SHENZHEN TELLUS HOLDING CO., LTD.
FIRST QUARTERLY REPORT OF YEAR 2003

1. Important notice

1.1 Board of Directors of Shenzhen Tellus Holding Co., Ltd. (hereinafter referred to as the Company) individually and collectively accept responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are no material omissions nor errors which would render any statement misleading.

1.2 The Financial Report of this quarter has not been audited.

1.3 Chairman of the Board of the Company Mr. Zhang Ruili, General Manager Mr. Mao Songbai, Chief Financial Supervisor Mr. Ren Yongjian and Manager of Financial Department Ms. Li Mingjun hereby confirm that the Financial Report of this Quarterly Report is true and complete.

2. Company profile

2.1 Basic information

Short form of stock	ST Tellus-A, ST Tellus-B	Short form before change	Shen Tellus-A, Shen Tellus-B
Code of stock	000025, 200025		
	Secretary of the Board	Securities Affairs Representative	
Name	Li Chunxiu	Li Mingjun	
Contact address	3/F, Tellus Bldg., No. 56 of Shui Bei Er Road, Luohu District, Shenzhen	3/F, Tellus Bldg., No. 56 of Shui Bei Er Road, Luohu District, Shenzhen	
Tel.	0755-25536888-360	0755-25536888-351	
Fax	0755-25536658	0755-25536658	
E-mail	Lcx3333@163.net	Szlmj@163.net	

2.2 Financial information

2.2.1 Major accounting data

	End of the report period	End of the last year	Increase/decrease of amount of end of report period than that of end of last year (%)
Total assets	1,207,432,230.42	1,232,230,347.02	-2.01
Shareholders' equity (excluding minority interests)	198,882,295.60	203,523,567.11	-2.28
Net assets per share	0.90	0.92	-2.17
Net assets per share after adjustment	**0.01**	**0.04**	**-7.5**
	In the report period	Year begin to end of report period	Increase/decrease of amount of report period than that of corresponding period of last year (%)
Net cash flow arising from operating activities		-37,710,829,16	-159.24%
Earnings per share		-0.02	+50%
Return on equity		-2.33%	+34.37%
Return on equity after deducting non-recurring gains and losses		-2.29%	+8.59%
Items of non-recurring gains and losses		Amount	
Non-operating income		328,494,90	

Non-operating expenditure	413,077.17
Total	-84,582.27

2.2.2 Income statement

Unit: RMB

	The first quarter of year 2003		The first quarter of year 2002	
	Consolidated	Parent company	Consolidated	Parent company
I. Income from core business	231,931,679.27	3,308,084.19	154,489,945.69	3,149,562.83
Minus: cost of core business	207,210,037.87	691,161.85	136,905,685.93	667,987.18
Core business taxation and surcharge	872,319.90	172,020.37	731,938.24	163,777.26
II. Profit of core business	23,849,321.50	2,444,901.97	16,852,321.52	2,317,798.39
Plus: profit of other business	290,206.70		276,422.30	
Minus: operating expense	7,337,766.90		3,906,079.21	
Management expense	16,466,724.78	3,502,887.99	16,501,853.06	4,021,297.33
Financial expense	4,042,505.86	2,938,932.99	5,175,375.65	3,206,255.17
III. Operating profit	-3,707,469.34	-3,996,919.01	-8,454,564.10	-4,909,754.11
Plus: investment earnings	-237,584.58		-607,814.20	39,565.22
Subsidy income	0.00		0.00	
Non-operating income	328,494.90		305,484.79	
Minus: non-operating expenditure	420,242.07	2,438.53	330,445.90	
IV. Total amount of profit	-4,036,801.09	-3,999,357.54	-9,087,339.45	-4,870,188.89
Minus: income tax	290,805.37		121,053.61	
Minus: Minority gains and losses	313,665.05		53,532.84	
Investment loss unconfirmed				
V. Net profit	-4,641,271.51	-3,999,357.54	-9,261,925.90	-4,870,188.89

2.3 The total number of shareholders at the end of the report period: Ended Mar.31, 2003, the total number of shareholders of A-share was 12,964 persons and the total number of shareholders of B share was 3,516 persons.

3. Discussion and analysis of the Management

3.1 Brief analysis of the whole status of operating activities of the Company in the report period

In the report period, the industry and business scope of the Company experienced no change. In the 1st quarter of year 2003, the Company realized sales income of RMB 231,931,679.27, an increase of 50.13% compared with the corresponding period of the last year and realized profit from core business of RMB 23,849,321.50, an increase of 41.52% compared with the corresponding period of the last year. The main reason of the aforesaid change was that the sales volume of automobiles of Auto Industrial and Trading Co., Ltd. increased than that of the corresponding period of the last year.

3.1.1 Particulars about core industries or products taking over 10% of the total amount of income from core business or profit of core business

√Applicable ☐Inapplicable

Industries	Income from core business	Cost of core business	Gross profit ratio (%)
Sales of automobiles	190,151,479.31	182,433,591.75	4.06

3.1.2 Seasonal and periodicity characteristics of the operation

□Applicable √Inapplicable

3.1.3 Profit formation of the report period (Explanation of reason and material change of proportion of profit of core business, profit of other business, period expense, investment earnings, subsidy income and net amount of non-business income and expenditure in the total amount of profit compared with the previous year)

□Applicable √Inapplicable

3.1.4 Explanation of reason and material change of core business and its structure compared with the previous year

□Applicable √Inapplicable

3.1.5 Explanation of reason and material change of profitability capability of core business (gross profit ratio) compared with the previous year

□Applicable √Inapplicable

3.2 Analysis and explanation of significant events and their influence and solutions

□Applicable √Inapplicable

3.3 Particulars about accounting policies, accounting estimation, change of consolidated scope and significant accounting errors and explanation of reasons

□Applicable √Inapplicable

3.4 Relevant explanation of the Board of Directors and the Supervisory Committee under the situation of being audited and provided "Non-standardized opinion"

□Applicable √Inapplicable

3.5 Estimation of accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation of reason

□Applicable √Inapplicable

3.6 Rolling adjustment of annual business plan or budget ever disclosed

□Applicable √Inapplicable

The Board of Directors of

Shenzhen Tellus Holding Co., Ltd.

April 25, 2003