharge	266,566.48	195,109.16
House property tax	1,750,236.76	365,803.85
Use tax of land	132,393.16	554,437.90
Stamp duty	88,215.19	82,782.69
Other taxes	3,380.00	-95,233.44
Total	2,614,156.04	1,376,727.57

63. Sales expenses

In RMB

Item	Current period	Last period
Staff remuneration	6,414,558.14	4,368,623.68
Advertising and exhibition expenses	813,955.93	190,434.21
Depreciation and amortization	2,066,128.41	762,935.85
Office expenses	202,242.09	266,706.77
Property and utilities	433,397.24	371,102.25
Transportation and business trip cost	114,255.71	6,650.61
Insurance supervision fee	476,862.25	31,824.74
Other	1,480,912.25	777,866.43
Total	12,002,312.02	6,776,144.54

64. Administration expenses

In RMB

Item	Current period	Last period
Staff remuneration	16,070,330.49	13,255,712.63

Office expenses	248,988.77	522,602.46
Transportation and business trip cost	124,886.80	105,949.65
Business entertainment expenses	170,483.29	103,117.88
Depreciation and amortization	1,614,251.84	989,192.76
Intermediary agency service fee	1,285,160.67	1,270,520.91
Other	1,293,372.83	954,904.32
Total	20,807,474.69	17,202,000.61

65. R&D expenses

Not applicable

66. Financial expenses

In RMB

Item	Current period	Last period
Interest expenses	1,747,427.56	46,986.20
Less: Interest income	1,719,072.96	2,453,494.99
Less: interest capitalized amount	547,427.56	
Exchange loss	-7,790.79	66,918.38
Other	122,303.86	137,439.86
Total	-404,559.89	-2,202,150.55

67. Other income

In RMB

Sources	Current period	Last period
Handling fee refund for withholding personal income tax	4,082.49	36,471.10
Other	322,337.67	16,375.60
Total	326,420.16	52,846.70

68. Investment income

In RMB

Item	Current period	Last period
Long-term equity investment income measured by equity	9,683,638.47	8,521,866.84
Investment income of wealth management products during the holding period	4,712,120.21	4,359,623.66
Total	14,395,758.68	12,881,490.50

69. Net exposure hedge gains

Not applicable

70. Income of fair value changes

In RMB

Sources	Current period	Last period
Trading financial assets	-418,952.05	-356,102.35
Total	-418,952.05	-356,102.35

71. Credit impairment loss

In RMB

Item	Current period	Last period
Loss of bad debt of other account receivable		13.87
Loss of bad debt of other account receivable		599,187.56
Total		599,201.43

72. Assets impairment loss

Not applicable

73. Income from assets disposal

In RMB

Sources	Current period	Last period
Income from disposal of non-current assets	56,242.77	
Total	56,242.77	

74. Non-operating income

In RMB

Item	Current period	Last period	Amount included in the current non-recurring profit and loss
Government grants		230,000.00	
Other	72,884.60	716,106.92	72,884.60
Total	72,884.60	946,106.92	72,884.60

75. Non-operating expenditure

In RMB

Item	Current period	Last period	Amount included in the current non-recurring profit and loss
Other	9,945.86	29,059.48	9,945.86
Total	9,945.86	29,059.48	9,945.86

76. Income tax expense

(1) Income tax expense

In RMB

Item	Current period	Last period
Current income tax expenses	11,085,413.51	6,407,943.06
Deferred income tax expenses		19,471.10
Adjustment for precious period		20,891.90
Total	11,085,413.51	6,448,306.06

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

In RMB

Item	Current period
Total profit	55,582,032.72
Income tax expenses calculated by statutory tax rate	13,895,508.18
Impact by different tax rate applied by subsidies	-79,147.76

Impact of non taxable income	-2,420,909.62
Unrecognized impacts of deductible temporary differences or deductible losses on deferred income tax assets in the period	-310,037.29
Income tax expenses	11,085,413.51

77. Other comprehensive income

Found more in annotations

78. Annotation of cash flow statement

(1) Cash received with other operating activities concerned

In RMB

Item	Current period	Last period
Deposit margin	9,160,722.91	3,272,399.10
Interest income	1,719,072.96	1,643,158.09
Intercourse funds and other	62,509,088.41	33,302,872.31
Total	73,388,884.28	38,218,429.50

(2) Cash paid with other operating activities concerned

In RMB

Item	Current period	Last period
Cash paid	28,551,813.16	18,510,703.27
Deposit margin	6,501,628.21	734,563.26
Intercourse funds and other	42,275,584.65	29,438,222.21
Total	77,329,026.02	48,683,488.74

79. Supplementary information to statement of cash flow

(1) Supplementary information to statement of cash flow

In RMB

Supplementary information	Current period	Last period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	44,496,619.21	26,770,658.26
Add: Impairment provision for assets		-599,201.43
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	15,293,526.20	11,167,637.52
Depreciation of right-of-use assets		
Amortization of intangible assets	716,715.48	638,732.46
Amortization of long-term pending expenses	2,080,287.58	764,042.88
Loss from disposal of fixed assets, intangible assets and other long-term assets (income is listed with “-”)	-56,242.77	
Losses on scrapping of fixed assets (income is listed with “-“)	-	23,933.75
Loss from change of fair value (income is listed with “-“)	418,952.05	356,102.35
Financial expenses (income is listed with	1,200,000.00	46,986.20

“-”)		
Investment loss (income is listed with “-”)	-14,395,758.68	-12,881,490.50
Decrease of deferred income tax assets (increase is listed with “-”)	19,471.10	19,471.10
Increase of deferred income tax assets (decrease is listed with “-”)		
Decrease of inventory (increase is listed with “-”)	9,297,128.79	6,275,613.37
Decrease of operating receivable accounts (increase is listed with “-”)	-7,192,322.29	48,012,932.94
Increase of operating payable accounts (decrease is listed with “-”)	7,693,022.35	-63,289,096.70
Other		
Net cash flow arising from operating activities	59,571,399.02	17,306,322.20
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	358,059,693.02	304,937,895.62
Less: Balance of cash equivalent at period-begin	208,462,656.63	400,668,257.81
Add: Balance at period-end of cash equivalents		
Less: Balance at period-begin of cash equivalents		
Net increase of cash and cash equivalents	149,597,036.39	-95,730,362.19

(2) Net cash paid for obtaining subsidiary in the Period

Not applicable

(3) Net cash received by disposing subsidiary in the Period

Not applicable

(4) Constitution of cash and cash equivalent

In RMB

Item	Ending balance	Opening balance
I. Cash	358,059,693.02	208,462,656.63
Including: Cash on hand	9,536.20	20,542.55
Bank deposit available for payment at any time	358,050,156.82	208,442,114.08
III. Balance of cash and cash equivalent at	358,059,693.02	208,462,656.63

period-end		

80. Notes of changes of owners' equity

Not applicable

81. Assets with ownership or use right restricted

In RMB

Item	Ending book value	Reasons for restriction
Monetary fund	29,646,654.29	Upgrading project of the Tellus-Gman Gold & Jewelry Industrial Park - supervision funds for the 03# land
Intangible assets	48,854,178.50	Bank loan mortgage
Total	78,500,832.79	--

82. Foreign currency monetary

(1) Foreign currency monetary

In RMB

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted
Monetary funds	--	--	8,684,970.31
Including: USD	1,342,859.53	6.4639	8,680,043.47
EURO			
HKD	5921.6834	0.832	4,926.84
Account receivable	--	--	
Including: USD			
EURO			
HKD			
Long-term loans	--	--	
Including: USD			
EURO			
HKD			

Other explanation:

(2) Explanation on foreign operational entity, including as for the major foreign operational entity, disclosed main operation place, book-keeping currency and basis for selection; if the book-keeping currency changed, explain reasons

□Not applicable

83. Hedging

Not applicable

84. Government grants

(1) Government grants

In RMB

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	
2020 Consumption Promotion Support Program Subsidy Funds	4,541,170.21	Deferred income	48,829.79

(2) Government grants rebate

□ Applicable √Not applicable

85. Other

VI. Changes of consolidation range

1. Enterprise combine not under the same control

Not applicable

2. Enterprise combine under the same control

Not applicable

3. Reverse purchase

Not applicable

4. Disposal of subsidiaries

Whether there is a single disposal of an investment in a subsidiary that resulted in a loss of control

□ Yes √ No

Whether there is a step-by-step disposal of investment in a subsidiary through multiple transactions and loss of control during the period

□ Yes √ No

5. Other reasons for consolidation range changed

During the reporting period, the liquidation of the holding subsidiaries Anhui Tellus Starlight Jewelry Investment Co., Ltd. and Anhui Tellus Starlight Jinzun Jewelry Co., Ltd. was completed.

During the reporting period, a newly established subsidiary, Shanghai Fanyue Diamond Co., Ltd., completed industrial and commercial registration and obtained a business license on June 29, 2021, with a registered capital of 3.5 million yuan. As of June 30, 2021, the capital injection has not been completed.

VII. 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	100.00%		Establishment
Shenzhen Bao’an Shiquan Industrial Co.,	Shenzhen	Shenzhen	Commerce		100.00%	Establishment

Ltd.						
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 Corporation	Shenzhen	Shenzhen	Commerce	100.00%		Establishment
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
Sichuan Tellus Jewelry Tech. Co., Ltd.	Chengdu	Chengdu	Commerce	66.67%		Establishment
Shenzhen Tellus Treasure 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.	Shanghai	Shanghai	Commerce	100%		Establishment

Sichuan Tellus Jewelry Tech. Co., Ltd. is currently in the liquidation stage.

(2) Important non-wholly-owned subsidiary

In RMB

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%	-438,775.60		3,669,231.39
Shenzhen SDG Huari Auto Enterprise Co., Ltd.	40.00%	753,045.12		11,708,020.08

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

In RMB

Subsidiary	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Huari Toyota Auto Sales Co., Ltd	60,835,187.17	6,629,773.21	67,464,960.38	58,291,881.91		58,291,881.91	67,507,256.67	6,694,509.17	74,201,765.84	63,931,748.36		63,931,748.36
Shenzhen SDG Huari Auto Enterprise Co., Ltd.	62,981,681.49	21,214,816.41	84,196,497.90	54,776,447.71		54,776,447.71	52,641,986.30	22,198,318.35	74,840,304.65	47,302,867.25		47,302,867.25

In RMB

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	120,908,660.87	-1,096,939.01	-1,096,939.01	-1,066,151.60	119,178,692.47	-3,930.02	-3,930.02	1,564,040.84

Auto Sales Co., Ltd								
Shenzhen SDG Huari Auto Enterprise Co., Ltd.	18,429,177.57	1,882,612.79	1,882,612.79	68,643.14	16,003,589.01	549,866.95	549,866.95	-4,077,786.01

(4) Significant restrictions on the use of enterprise group assets and pay off debts of the enterprise group

Nil

(5) Financial or other supporting offers to the structured entity included in consolidated financial statement range

Nil

2. Transaction that has owners equity shares changed in subsidiary but still with controlling rights

Nil

3. 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
Shenzhen Dongfeng Motor Co., Ltd.	Shenzhen	Shenzhen	Auto manufacture and maintain		25.00%	Equity method accounting

(2) Main financial information of the important joint venture

In RMB

	Ending balance/Current period	Opening balance/Last period
	Shenzhen Tellus Gman Investment Co., Ltd	Shenzhen Tellus Gman Investment Co., Ltd
Current assets	46,270,805.12	37,797,029.81
Including: Cash and cash equivalent	36,205,315.04	34,281,101.96
Non current assets	357,302,453.86	360,906,421.80
Total Assets	403,573,258.98	398,703,451.61
Current liabilities	32,649,441.22	27,947,969.41
Non current liabilities	286,344,000.00	295,422,000.00
Total liabilities	318,993,441.22	323,369,969.41

Minority interests		
Shareholders' equity attributable to the parent company	84,579,817.76	75,333,482.20
Share of net assets calculated by shareholding ratio	42,289,908.88	37,666,741.10
Adjustment matters		
--Goodwill		
—Unrealized profit of internal trading		
--Others		
Book value of equity investment in joint ventures	42,289,908.88	37,666,741.10
Fair value of the equity investment of joint venture with public offers concerned		
Business income	42,642,620.11	6,840,207.33
Financial expenses	7,886,096.17	2,693,091.50
Income tax expenses	3,082,111.84	8,079,274.57
Net profit	9,246,335.50	8,079,274.57
Net profit of the termination of operation		
Other comprehensive income		
Total comprehensive income	9,246,335.50	8,079,274.57

(3) Main financial information of the important associated enterprise

In RMB

	Ending balance/Current period		Opening balance/Last period	
	Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	Shenzhen Dongfeng Motor Co., Ltd.	Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	Shenzhen Dongfeng Motor Co., Ltd.
Current assets	201,916,166.19	339,417,321.97	214,297,861.00	378,483,991.85
Non current assets	35,188,951.04	169,934,989.83	23,368,404.54	172,244,888.77
Total Assets	237,105,117.23	509,352,311.80	237,666,265.54	550,728,880.62
Current liabilities	104,915,154.85	308,042,380.41	141,645,848.00	344,958,726.39
Non current liabilities	14,598,723.35	62,303,663.43	0	65,583,477.43
Total liabilities	119,513,878.20	370,346,043.84	141,645,848.00	410,542,203.82
Minority interests		-5,103,965.10		-14,510,815.59
Shareholders' equity attributable to the parent company	117,591,239.03	144,110,233.06	96,020,417.54	154,697,492.39
Share of net assets calculated by shareholding ratio	41,156,933.66	36,027,558.27	33,607,146.14	38,674,373.09
Adjustment matters				
--Goodwill				

—Unrealized profit of internal trading				
--Other				
Book value of equity investment in associated enterprise	41,156,933.66	36,027,558.27	33,607,146.14	38,674,373.09
Fair value of the equity investment of associated enterprise with public offers concerned				
Business income	638,056,465.79	140,302,873.97	542,501,386.62	154,117,515.10
Net profit	21,570,821.49	-11,541,030.10	12,502,889.67	-345,684.65
Net profit of the termination of operation				
Other comprehensive income				
Total comprehensive income	21,570,821.49	-11,541,030.10	12,502,889.67	-345,684.65

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

In RMB

	Ending balance/Current period	Opening balance/Last period
Joint venture:	--	--
Total book value of investment	13,058,625.03	12,697,424.88
Amount based on share-holding ratio	--	--
-- Net profit	708,235.59	588,819.14
--Other comprehensive income		
-- Total comprehensive income	708,235.59	588,819.14
Associated enterprise:	--	--
Total book value of investment	791,568.21	995,270.33
Amount based on share-holding ratio	--	--
-- Net profit	-565,839.22	-959,266.17
--Other comprehensive income		
-- Total comprehensive income	-565,839.22	-959,266.17

Other explanation:

1. Not important joint venture: Shenzhen Tellus Hang Investment Co., Ltd.

2. Not important associated enterprise: Shenzhen Automobile Industry Import and Export Co., Ltd.

(5) Major limitation on capital transfer ability to the Company from joint venture or associated enterprise

Nil

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

In RMB

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	378,447.10	1,554,659.83
Shenzhen Tellus Automobile Service Chain Co., Ltd.	98,865.26		98,865.26

(7) Unconfirmed commitment with joint venture investment concerned

Nil

(8) Intangible liability with joint venture or affiliates investment concerned

Nil

4. Major conduct joint operation

Nil

5. Structured body excluding in consolidate financial statement

Nil

6. Other

VIII. 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, accounts receivable, other receivables 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 receivables, other receivables 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.).

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, 2021, the maturity periods of the company's financial liabilities are as follows:

Item	June 30, 2021

	Within 1 year	1-2 years	2-3 years	Over 3 years
Accounts payable	78,222,681.88			
Other payable	171,168,970.30			
Long term loan	40,886,819.43			
Long-term payable				3,920,160.36
Total	290,278,471.61	-	-	3,920,160.36

3. Market risk

(1) Foreign exchange risk

The exchange rate risk of the Company mainly derives from the foreign currency assets and liabilities held by the Company and its subsidiaries that are not denominated in their standard currency for accounting. The Company operates in mainland China and its main activities are denominated in RMB. Therefore, the Company's exposure to the foreign exchange market is not material.

On the balance sheet date, the Company's foreign currency monetary assets and liabilities are described in Note V 52 to the financial statements.

(2) Interest rate risk

The Company's interest rate risk is mainly generated from long-term bank borrowing. Financial liabilities with floating rate expose the Company to cash flow interest rate risk, while financial liabilities with fixed rate expose the Company to fair value interest rate risk. The Company determines the relative ratio of fixed and floating rate contracts based on prevailing market conditions.

The finance department of the Company headquarters continuously monitors the interest rate of the Group. An increase in interest rates will increase the cost of additional interest-bearing debt and the interest expense of the Company's outstanding interest-bearing debt with floating interest rate and will have a material adverse impact on the Company's financial results, the management will make timely adjustments based on the latest market conditions.

IX. Disclosure of fair value

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

In RMB

Item	Ending fair value			
	First-order	Second-order	Third-order	Total
I. Sustaining measured by fair value	--	--	--	--
(I) Transaction financial asset			211,374,917.81	211,374,917.81

1.Financial assets measured at fair value and whose changes are included in current profit or loss			211,374,917.81	211,374,917.81
(III) Other equity instrument investment			10,176,617.20	10,176,617.20
II. Non-persistent measure	--	--	--	--

2. Recognized basis for the market price sustaining and non-persistent measured by fair value on first-order

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

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

5. Continuous third-level fair value measurement items, adjustment information between the opening and closing book value and sensitivity analysis of unobservable parameters

6. Continuous fair value measurement items, if there is a conversion between various levels in the current period, the reasons for the conversion and the policy for determining the timing of the conversion

7. Changes in valuation technology during the current period and reasons for the changes

8. The fair value of financial assets and financial liabilities not measured by fair value

X. 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 SDG Co., Ltd.	Shenzhen	Development and operation of real estate and domestic commerce	3582.82 million Yuan	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 3582.82 million yuan.

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

2. Subsidiary

Subsidiary of the Company found more in Note IX

3. Joint venture and associated enterprise

Joint Venture of the Company found more in Note IX

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.	Associated company
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. Other related party

Other related party	Relationship with the Enterprise
Shenzhen SD Petty Loan Co., Ltd.	Holding subsidiary of the parent company
Shenzhen SDG Swan Industrial Co., Ltd.	Holding subsidiary of the parent company
Shenzhen Machinery Equipment Imp & Exp. Company	Holding subsidiary of the parent company
Shenzhen SDG Real Estate Co., Ltd	Holding subsidiary of the parent company
Hong Kong Yujia Investment Co, Ltd.	Holding subsidiary of the parent company
Shenzhen SDG Engineering Management Co., Ltd.	Holding subsidiary of the parent company
Shenzhen Tellus Yangchun Real Estate Co., Ltd.	Holding subsidiary of the parent company
Shenzhen Longgang Tellus Real Estate Co., Ltd.	Holding subsidiary of the parent company
Shenzhen SDG Tellus Property Management Co., Ltd.	Holding subsidiary of the parent company
Shenzhen SDG Service Co., Ltd. Jewelry Park Branch	Holding subsidiary of the parent company

5. Related transaction

(1) Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

In RMB

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	518,499.99	43	Y	637,620.00
Shenzhen SDG Tellus Property Management Co., Ltd.	Accept labor	7,668,080.71	1,570	N	7,001,541.81
Shenzhen SDG Service Co., Ltd. Jewelry Park Branch	Accept labor	412,752.47	36	Y	199,490.25

Goods sold/labor service providing

In RMB

Related party	Related transaction content	Current Period	Last Period

Shenzhen SDG Petty Loan Co., Ltd.	Providing services	80,602.62	93,615.92
Shenzhen SDG Tellus Property Management Co., Ltd.	Providing services	36,701.08	

(2) Related trusteeship management/contract & entrust management/ outsourcing

Nil

(3) Related lease

As a lessor for the Company:

In RMB

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	1,694,444.45
Shenzhen Xinyongtong Auto Service Co., Ltd.	House lease	404,910.00	231,379.05
Shenzhen Xinyongtong Dongxiao Auto Service Co., Ltd.	House lease	297,000.00	169,714.29
Shenzhen SD Petty Loan Co., Ltd.	House lease	495,064.92	620,733.12
Shenzhen SDG Tellus Property Management Co., Ltd.	House lease	23,041.90	25,402.04
Shenzhen SDG Service Co., Ltd. Jewelry Park Branch	House lease	542,136.57	897,970.47
Subtotal		4,357,391.51	3,639,643.42

As lessee:

Nil

(4) Related guarantee

As guarantor

In RMB

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	April 17, 2007	Until the expiry date of the joint venture contract	No

Explanation on related guarantee:

The Company signed a "Pledge Contract" with Zung Fu Automobile Management (Shenzhen) Co., Ltd. (hereinafter referred to as "Zung Fu Shenzhen"), which agreed that during the period from the establishment of Shenzhen Zung Fu Tellus Auto Service Co., Ltd. (hereinafter referred to as "Zung Fu Tellus"), a joint venture of the Company, to the expiration of the contract period between the Company and Zung Fu Shenzhen, Zung Fu Shenzhen provides loans to Zung Fu Tellus in the form of entrusted loans, and Zung Fu Tellus borrows from banks or other financial enterprises with the guarantee provided by Zung Fu Shenzhen, and the total amount of borrowing does not exceed 100 million yuan, it shall assume 35% of the liabilities arising from the above borrowings in accordance with the equity proportion, it’s agreed that the Company will pledge its 35% of the equity of Zung Fu Tellus to Zung Fu Shenzhen as the corresponding counter-guarantee for the above loan.

The Company’s subsidiary Sichuan Tellus Jewelry Tech. Co., Ltd.’s shareholder Chengdu Caizhiyuan Jewelry Co., Ltd. 's affiliated enterprise Chengdu Hezhiyuan Jewelry Co., Ltd. and affiliated individual Xiong Yungui, Chengdu Ruihang Jewelry Co., Ltd., a shareholder of Sichuan Tellus Jewelry Tech. Co., Ltd., and affiliated individual Lin Hang, Sichuan Tellus Jewelry Tech. Co., Ltd.'s shareholder Chengdu Zhongjin Guifu Jewelry Co., Ltd and affiliated individual Lin Tonggui, Sichuan Tellus Jewelry Tech. Co., Ltd.'s shareholder Chengdu Hengyue Trading Co., Ltd and affiliated enterprise Chengdu Zhongcheng Shubao Jewelry Co., Ltd set Sichuan Tellus Jewelry Tech. Co., Ltd. as the creditor's maximum amount of guarantee, and the principal debt of the guarantee is Sichuan Tellus Jewelry Tech. Co., Ltd. For the receivables of Lin Qin and other warrantees, the guaranteed amount is 41,479,900 yuan.

(5) Related party's borrowed funds

In RMB

Related party	Borrowing amount	Starting date	Maturity date	Note
Borrowing				
Shenzhen Tellus Hang Investment Co., Ltd.	155,131.17	January 1, 2021	December 31, 2022	Payment of property rights representative salary
Hancheng Energy Group Co., Ltd.	52,200,000.00	July 17, 2020		Including interest payable 2,200,000.00 yuan
Lending				

(6) Related party's assets transfer and debt reorganization

Nil

(7) Remuneration of key manager

In RMB

Item	Current period	Last period
Remuneration of directors, supervisors and senior executives	2,695,100.00	2,926,900.00

(8) Other related transaction

6. Receivable and payable of related party

(1) Receivable item

In RMB

Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Shenzhen Xinyongtong Auto Service Co., Ltd.	927,602.00	927,602.00	927,602.00	927,602.00
	Shenzhen SDG Petty Loan Co., Ltd.	7,324.78	1,154.82	115,481.80	1,154.82
	Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	2,103,142.92	-		
Subtotal		3,038,069.70	928,756.82	1,043,083.80	928,756.82
Dividend receivable	Shenzhen Dongfeng Motor Co., Ltd.	24,100,548.07		24,100,548.07	
Subtotal		24,100,548.07	-	24,100,548.07	
Other receivable	Shenzhen Tellus Automobile	1,359,297.00	1,359,297.00	1,359,297.00	1,359,297.00

	Service Chain Co., Ltd.				
	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 Tellus Xinyongtong Auto Service Co., Ltd.	114,776.33	114,776.33	114,776.33	114,776.33
	Jewelry Park Branch of Shenzhen SDG Service Co., Ltd.	549,449.40	-		
Subtotal		3,216,195.06	2,666,745.66	2,666,745.66	2,666,745.66
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

In RMB

Item	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	-	12,905.66
	Shenzhen SDG Tellus Property Management Co., Ltd.	8,626,405.80	2,516,323.68
Subtotal		14,926,561.26	8,829,384.80
Advances received	Shenzhen Zung Fu Tellus Auto Service Co., Ltd.		492,095.20
Subtotal			492,095.20
Other payable	Hong Kong Yujia Investment Co, Ltd.	2,158,064.96	2,172,091.54
	Shenzhen SDG Swan Industrial Co., Ltd.	20,703.25	20,703.25
	Shenzhen Machinery Equipment Imp & Exp. Company	1,554,196.80	1,554,196.80
	Shenzhen Special Development Group Co., Ltd.	17,416,948.94	17,429,247.94
	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.	155,131.17	122,978.63
	Shenzhen Yongtong Xinda Inspection Equipment Co., Ltd.	5,600.00	5,600.00
	Anhui Jinzun Jewelry Co., Ltd.		1,330,000.00
	Shenzhen SDG Tellus Property Management Co., Ltd.	461,751.96	124,550.87
	Jewelry Park Branch of Shenzhen SDG Service	6,598.00	6,598.00

	Co., Ltd.		
	Shenzhen Zung Fu Tellus Auto Service Co., Ltd.		833,334.00
	Shenzhen SDG Petty Loan Co., Ltd.	227,836.80	227,836.80
	Jewelry Park Branch of Shenzhen SDG Service Co., Ltd.		58,100.00
	Hancheng Energy Group Co., Ltd.	51,000,000.00	51,000,000.00
Subtotal		74,578,791.87	76,457,197.82

XI. Share-based payment

1. Overall situation of share-based payment

□ Applicable √Not applicable

2. Share-based payment settled by equity

□ Applicable √Not applicable

3. Share-based payment settled by cash

□ Applicable √Not applicable

4. Modification and termination of share-based payment

Nil

XII. Commitment or contingency

1. Important commitments

Capital commitment

Capital commitments that have been signed but not yet confirmed in the financial statements	June 30, 2021	December 31, 2020
Large contract	192,579,624.03	220,523,772.58

2. Contingency

(1) Contingency on balance sheet date

In March 1998, Tellus Group provides guarantee for the loan of 3 million yuan to China Citic Bank for Jintian Industrial (Group) Co., Ltd. (hereinafter referred to as Jintian Company). Subsequently, as Jintian Company failed to repay the loan, China Citic Bank filed a lawsuit, requiring Jintian Company to fulfill the repayment responsibility and Tellus Group to assume the guarantee responsibility. As a result, Tellus Group was forced to deduct 4,081,830 yuan (including 3 million yuan of principal, 1,051,380 yuan of interest, 25,160 yuan of legal fees, and execution fee of 5,290 yuan). In October 2005, Tellus Group filed a lawsuit with the People's Court of Luohu District, Shenzhen City, requesting that Jintian Company should be ordered to pay the deducted money to Tellus Group. The court ruled in favour of Tellus Group, and Tellus Group applied for compulsory execution, but the execution was suspended as Jintian Company had no property for execution.

In August 1997, Tellus Group provided guarantee for Jintian Company's loan of US $2 million to Shenzhen Development Bank Renminqiao Branch. Subsequently, due to Jintian Company's failure to repay the loan, Shenzhen Development Bank filed a lawsuit, requiring Jintian Company to fulfill the repayment responsibility and Tellus Group to assume the guarantee responsibility. Tellus Group repaid US $2,960,490 plus interest to Shenzhen Development Bank. In 2008, Tellus Group filed a lawsuit with the People's Court of Luohu District, Shenzhen City, requesting that Jintian Company should be ordered to pay the said amount and interest repaid by Tellus Group on its behalf. Through the mediation of the People's Court of Luohu District, Shenzhen, they reached the agreement that Jintian Company should pay the amount of US $2,960,490 to Tellus Group by October 31, 2008, and Tellus Group should exempt Jintian Company from interest payment. If Jintian Company failed to pay on time, it should pay a penalty for overdue payment according to the RMB benchmark lending rate for the same period published by the People's Bank of China. The People's Court of Luohu District made the paper of civil mediation (2008) SLFMYCZ No.937. Jintian Company did not fulfill its repayment obligation, Tellus Group applied for compulsory enforcement, but the execution was ruled to terminate as Jintian Company had no property for execution.

In 2014, Jintian Company filed for bankruptcy due to its insolvency and later entered the bankruptcy reorganization process. 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 Tellus Group according to the reorganization plan, and Tellus Group should be distributed cash of 325,000 yuan and 427,604 A shares and 163,886 B shares of Jintian Company. 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, Tellus Group 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 Tellus Group 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). On January 7, 2021, Tellus Group applied to the People's Court of Qianhai Cooperation Zone for compulsory execution, but the execution was terminated as no available property of Jintian Company was found. Tellus Group filed for the execution of the bankruptcy application to Qianhai Court to apply for the bankruptcy of Jintian Company again, Qianhai Court has transferred our company's application to Shenzhen Intermediate People's Court for bankruptcy examination. As of the approval date of this financial report, Shenzhen Intermediate People's Court has not yet issued the examination result, and Tellus Group has not received the execution payment.

Tellus Group has dealt with the above claims as non-operating expenses in the early years, included them in the profits of the year, which no longer have an impact on future operations.

(2) If the Company has no important contingency need to disclosed, explain reasons

The Company has no important contingency that need to disclose.

3. Other

XIII. Events after balance sheet date

Not applicable

XIV. Other important events

1. Previous accounting errors collection

Nil

2. Debt restructuring

Nil

3. Assets exchange

Nil

4. Pension plan

Nil

5. Discontinuing operation

Nil

6. 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

In RMB

Item	Auto sales	Auto maintenance and inspection	Leasing and services	Wholesale and retail of jewelry	Offset between segment	Total
Main business income	95,643,935.09	38,834,580.73	96,482,509.28	31,677,991.97	-18,006,078.45	244,632,938.62
Main business cost	94,251,556.02	34,300,774.64	29,273,508.61	32,194,329.55	-17,694,065.96	172,326,102.86
Total assets	67,464,960.38	84,196,497.90	2,759,935,992.82	225,525,476.01	-1,352,996,877.95	1,784,126,049.16
Total liability	58,291,881.91	54,776,447.71	796,958,486.62	13,758,824.42	-560,131,844.02	363,653,796.64

7. Other major transaction and events makes influence on investor's decision

Nil

8. Other

On July 17, 2020, the 17th interim meeting of the 9th Board of Directors of the Company deliberated and approved the Proposal on the Signing of Intention Agreement Between the Subsidiary and Hubei Hans' Industry Investment Co., Ltd. According to the agreement signed on the same day between the company's subsidiary Auto Industry and Trade Company (Party A) and Hubei Hans' Industry Investment Co., Ltd. (Party B), Party B undertakes to participate in Party A's plan to sell 25% of its equity in Shenzhen Dongfeng Motor Co., Ltd through the Shanghai United Asserts and Equity Exchange in accordance with laws and regulations. The target equity shall be transferred at a price not less than 1/2 of the transaction price of 50% of the equity held by Party B in Shenzhen Dongfeng Motor Co., Ltd., which is transferred to Party B by Dongfeng Special Commercial Vehicle Co., Ltd., and at a price not less than the appraisal price of the third-party intermediary selected or approved by Party A. Party B shall pay Party A a performance bond of 50,000,000.00 yuan, and the interest on the bond shall be calculated according to the agreement. Auto Industry and Trade Company has received a performance bond of

50,000,000.00 yuan from Hubei Hans' Industry Investment Co., Ltd. in July 2020, and accrued interest was 2,200,000.00 yuan as of June 30, 2021. As of now, Auto Industry and Trade Company has not publicly listed the said stock equity for sale.

XV. Principal notes of financial statements of parent company

1. Account receivable

(1) Category

In RMB

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	17.07%	484,803.08	100.00%	-	484,803.08	65.79	484,803.08	100	0
Account receivable with bad debt provision accrual on portfolio	2,355,226.35	82.93%	2,655.23	0.11%	2,352,571.12	252,083.43	34.21	2,655.23	1.05	249,428.20
Total	2,840,029.43	100.00%	487,458.31	17.16%	2,352,571.12	736,886.51	100.00%	487,458.31	66.15%	249,428.20

Bad debt provision accrual on single basis:

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Shenzhen Bijiashan Entertainment Company	172,000.00	172,000.00	100.00	The accounts age is long and is not expected to be recovered
Gong Yanqing	97,806.64	97,806.64	100.00	The accounts age is long and is not expected to be recovered
Guangzhou Lemin Computer Center	86,940.00	86,940.00	100.00	The accounts age is long and is not expected to be recovered
Other	128,056.44	128,056.44	100.00	The accounts age is long and is not expected to be recovered
Total	484,803.08	484,803.08	--	--

Bad debt provision accrual on portfolio:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Within one year	2,355,226.35	2,655.23	0.11%
Total	2,355,226.35	2,655.23	--

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

By account age

In RMB

Account age	Ending balance
Within one year (including one year)	2,355,226.35
Over 3 years	484,803.08
Over 5 years	484,803.08
Total	2,840,029.43

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

Bad debt provision accrual in the period:

In RMB

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	2,655.23					2,655.23
Total	487,458.31					487,458.31

(3) Account receivable actually written-off in the period

Nil

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

In RMB

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.	2,103,142.92	74.05%	
Shenzhen Bijiashan Entertainment Company	172,000.00	6.06%	172,000.00
Shenzhen Jincheng Yinyu Jewelry Co., Ltd.	248,723.43	8.76%	2,487.23
Gong Yanqing	97,806.64	3.44%	97,806.64
Guangzhou Lemin Computer Center	86,940.00	3.06%	86,940.00
Total	2,708,612.99	95.37%	

(5) Account receivable derecognition due to financial assets transfer

Nil

(6) Assets and liabilities resulted by account receivable transfer and continues involvement

Nil

2. Other account receivable

In RMB

Item	Ending balance	Opening balance
Dividends receivable	547,184.35	547,184.35
Other account receivable	80,961,269.69	126,422,912.78
Total	81,508,454.04	126,970,097.13

(1) Interest receivable

Nil

(2) Dividend receivable

1) Category

In RMB

Item (or invested enterprise)	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

Nil

3) Accrual of bad debt provision

□ Applicable √Not applicable

(3) Other account receivable

1) By nature

In RMB

Nature	Ending book balance	Opening book balance
Other interim payment receivable	13,908,997.69	13,650,486.51
Related transactions within the scope of consolidation	80,643,106.99	126,363,261.26
Total	94,552,104.68	140,013,747.77

2) Accrual of bad debt provision

In RMB

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 of Jan. 1, 2021	2,489.33		13,588,345.66	13,590,834.99
Balance of Jan. 1, 2020 in the period	——	——	——	——
--Transfer to the second stage				
-- Transfer to the third				

stage				
-- Reversal to the second stage				
-- Reversal to the first stage				
Current provision				
Current reversal				
Current conversion				
Current write off				
Other change				
Balance of Jun. 30, 2020	2,489.33		13,588,345.66	13,590,834.99

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

□Not applicable

By account age

In RMB

Account age	Ending balance
Within one year (including one year)	80,963,759.02
1-2 years	
2-3 years	
Over 3 years	13,588,345.66
3-4 years	
4-5 years	
Over 5 years	13,588,345.66
Total	94,552,104.68

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

Bad debt provision accrual in the period:

In RMB

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	2,489.33					2,489.33
Total	13,590,834.99					13,590,834.99

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

Nil

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

In RMB

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	Internal intercourse	9,832,956.37	Over 3 years	10.40%	9,832,956.37
South Industry & TRADE Shenzhen Industrial Company	Internal intercourse	7,359,060.75	Over 3 years	7.78%	7,359,060.75
Shenzhen Zhonghao (Group) Co., Ltd	Internal intercourse	5,000,000.00	Over 3 years	5.29%	5,000,000.00
Shenzhen Kaifeng Special Automobile Industry Co., Ltd.	Internal intercourse	4,413,728.50	Over 3 years	4.67%	4,413,728.50
Gold Beili Electrical Appliances Company	Internal intercourse	2,706,983.51	Over 3 years	2.86%	2,706,983.51
Total	--	29,312,729.13	--	31.00%	29,312,729.13

6) Other account receivables related to government grants

Nil

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

Nil

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

Nil

Other explanation:

Name	Ending balance			
	Book balance	Bad debt provision	Provision ratio	Reason for provision
Shenzhen Zhonghao (Group) Co., Ltd	5,000,000.00	5,000,000.00	100%	The accounts age is long and is not expected to be recovered
Gold Beili Electrical Appliances Company	2,706,983.51	2,706,983.51	100%	The accounts age is long and is not expected to be recovered
Shenzhen Petrochemical Group	1,903,819.59	1,903,819.59	100%	The accounts age is long and is not expected to be recovered
Shenzhen SDG Huatong Packaging Industry Co., Ltd.	1,212,373.79	1,212,373.79	100%	The accounts age is long and is not expected to be recovered
Shenzhen Xiandao New Materials	660,790.09	660,790.09	100%	The accounts age is

Co., Ltd.				long and is not expected to be recovered
Other	2,104,378.68	2,104,378.68	100%	The accounts age is long and is not expected to be recovered
Total	13,588,345.66	13,588,345.66	--	--

3. Long-term equity investment

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment for subsidiary	794,745,472.73	1,956,000.00	792,789,472.73	799,743,472.73	6,954,000.00	792,789,472.73
Investment for associates and joint venture	106,292,629.89	9,787,162.32	96,505,467.57	93,758,474.47	9,787,162.32	83,971,312.15
Total	901,038,102.62	11,743,162.32	889,294,940.30	893,501,947.20	16,741,162.32	876,760,784.88

(1) Investment for subsidiary

In RMB

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	126,251,071.57					126,251,071.57	

Corporation							
Shenzhen SDG Huari Auto Enterprise Co., Ltd.	19,224,692.65					19,224,692.65	
Shenzhen Huari TOYOTA Automobile Sales Service Co., Ltd.	1,807,411.52					1,807,411.52	
Shenzhen Xinyongtong Automobile Inspection Equipment Co. Ltd.	10,000,000.00					10,000,000.00	
Sichuan Tellus Jewelry Tech. Co., Ltd.	100,000,000.00					100,000,000.00	
Shenzhen Tellus Treasure Supply Chain Tech. Co., Ltd.	50,000,000.00					50,000,000.00	
Shenzhen Hanligao Technology Ceramics Co., Ltd.	0.00					0.00	1,956,000.00
Shenzhen Jewelry Industry Service Co., LTD	13,000,000.00					13,000,000.00	
Total	792,789,472.73					792,789,472.73	1,956,000.00

(2) Investment for associates and joint venture

In RMB

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	37,666,741.13			4,623,167.75						42,289,908.88	
Shenzhen Tellus Hang Investment Co., Ltd.	12,697,424.88			361,200.15						13,058,625.03	
Subtotal	50,364,166.01			4,984,367.90						55,348,533.91	
II. Associated enterprise											
Shenzhen Zung Fu Tellus Auto Service Co., Ltd.	33,607,146.14			7,549,787.52						41,156,933.66	
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	33,607,146.14			7,549,787.52						41,156,933.66	9,787,162.32
Total	115,314,567.87			12,534,155.42						96,505,467.57	9,787,162.32

(3) Other notes

4. Operating income and operating cost

In RMB

Item	Current period		Last period	
	Income	Cost	Income	Cost

Main business	19,483,635.23	5,163,217.03	13,120,854.52	3,857,719.57
Total	19,483,635.23	5,163,217.03	13,120,854.52	3,857,719.57

5. Investment income

In RMB

Item	Current period	Last period
Long-term equity investment income measured by cost		8,400,304.32
Long-term equity investment income measured by equity	12,534,155.42	8,715,946.43
Investment income from the disposal of long-term equity investments	21,843.90	
Investment income of trading financial assets during the holding period	2,053,727.05	2,114,272.43
Total	14,609,726.37	19,230,523.18

6. Other

XVI. Supplementary information

1. Current non-recurring gains/losses

√ Applicable □Not applicable

In RMB

Item	Amount	Note
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise’s business)	322,337.67	Government subsidies
Except for effective hedge business relevant to normal operation of the Company, gains and losses arising from fair value change of tradable financial assets, derivative financial liabilities, tradable financial liability and derivative financial liability and investment income from disposal of tradable financial assets, derivative financial liabilities, tradable financial liability, derivative financial liability and other debt investment	4,293,168.16	Wealth management income
Other non-operating income and expenditure except for the aforementioned items	62,938.74	The income from forfeiture of lease deposit due to the tenant withdrew the lease in advance
Other gain/loss that meet the definition of non-recurring gain/loss	4,082.49	
Less: Impact on income tax	1,085,554.08	
Impact on minority interests	644,850.13	
Total	2,952,122.85	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

□ Applicable √Not applicable

2. ROE and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic EPS (Yuan/share)	Diluted EPS (Yuan/share)
Net profits belong to common stock stockholders of the Company	3.34%	0.1033	0.1033
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	3.12%	0.0965	0.0965

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

Nil