

Shenzhen Tellus Holding Co., Ltd.

2022 Annual Report

April 2023

2022 Annual Report

Section I Important Notice, Contents and Definition

The Board of Directors and Board of Supervisors, as well as directors, supervisors and senior executives of the Company guarantee that the present annual report is true, accurate and complete without false record, misleading statement or major omission, and undertake the joint and several legal liabilities arising therefrom.

Fu Chunlong, head of the Company, Lou Hong, person in charge of accounting, and Yu Taiping, person in charge of accounting firm (accountant in charge) declare to guarantee the truthfulness, accuracy and completeness of the financial report in this annual report.

All directors of the Company have attended the board meeting to review the report.

The forward-looking statements such as plans for the future and development strategies involved in this annual report do not constitute a substantial commitment of the Company to investors. Investors and stakeholders shall be aware of risks therein and understand the differences among plans, forecasts and commitments. Investors shall pay attention to investment risks.

The Company's profit distribution plan adopted by the Board of Directors

is: based on the total share capital of 431,058,320 as of December 31, 2022, the Company plans to pay RMB 0.28 (tax inclusive) in cash as dividends for every 10 shares to the Company's all shareholders, send 0 bonus (tax inclusive) and capital reserve will not be transferred to equity.

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Documents for Inspection

(I) Financial statements signed and sealed by the head of the Company, person in charge of accounting and person in charge of accounting firm (accountant in charge).

(II) The original copy of Auditor's Report sealed by accounting firm and sealed and signed by certified public accountants.

(III) Originals of all company documents and announcements that have been publicly disclosed during the reporting period.

Interpretations

Term	refers to	Interpretation
CSRC	refers to	China Securities Regulatory Commission
SZSE	refers to	Shenzhen Stock Exchange
CSDC Shenzhen Branch	refers to	Shenzhen Branch of China Securities Depository and Clearing Corporation Limited
Company, the Company and Tellus Holding	refer to	Shenzhen Tellus Holding Co., Ltd.
Reporting period, the reporting period and the year	refer to	Year 2022
Shenzhen SASAC	refers to	State-owned Assets Supervision and Management Commission of Shenzhen Municipal People's Government
SDG, SDG Group and controlling shareholder	refer to	Shenzhen Special Economic Zone Development Group Co., Ltd.
SIHC	refers to	Shenzhen Investment Holdings Co., Ltd.
Shenzhen Jewelry Company	refers to	Shenzhen Jewelry Industry Service Co., Ltd.
Guorun and Guorun Gold	refer to	Guorun Gold Shenzhen Co., Ltd.
Treasury Supply Chain Company and Tellus Treasury	refer to	Shenzhen Tellus Treasury Supply Chain Tech Co., Ltd.
Shanghai Fanyue and Fanyue	refer to	Shanghai Fanyue Diamond Co., Ltd.
Zhongtian Company	refers to	Shenzhen Zhongtian Industry Co., Ltd.
Automobile Industry and Trade Company	refers to	Shenzhen Automobile Industry and Trade Co., Ltd.
SDG Huari	refers to	Shenzhen SDG Huari Automobile Enterprise Co., Ltd.
Huari Toyota	refers to	Shenzhen Huari Toyota Sales & Service Co., Ltd.
Renfu Tellus	refers to	Shenzhen Renfu Tellus Automobiles Service Co., Ltd.
Sichuan Company	refers to	Sichuan Tellus Jewelry Technology Co., Ltd.
GAC	refers to	Gems & Jewelry Trade Association of China
Tellus Jewelry Building, Jewelry Building	refer to	Tellus Shui Bei Jewelry Building
Tellus Jinzuan Building, Jinzuan Building	refer to	Tellus Jinzuan Trading Building

Section II Company Profile and Major Financial Indicators

I. Company Information

Stock abbreviation	Tellus A and Tellus B	Stock code	000025 and 200025
Stock abbreviation before change (if any)	N/A		
Stock exchange on which the shares are listed	Shenzhen Stock Exchange		
Chinese name of the Company	Shenzhen Tellus Holding Co., Ltd.		
Chinese abbreviation	Tellus A		
English name of the Company (if any)	ShenZhen Tellus Holding Co., Ltd.		
English abbreviation (if any)	N/A		
Legal representative of the Company	Fu Chunlong		
Registered address	3F, Tellus Building, No. 56, 2nd Shuibei Road, Luohu District, Shenzhen		
Postal code of the registered address	518020		
Office address	3F and 4F, Tellus Building, No. 56, 2nd Shuibei Road, Luohu District, Shenzhen		
Postal code of the office address	518020		
Website of the Company	www.tellus.cn		
E-mail	ir@tellus.cn		

II. Contact Person and Contact Information

	Secretary of the Board of Directors	Securities Representative
Name	Qi Peng	Liu Menglei
Address	3F, Tellus Building, No. 56, 2nd Shuibei Road, Luohu District, Shenzhen	3F, Tellus Building, No. 56, 2nd Shuibei Road, Luohu District, Shenzhen
Tel.	(0755) 83989390	(0755) 88394183
Fax	(0755) 83989386	(0755) 83989386
E-mail	ir@tellus.cn	liuml@tellus.cn

III. Information Disclosure and Designated Location

Website designated by the Stock Exchange for publishing the annual report	Shenzhen Stock Exchange (www.szse.cn)
Newspapers selected by the Company for information disclosure	Securities Times and CNINFO (www.cninfo.com.cn)
Place for inspection of annual reports of the Company	Secretariat of the Board of Directors of Shenzhen Tellus Holding Co., Ltd.

IV. Changes of Registration

Unified social credit code	91440300192192210U
Change of main business after listing (if any)	No change during the reporting period.
Previous changes of controlling shareholder (if any)	<p>1. On March 31, 1997, the former Shenzhen Investment Management Co., Ltd., the sole non-tradable shareholder of the Company, transferred 159.588 million state shares held by it to Shenzhen Special Economic Zone Development Group Co., Ltd. ("SDG"). Then, 159.588 million shares were held by the SDG Group, accounting for 72.45% of the total share capital (namely, 220.2816 million shares), and these shares were state shares.</p> <p>2. Later, as the controlling shareholder of the Company, after a split-share structure reform, the Company's non-public offering of A-shares, and the reduction of some of the Company's tradable shares without trading restrictions, a total of 211,591,621 shares of the Company were held by the SDG Group by the end of the reporting period, accounting for 49.09% of the Company's total share capital; among them, 204,798,621 shares held by the SDG Group were voting shares, accounting for 47.51% of the Company's total share capital, and 6,793,000 shares held by the SDG Group were in the state of refinancing and lending, accounting for 1.58% of the Company's total share capital. The SDG Group was the controlling shareholder of the Company.</p> <p>3. On December 28, 2022, by signing the Voting Rights Entrustment Agreement with its wholly-owned subsidiary Shenzhen Investment Holdings Co., Ltd. ("SIHC"), Shenzhen SASAC entrusted 38.97% of the shareholders' voting rights of the SDG Group held by it to SIHC, so that SIHC indirectly owned the Company's rights and interests through the SDG Group. The implementation of the Voting Rights Entrustment Agreement did not result in the change of the direct controlling shareholder of the Company, while the indirect controlling shareholder was changed from Shenzhen SASAC to its wholly-owned subsidiary SIHC.</p>

V. Other Related Information

Accounting firm engaged by the Company

Name of accounting firm	RSM China (Special General Partnership)
Business address of the accounting firm	Rooms 901-22 to 901-26, Foreign Trade Building, Block 1, No. 22 Fuchengmenwai Street, Xicheng District, Beijing, China
Names of signing accountants	Chen Lianwu, Qin Changming

Sponsor institution engaged by the Company for continuous supervision during the reporting period

Applicable Not applicable

Financial consultant engaged by the Company for continuous supervision during the reporting period

Applicable Not applicable

VI. Major Accounting Data and Financial Indicators

Whether the Company needs to retrospectively adjust or restate the accounting data for the previous years

Yes No

	Year 2022	Year 2021	Change over the previous year	Year 2020
Operating revenue (RMB)	837,656,274.51	508,520,026.18	64.72%	424,419,203.34
Net profit attributable to shareholders of the listed company (RMB)	83,496,135.61	131,020,764.38	-36.27%	57,663,828.89
Net profit attributable to	63,268,802.52	71,731,038.87	-11.80%	47,719,889.72

shareholders of the listed company after deducting non-recurring profit or loss (RMB)				
Net cash flows from operating activities (RMB)	-51,967,764.29	126,611,734.90	-141.04%	109,105,302.88
Basic earnings per share (RMB/share)	0.1937	0.3040	-36.28%	0.1338
Diluted earnings per share (RMB/share)	0.1937	0.3040	-36.28%	0.1338
Weighted average return on net assets	5.69%	9.56%	-3.87%	4.48%
	End of 2022	End of 2021	Change over the end of the previous year	End of 2020
Total assets (RMB)	2,232,028,554.57	1,859,645,205.43	20.02%	1,708,442,301.15
Net assets attributable to shareholders of the listed company (RMB)	1,505,638,863.31	1,432,924,273.45	5.07%	1,310,524,675.47

The lower of the Company's net profits before and after deducting non-recurring profit and loss in the last three accounting years is negative, and the auditor's report of the last year shows that there is uncertainty about the Company's going concern.

Yes No

The lower of net profit before and after deducting the non-recurring profit and loss is negative.

Yes No

VII. Discrepancy of Accounting Data under the Accounting Standard both at Home and Abroad

1. Discrepancy of net profit and net assets in the financial report disclosed simultaneously according to the international accounting standards and Chinese accounting standards

Applicable Not applicable

During the reporting period of the Company, there is no discrepancy of net profit and net assets in the financial report disclosed simultaneously according to the international accounting standards and Chinese accounting standards.

2. Discrepancy of net profit and net assets in the financial report disclosed simultaneously according to foreign accounting standards and Chinese accounting standards

Applicable Not applicable

During the reporting period of the Company, there is no discrepancy of net profit and net assets in the financial report disclosed simultaneously according to foreign accounting standards and Chinese accounting standards.

VIII. Quarterly Major Financial Indicators

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	140,069,923.14	109,945,229.09	422,203,386.69	165,437,735.59
Net profit attributable to shareholders of the listed	33,807,359.53	9,672,876.66	18,637,364.28	21,378,535.14

company				
Net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss	24,480,787.78	6,542,368.58	13,393,195.88	18,852,450.28
Net cash flows from operating activities	-15,687,977.31	4,369,681.90	-72,148,582.96	31,499,114.08

Is there any great discrepancy between the above indicators or their sum and relevant indicators disclosed in the quarterly or semi-annual report

Yes No

IX. Non-recurring Profit or Loss Items and Amounts

Applicable Not applicable

Unit: RMB

Item	Amount for 2022	Amount for 2021	Amount for 2020	Description
Profit or loss from disposal of non-current assets (including the offset part of provisions for impairment of assets)	8,826,176.39	66,654,129.65	1.00	Incomes from equity disposal of shareholding enterprises, etc.
Government subsidies included in the current profit or loss (excluding those closely related to the normal business of the Company and granted under the national policies and continuously enjoyed according to a certain quota of amount or volume)	6,575,043.88	2,923,779.58	1,522,079.42	Subsidi es under the govern ment's preferential policie s for enterpr ises
Payment for the use of state funds included in the current profit and loss and collected from non-financial business		629,671.75	435,887.15	
Except for the effective hedging activities related to the Company's ordinary activities, profit or loss arising from changes in fair value of trading financial assets and trading financial liabilities, and investment income from disposal of trading financial assets and trading financial liabilities and available-for-sale financial assets	10,762,831.81	10,073,533.17	8,812,468.26	Invest ment income from financi al product s
Reversed impairment provision in value of receivables under independent impairment test			493,295.33	
Other non-operating revenues and expenses other than	3,718,192.18	730,552.50	3,196,406.42	Liquid

the above				ated damages, confiscation deposits, etc.
Other profit or loss conforming to the definition of non-recurring profit or loss	49,829.40	46,275.77	44,839.26	Return of handling charges of individual income tax
Less: effect on income tax	6,628,391.02	19,790,228.25	3,123,780.55	
Effect on minority interests (after-tax)	3,076,349.55	1,977,988.66	1,437,257.12	
Total	20,227,333.09	59,289,725.51	9,943,939.17	--

Specific conditions of other profit or loss conforming to the definition of non-recurring profit or loss:

Applicable Not applicable

The Company has no other profit or loss conforming to the definition of non-recurring profit or loss.

Explanation on defining the non-recurring profits and losses set out in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to the Public - Non-Recurring Profit or Loss as recurring profits and losses

Applicable Not applicable

The Company does not define any non-recurring profit or loss as defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to the Public - Non-Recurring Profit or Loss as a recurring one during the reporting period.

Section III Management Discussion and Analysis

I. Industry Development during the Reporting Period

The Company shall abide by the disclosure requirements of the Guidelines of Shenzhen Stock Exchange for Self-Regulatory Supervision of Listed Companies No. 3-Industry Information Disclosure for "Jewelry-related Industry"

(I) Macroeconomic Situation

In 2022, due to insufficient momentum of international trade and cross-border investment, global economic growth remained weak. International trade protectionism and unilateralism continued to be major constraints on the development of the global economy. With the continuation of international geopolitical conflicts, major American and European advanced economies adopted a series of policies for interest rate hikes under inflationary pressure, which resulted in the sharp fluctuation of international commodity prices, continued turbulence in financial markets and strikes on the development of emerging economies. While being affected by the complex international situation, the domestic economy also suffered from obstacles from travel restrictions, weakening expectations and other causes during operation, which manifested as mismatched supply and demand as well as shrunk demand. Under the impact of complex factors at home and abroad and the national macro-control, the domestic economic development in 2022 showed a downward – recovery –stabilization trend.

As domestic travel restrictions were lifted, an improved socio-economic cycle emerged, along with recovered economic activities and enhanced market vitality. From January to February 2023, the national index of service production increased by 5.5% year-on-year, indicating a significant recovery in the service sector; meanwhile, social demand gradually picked up, and from January to February, the total retail sales of consumer goods reached RMB 7706.7 billion, up 3.5% year-on-year, of which the retail sales of gold, silver and jewelry goods of units above designated size increased by 5.9%.

(II) Gold Jewelry Industry

As for the industry chain links of the gold jewelry industry, the upstream is gold jewelry raw ore prospecting and mining, the midstream is ore smelting or design and processing, and the downstream is wholesale and retail.

1. Market scale and product structure of the gold jewelry industry

According to the comprehensive statistics of the Gems&Jewelry Trade Association of China ("GAC") on

the whole category of the jewelry industry, the market scale of China's gem and jewelry industry in 2022 was about RMB 719 billion, which was basically the same as that of the previous year. Among this market scale, gold products took about RMB 410 billion, diamond products took about RMB 82 billion, jade products took about RMB 147 billion, colored gemstone products took about RMB 28 billion, pearl products took about RMB 24 billion, platinum and silver products took about RMB 9 billion, and popular accessories and other categories of products totaled about RMB 19 billion. Gold jewelry has a large consumer market capacity and abundant categories, whose main consumption scenarios include traditional weddings, fashionable wear, collection and preservation. In the gold jewelry industry chain, the consumer terminal is a high-value-added link due to differentiation in product design concepts and marketing strategies.

2. Jewelry ornaments market

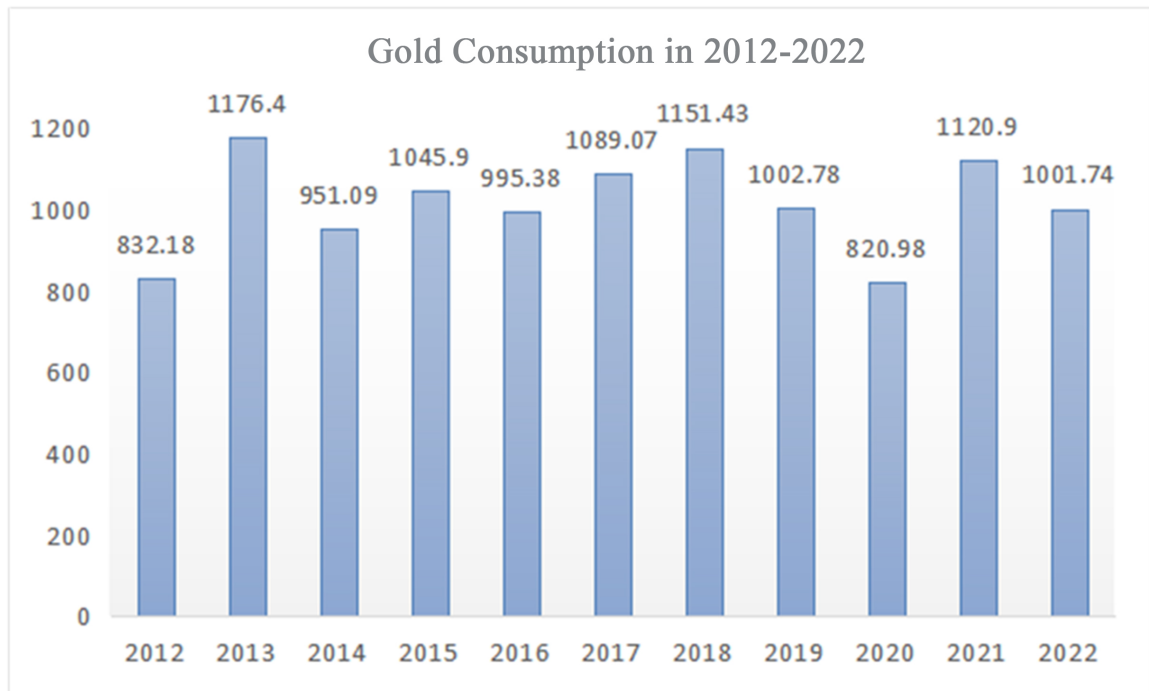
Jewelry ornaments refer to jewelry and ornaments made of jewelry jade by embedding precious metals such as gold and silver. Based on different generation conditions, jewelry jade can be divided into natural jewelry jade and artificial jewelry jade. At present, China is the most important producer and consumer of jewelry ornaments in the world. Under the background of the continuous improvement of per capita income level in China, the fashion attribute of jewelry ornaments has made them one kind of consumer goods to meet people's needs for a better life.

With the gradual upgrading of young consumers' demands, the young generation's jewelry consumption habits tend to be routinized, which can improve the re-purchase rate of jewelry products in a variety of scenarios, providing a broader space for the development of the jewelry industry.

3. Gold ornaments market

According to the material, gold ornaments can be divided into pure gold, K gold, platinum, etc. According to the statistics of China Gold Association, from 2012 to 2022, China's actual gold consumption fluctuated around the median of 950 – 1,050 tons. The gold consumption in China from 2012 to 2022 is as follows:

Unit: ton



China's gold jewelry consumption recovered rapidly in the past two years after a demand bottom-out in 2020. In 2022, the actual gold consumption in China was 1,001.74 tons, which decreased by 10.63% compared with 2021 due to the inhibition of the continued high gold price but still indicated a high level of consumption. The scale of gold consumption accounted for 57.02% of China's gold jewelry consumption market, suggesting a dominant position.

On one hand, the demand for gold ornaments consumption has recovered mainly due to the complex economic situation at home and abroad, where the hedging function of gold ornaments regained attention; on the other hand, thanks to the improved design and upgraded technology of gold ornaments and the enhanced cultural confidence and aesthetic appreciation of consumer groups, the aesthetic feeling of gold has been favored and recognized by the majority of consumer groups, and both the color and the design, which are characterized by Chinese style and full of new Chinese fashionable elements, are especially favored by the young consumer groups.

4. Competitive pattern of the gold jewelry industry

In terms of the gold and jewelry consumption market, in 2022, the total retail sales of gold, silver and jewelry of units above the designated size reached RMB 301.4 billion, down 1.1% year-on-year, but the total retail sales still remained at a high level of over RMB 300 billion, indicating that the consumption of gold jewelry was active. With the elimination of external factors hindering economic activities, the expansion of online e-commerce channels and offline channels of major gold and jewelry enterprises has accelerated, and the

competition in the consumer market of the gold and jewelry industry has become increasingly fierce.

Since the main consumers in the current market showed a trend of getting younger, the consumption demand for gold jewelry ornaments is developing towards individuation and diversification. Gold jewelry brand enterprises pay more attention to sales channel construction, design concepts and design aesthetics, and actively carry out consumer profiling, redefine the consumer market, and explore consumption preferences and subdivisions. At the same time, the prospecting and mining enterprises located upstream of the gold and jewelry industry are accelerating the forward integration process to seize the retail market share in the consumption field. In general, the competition in the gold jewelry industry is fierce, the tail clearing is accelerating, and the leading brands are occupying the market, striving to expand from the channels, brands, product differentiation and other aspects.

In the fierce market competition, the Company relies on its own advantages and takes the industry demand as the starting point to serve the industry while forming differentiated competitive advantages, building a third-party service platform in the jewelry industry, and actively exploring and opening up blue ocean markets.

(III) Commercial Real Estate Leasing Industry

In 2022, affected by objective factors such as macroeconomic disturbances and restrictions on offline consumption scenarios, small and micro enterprises were under significant pressure and faced difficulties in operation, and the vacancy rate of office buildings increased. To assist small and micro enterprises in overcoming difficulties, many local governments have introduced preferential policies of "rent reduction and waving", however, the commercial real estate leasing industry was hit by this. On the one hand, the delivery of some commercial projects was delayed. According to the data of JLL, the new supply area of prime retail throughout the year decreased by 32.5% year-on-year. On the other hand, the rent of commercial real estate fell. According to the statistics of JLL, the average rent of the first floor of shopping centers in major cities in China decreased by 2.9% year-on-year in 2022.

(IV) Automobile Service Industry

In 2022, China's macro-control, which continued to expand the domestic demand, enabled both production and marketing to thrive in the automobile industry. According to the data of the China Association of Automobile Manufacturers, in 2022, China's automobile production and sales volumes reached 27.021 million and 26.864 million respectively, with a year-on-year increase of 3.4% and 2.1%. And the new energy vehicles sector presented steady growth in terms of production and sales volumes. In 2022, the production and sales volume of new energy vehicles in China reached 7.058 million and 6.887 million respectively, with a year-on-

year increase of 96.9% and 93.4%, and the annual penetration rate of new energy vehicles reached 25.6%.

Following the prosperity of the automobile market, automobile ownership, which is deemed to have a strong positive correlation with the demand in the automobile maintenance and inspection market, increased rapidly. According to the statistics of the Ministry of Public Security, national motor vehicle ownership reached 417 million in 2022, including 319 million automobiles. Among them, national new energy vehicle ownership reached 13.1 million, accounting for 4.10% of the total automobile ownership.

II. Main Business during the Reporting Period

The Company shall abide by the disclosure requirements of the Guidelines of Shenzhen Stock Exchange for Self-Regulatory Supervision of Listed Companies No. 3-Industry Information Disclosure for "Jewelry-related Industry"

(I) The main business of the Company during the reporting period included jewelry service business, commercial operation management, and sales, inspection, maintenance and spare parts sales of automobiles.

1. Jewelry service business: During the reporting period, based on developing the business model for the jewelry industry sector and improving the service quality, the bonded platform Company operated by Shenzhen Jewelry Company held 16 exhibitions throughout the year, and bonded inbound and outbound goods value reached RMB 2.1 billion; at the same time, the Company continuously improved the service system to implement new service categories. In June 2022, the holding subsidiary Guorun Gold was established, which further completes the Company's layout in the gold jewelry industry by taking the gold circulation business as the core and aiming to promote the digitalization, standardization and normalization of gold spot transactions. Besides, the Company expanded the application scenarios of safe boxes of Tellus Treasury inside and outside the industry, actively explored the business model related to diamond categories, and opened up the closed-loop service from the exhibition and trading to general trade import for diamond business.

2. Commercial operation management: During the reporting period, the Company continuously improved the management and operation level of property assets, strengthened the awareness of initiative service and standardized operation, and increased the occupancy rate of island counters in Tellus Jewelry Building to 95% through various measures. The overall quality of island counter tenants was improved, and the image and popularity of the basement 1 stores of the podium building were significantly improved; during the construction of the Tellus Jinzuan Building project, numerous difficulties were resolved to ensure that the construction period was promoted as planned, and investment attraction and operation plans were made in advance to make adequate preparations for the opening and operation of the building; and through the significant improvement of the operation quality of Tellus Home Experience Store as well as optimization of the business structure of tenants, the annual rent increased dramatically compared with last year.

3. Sales, inspection, maintenance and spare parts sales of automobiles: In terms of automobile sales, with the

optimization of the internal and external promotion policies for new vehicle sales value chain products, 1,057 vehicles were sold throughout the year; in terms of maintenance services, attention was paid to customer experience and customer stickiness was improved.

(II) Description of main business models of jewelry business

1. Sales mode

At present, the Company adopts wholesale as the main sales mode of gold and jewelry, and also provides certain supporting services including customs declaration, gold purification/exchange, safe deposit box leasing, etc. The sales revenue composition of the jewelry business in 2022 is as follows:

Sales mode	Amount of operating revenue (RMB 10,000)	Amount of operating cost (RMB 10,000)	Gross margin in 2022
Wholesale	40,887.36	40,462.52	1.04%
Other services	1,260.56	928.80	26.32%
Total	42,147.92	41,391.33	1.80%

2. Production mode

At present, the Company mainly adopts the entrusted processing mode for gold and its products, while diamonds and colored gemstones do not involve processing. The production mode composition in 2022 is as follows:

Production mode	Amount (RMB 10,000)	Proportion
Consigned processing	39,937.20	100.00%
Total	39,937.20	100.00%

3. Purchase mode

Gold and its products: by purchasing gold raw materials from Shanghai Gold Exchange or qualified units, or by renting gold from banks;

Diamonds: by purchasing finished diamonds from overseas diamond suppliers and importing them through the Shanghai Diamond Exchange;

Other jewelry jade: by purchasing products from overseas jewelry jade suppliers, and going through the import formalities of tax payment through Shenzhen Jewelry Company.

The purchase model in 2022 is as follows:

Purchase mode	Raw materials	Purchase quantity (kg)	Purchase amount (RMB 10,000)
Spot trading	Gold	1,345.47	51,737.34

Gold rental business	Gold	45.00	1,768.50
Total		1,390.47	53,505.84

4. Operation of physical stores during the reporting period

As of the end of the reporting period, the Company had no physical stores.

5. Online sales during the reporting period

During the reporting period, the Company did not carry out online sales.

6. Inventory of jewelry business during the reporting period

As of December 31, 2022, the inventory balance of the Company's jewelry business was RMB 95,675,616.72, of which the amount measured at fair value was RMB 79,191,876.11, corresponding to hedged items with commodity futures contracts and T+D contracts as hedging instruments. The fair value of the hedged items above was based on quotations in active markets, thus belonging to the first level of fair value. The source of hedging funds was self-owned funds. During the reporting period, the income from purchase investment was RMB 251,100, and the fair value change was RMB 54,500.

III. Core Competitiveness Analysis

1. Deepening of industrial distribution and continuous enhancement of third-party comprehensive jewelry service capability

Relying on the physical platform resources in the Shuibei area known for its jewelry industry cluster, the Company gave full play to the advantages of a state-owned listed company, solidly promoted the construction of the third-party jewelry ecosystem, kept trying to innovate business models, deeply entered the jewelry industry chain, and continuously improved the third-party comprehensive jewelry service capability. In 2019, Treasury Supply Chain Company was established to carry out the gold and jewelry supply chain business; in 2020, Shenzhen Jewelry Company was established to provide bonded exhibition, bonded warehousing, customs declaration, logistics, settlement and other services, aiming to build a comprehensive factor trading service platform with international influence integrating jewelry raw materials and finished products exhibition, spot trading, testing, identification, design, processing, e-commerce, financial services, insurance, etc.; in 2021, Shanghai Fanyue was established, completing the closed loop from bonded exhibitions and trading to general trade imports for diamond business; in 2022, Guorun Gold was established to build a comprehensive service platform for gold circulation, so as to further consolidate the overall layout of the jewelry industry. The bonded platform and gold circulation platform aimed to serve the industry and adhered to entrepreneurship-led

development. Their successful operation was highly recognized by relevant government departments and greatly enhanced the Company's popularity and influence in the jewelry industry, gradually forming the Company's competitive advantage.

2. High-quality development of the commercial operation sector, providing stable business income and financial support

The Company was the largest owner of Tellus-Gmond Gold Jewelry Industrial Park in the Shuibei area. The Tellus Jewelry Building was fully put into use in 2019 and maintained a high occupancy rate. The construction of the Tellus Jinzuan Trading Building was promoted according to the working schedule and the scheduled official opening would be in 2023. At the same time, the Company planned to implement innovative industrial projects in the Buxin area in line with the overall strategic layout of the city, district and the Company by means of renovation. In addition, the Company held a large number of property resources in Luohu, Futian and other areas of Shenzhen. On the basis of maintaining the stability of the original leasing business, the Company would actively promote the improvement of property quality, and transform its old properties from the traditional way of simple leasing to the direction of commercial property operation, so as to fully enhance and tap the added value of the property brand, bring stable business income and cash flow to the Company and provide a solid foundation for the long-term development of the Company.

3. Continuous optimization of management, providing effective guarantee for the development of the Company

In recent years, with the transformation and upgrading of the Company's business sectors, internal management has also been greatly improved, becoming the driving force and guarantee for the Company's development. In 2022, from the perspective of management promotion and operation, the Company established a "4S" management mainline system based on the management orientation and the actual situation of the Company. From strategic planning and business plan to management statements and assessment and evaluation, scientific and closed-loop management concepts have been established and various management actions have been linked, which serve the Company's strategic implementation in a unified way. The Company leverages various work with performance management as a "lever", and continuously evaluates and optimizes the organizational structure to improve operational efficiency. Adhering to the cultural construction purpose of refining the corporate culture from business, the Company collects the conventions of strivers from the grassroots to build a consensus among all employees.

IV. Analysis on Main Business

1. Overview

In 2022, in the face of complicated internal and external situations and extremely arduous risks and challenges, under the correct leadership of the Party Committee and the Board of Directors of the Group, all Tellus people united as one, achieving steady and excellent business performance in that year.

In 2022, the operating revenue of the Company reached RMB 837.66 million, suggesting an increase of RMB 329.14 million or 64.72% compared with RMB 508.52 million in 2021. The main reasons for such an income increase are as follows: first, the income of RMB 328.03 million from the newly added gold business; second, an increased income of RMB 47.63 million due to the improved occupancy rate of properties such as 421 Home Experience Store of Tellus Jewelry Building and other factors. In 2022, the total profit of the Company reached RMB 102.84 million, a decrease of RMB 73.28 million compared with RMB 176.12 million in 2021; the net profit attributable to the parent company was RMB 83.50 million, a decrease of RMB 47.52 million compared with RMB 131.02 million in 2021. The main reasons for this change are as follows: first, the confirmed investment income of the transfer shareholding enterprises in 2021 was RMB 66.17 million, while the current investment income of the transfer shareholding enterprises was only RMB 8.78 million; second, in order to cope with the economic difficulties with clients, the Company voluntarily reduced the rent of the merchants by RMB 46.52 million in 2022, resulting in a corresponding decrease in net profit; third, the improved occupancy rate of properties such as the Tellus Jewelry Building and 421 Home Experience Store contributed to the increase in profits, and the gradual decrease in period expenses might also play a role. The specific business situation is as follows.

(1) The platform construction of Shenzhen Jewelry Company reached a new level. The comprehensive trade platform has achieved landmark results, and the inbound and outbound business rebounded strongly. A total of 16 exhibitions were held throughout the year. The leading position in the domestic seawater pearl trading market was further consolidated, multi-sector linkage was achieved, and a sustainable profitable business model was built.

(2) The gold circulation platform took on a new look of development. The main entity of the project, Guorun Gold, registered on June 28, immediately completed the establishment of the business process system and risk control system, and gradually started its business. This platform born the industry mission of the pilot reform of gold circulation.

(3) The commercial operation business reached a new level. As for the Jewelry Building, basic operation and management were consolidated, strengthened the awareness of initiative service, and the occupancy rate of island counters was increased from 75% to 95% through various measures; the Jinzuan Building, positioning itself as an advance planner and a Doer, by formulating investment attraction and operation plans in advance, introduced well-known jewelry enterprises, built a jewelry headquarters base, and gathered industry traffic; as for the Tellus Home, a series of benchmarking upgrading actions were taken, the operation quality was significantly improved and the tenant business structure was optimized.

(4) The synergy of the officers' entrepreneurship was significantly enhanced. The strategic management kept advancing, and a 4S management system with strategy as the core was formulated; talent training was effectively implemented, and a total of 31 talents had been introduced throughout the year; the corporate culture was deepened and solidified, and discussions on the conventions of strivers were organized many times to further consolidate the cultural foundation of strivers.

(5) Party building work had been strengthened and improved. All Party members and cadres were led to learn the spirit of the 20th CPC National Congress and the spirit of General Secretary Xi Jinping's series of important speeches, and the education of Party members and cadres' ideals and beliefs was deepened; Discipline Education and Learning Month activities were carried out, including 7 centralized studies, 13 lectures by leading cadres and 28 integrity education; the responsibilities of state-owned enterprises were fulfilled by warming the hearts of merchants and reducing their rents, so as to get through the difficulties together.

2. Revenues and costs

(1) Composition of operating revenue

Unit: RMB

	Year 2022		Year 2021		Year-on-year increase/decrease
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	837,656,274.51	100%	508,520,026.18	100%	64.72%
By segment					
Automobile sales	196,357,649.27	23.44%	194,373,092.47	38.22%	1.02%
Automobile inspection, maintenance and spare parts sales	45,059,294.86	5.38%	49,668,740.60	9.77%	-9.28%
Property lease and service	174,756,009.80	20.86%	205,073,101.95	40.33%	-14.78%
Wholesale and retail of jewelry	421,483,320.58	50.32%	59,405,091.16	11.68%	609.51%
By product					
Automobile sales	196,357,649.27	23.44%	194,373,092.47	38.22%	1.02%
Automobile	45,059,294.86	5.38%	49,668,740.60	9.77%	-9.28%

inspection, maintenance and spare parts sales					
Property lease and service	174,756,009.80	20.86%	205,073,101.95	40.33%	-14.78%
Wholesale and retail of jewelry	421,483,320.58	50.32%	59,405,091.16	11.68%	609.51%
By region					
Shenzhen	837,656,274.51	100.00%	508,520,026.18	100.00%	64.72%
By sales mode					
Direct sales	837,656,274.51	100.00%	508,520,026.18	100.00%	64.72%

(2) Situation of industries, products, regions and sales modes with an operating revenue or operating profit accounting for more than 10% of that of the Company

Applicable Not applicable

Unit: RMB

	Operating revenue	Operating cost	Gross margin	Increase/decrease in operating revenue over the same period of previous year	Increase/decrease in operating cost over the same period of previous year	Increase/decrease in gross margin over the same period of previous year
By segment						
Automobile sales	196,357,649.27	189,054,253.07	3.72%	1.02%	2.46%	-1.35%
Automobile inspection and maintenance and spare parts sales	43,747,865.09	34,307,315.38	21.58%	-9.92%	-11.49%	1.39%
Property lease and service	168,778,477.27	57,262,402.60	66.07%	-14.12%	-19.78%	2.39%
Wholesale and retail of jewelry	421,483,320.58	412,785,619.63	2.06%	609.52%	640.07%	-4.04%
By product						
Automobile sales	196,357,649.27	189,054,253.07	3.72%	1.02%	2.46%	-1.35%
Automobile inspection and maintenance and spare parts sales	43,747,865.09	34,307,315.38	21.58%	-9.92%	-11.49%	1.39%
Property lease and service	168,778,477.27	57,262,402.60	66.07%	-14.12%	-19.78%	2.39%
Wholesale and retail of jewelry	421,483,320.58	412,785,619.63	2.06%	609.52%	640.07%	-4.04%
By region						
Shenzhen	830,367,312.21	693,409,590.68	16.49%	66.45%	97.87%	-13.26%
By sales mode						
Direct sales	830,367,312.21	693,409,590.68	16.49%	66.45%	97.87%	-13.26%

(3) Whether the Company's sales revenue of products is greater than the service revenue

Yes No

Industry	Item	Unit	Year 2022	Year 2021	Year-on-year
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classification					increase/decrease
Automobile sales	Sales volume	Set	1,057	1,071	-1.31%
	Production	-	-	-	-
	Inventory	Set	83	110	-24.55%

Explanation on the causes of over 30% changes of the related data

Applicable Not applicable

(4) Performance for major sales contracts and major procurement contracts signed by the Company as of the reporting period

Applicable Not applicable

(5) Composition of operating cost

Industry and product classification

Unit: RMB

Industry classification	Item	Year 2022		Year 2021		Year-on-year increase/d decrease
		Amount	Proportion in operating cost	Amount	Proportion in operating cost	
Automobile sales	Automotive	189,054,253.07	27.00%	184,509,794.34	52.28%	2.46%
Automobile inspection and maintenance and spare parts sales	Spare parts and maintenance	35,790,213.87	5.11%	39,971,148.37	11.33%	-10.46%
Property lease and service	Leasing, property management and others	62,659,156.85	8.95%	72,672,237.22	20.59%	-13.78%
Wholesale and retail of jewelry	Retail and wholesale of jewelry	412,785,619.63	58.95%	55,776,535.88	15.80%	640.07%

Unit: RMB

Product classification	Item	Year 2022		Year 2021		Year-on-year increase/d decrease
		Amount	Proportion in operating cost	Amount	Proportion in operating cost	
Automobile sales	Automotive	189,054,253.07	27.00%	184,509,794.34	52.28%	2.46%
Automobile inspection and maintenance and spare parts sales	Spare parts and maintenance	35,790,213.87	5.11%	39,971,148.37	11.33%	-10.46%
Property lease and service	Leasing, property management and others	62,659,156.85	8.95%	72,672,237.22	20.59%	-13.78%
Wholesale and retail of jewelry	Retail and wholesale of jewelry	412,785,619.63	58.95%	55,776,535.88	15.80%	640.07%

(6) Whether the consolidation scope is changed during the reporting period

Yes No

During the reporting period, Tellus Holding and its partners jointly invested to establish Guorun Gold Shenzhen Co., Ltd. Guorun Gold, registered and established on June 28, 2022, was consolidated by Tellus Holding. Therefore, a new consolidated enterprise was added to the consolidation scope during the reporting period.

(7) Major changes or adjustments for a business, product or service of the Company during reporting period

Applicable Not applicable

Guorun Gold, registered and established on June 28, 2022, is a comprehensive service platform company for gold circulation established by Tellus Holding to further improve its layout in the gold and jewelry industry. It is controlled by Tellus Holding and jointly established with many leading brands and investment enterprises in the industry, such as Chow Tai Fook, Chow Tai Seng, Caishikou, Shenzhen ZHL, Shenzhen HTI and Shenzhen Jewelry Company. With the gold circulation business as the core, Guorun Gold is committed to promoting the digitalization, standardization and normalization of gold spot transactions, promoting the compliance, legality and healthy development of the gold industry, and providing open, transparent, standardized and safe gold circulation solutions. Its main businesses include investment in gold bar sales, gold recovery and gold purification/exchange services. During the reporting period, Guorun Gold achieved an operating revenue of RMB 328 million, with a net profit of RMB -558,800. The negative profit of Guorun Gold was mainly due to the fact that the company's business was still in the unfledged stage after a fairly recent establishment, unformed scale effect, plus the organization costs to be borne, etc. The main risk control measures of Guorun Gold include the arrangement of full-time risk control departments and personnel, building of a customer credit rating management system, regular and irregular tracking assessment of the credit status and operation status of clients, establishment of an early warning mechanism, formulation of relevant systems such as the Measures for the Administration of Hedging Transactions against the risk of gold price fluctuation, and strict implementation of business approval and risk control, etc.

(8) Information on main sales customers and main suppliers

Main sales customers of the Company

Total sales amount of the top 5 customers (RMB)	336,006,904.91
Proportion of the total sales amount of the top 5 customers to total annual sales amount	40.12%
Proportion of the sales amount of the related parties among the top 5 customers to total annual sales amount	0.00%

Information on the top 5 customers of the Company

No.	Name of customer	Sales amount (RMB)	Proportion to total annual sales amount
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1	Customer 1	152,160,931.28	18.17%
2	Customer 2	66,140,447.43	7.90%
3	Customer 3	54,966,535.20	6.56%
4	Customer 4	35,890,132.75	4.28%
5	Customer 5	26,848,858.25	3.21%
Total	--	336,006,904.91	40.12%

Explanation on other conditions of main customers

Applicable Not applicable

Main suppliers of the Company

Total purchase amount of the top 5 suppliers (RMB)	576,710,489.38
Proportion of the total purchase amount of the top 5 suppliers to total annual purchase amount	70.84%
Proportion of the purchase amount of the related parties among the top 5 suppliers to total annual purchase amount	0.00%

Information on the top 5 suppliers of the Company

No.	Supplier name	Purchase amount (RMB)	Proportion to total annual purchase amount
1	Supplier 1	207,938,663.71	25.54%
2	Supplier 2	169,710,255.27	20.85%
3	Supplier 3	79,559,566.37	9.77%
4	Supplier 4	76,194,690.27	9.36%
5	Supplier 5	43,307,313.76	5.32%
Total	--	576,710,489.38	70.84%

Explanation on other conditions of main suppliers

Applicable Not applicable

3. Expenses

Unit: RMB

	Year 2022	Year 2021	Year-on-year increase/decrease	Explanation on major changes
Selling expenses	22,034,712.48	27,178,175.03	-18.92%	
General and administrative expenses	47,077,679.99	47,151,316.69	-0.16%	
Financial expenses	-4,036,653.35	-4,270,881.74	5.48%	
R&D expenses	802,753.80	0.00	-	

4. Investment in R&D

Applicable Not applicable

Name of major R&D project	Project purpose	Project progress	Objectives to be achieved	Expected impact on the future development of the Company
Research and	At present, most small-sized jewelry	Accepte	To optimize the	It will be able to

Development of Integrated Service System for Jewelry Industry	enterprises in the market still adopt the traditional manual recording and management mode in their own experience and commodity sales, which is very inefficient and lacks unified management of suppliers and clients, thus increasing the communication cost with clients and factories. In order to meet the needs of upgrading the business functions of the jewelry industry integrated service system, it is urgent to develop a jewelry industry integrated service system to strengthen the business management of the jewelry industry.	d	membership management module; to meet the needs of the new business model by adding R&D and processing modules; to facilitate the customs's real-time supervision of the business development and bonded goods inventory of the platform, and reduce the number of offline on-site verifications.	improve the efficiency of system data use, provide system support for new businesses, and enhance the auxiliary supervision function.
Research and Development of Intelligent Security System for Jewelry and Jade Exhibition Hall	Jewelry, jade, etc. are of great value, so the security during their exhibition or preservation is particularly important, and each treasure will also be insured for a huge amount. Based on the needs of jewelry and jade protection, a software and hardware system integrating multiple functions, such as intelligent early warning, data analysis and remote data storage, is developed and built to realize the real-time linkage between the alarm system and the monitoring system and the personnel positioning system, so as to solve the security problem of jewelry and jade with an overall intelligent solution.	Accepted	To realize real-time supervision of platform warehouses and exhibition halls to ensure place safety, goods safety and personnel safety. To enable real-time alarm in case of abnormality.	Through the integration of human precautions and technical prevention, the security of goods and places will be strengthened to ensure the safety of the company's inventory.

R&D personnel of the Company

	Year 2022	Year 2021	Change proportion
Number of R&D personnel (Headcount)	2	0	
Proportion of the number of R&D personnel	0.63%	0.00%	
Educational level of R&D personnel			
Junior college	2		
Age composition of R&D personnel			
Below 30	1	0	0
30-40 years old	0	0	0
Over 40	1	0	0

R&D investment of the Company

	Year 2022	Year 2021	Change proportion
R&D investment amount (RMB)	802,753.80	0.00	-
Proportion of investment in R&D to operating revenue	0.10%	0.00%	-
Capitalized amount of R&D investment (RMB)	0.00	0.00	-

Proportion of capitalized R&D investment to R&D investment	0.00%	0.00%	-
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Causes and impact of major changes in the composition of the Company's R&D personnel

Applicable Not applicable

Causes for significant change in the proportion of the total R&D investment to operating revenue compared with that in the previous year

Applicable Not applicable

Causes for and explanation on rationality of a significant change in capitalization rate of R&D investment

Applicable Not applicable

5. Cash Flow

Unit: RMB

Item	Year 2022	Year 2021	Year-on-year increase/decrease
Sub-total of cash inflows from operating activities	1,004,298,180.83	593,319,656.80	69.27%
Sub-total of cash outflows from operating activities	1,056,265,945.12	466,707,921.90	126.32%
Net cash flows from operating activities	-51,967,764.29	126,611,734.90	-141.04%
Sub-total of cash inflows from investing activities	1,388,465,680.40	1,589,951,156.88	-12.67%
Sub-total of cash outflows from investing activities	1,338,619,900.38	1,720,644,122.34	-22.20%
Net cash flows from investing activities	49,845,780.02	-130,692,965.46	138.14%
Sub-total of cash inflows from financing activities	206,424,339.14	75,601,270.39	173.04%
Sub-total of cash outflows from financing activities	23,708,532.63	68,563,307.20	-65.42%
Net cash flows from financing activities	182,715,806.51	7,037,963.19	2,496.15%
Net increase in cash and cash equivalents	179,751,243.50	3,192,929.23	5,529.67%

Explanation on main influence factors for a year-on-year major change of related data

Applicable Not applicable

Unit: RMB

Item	Year 2022	Year 2021	Year-on-year increase/decrease	Description
Sub-total of cash inflows from operating activities	1,004,298,180.83	593,319,656.80	69.27%	New gold business during the reporting period
Sub-total of cash outflows from operating activities	1,056,265,945.12	466,707,921.90	126.32%	New gold business during the reporting period
Net cash flows from operating activities	-51,967,764.29	126,611,734.90	-141.04%	Mainly due to: first, rent reduction policy during the reporting period; second, gold notes receivable and stocking business in the current year

Net cash flows from investing activities	49,845,780.02	-130,692,965.46	138.14%	Mainly due to the year-on-year increase in the redemption of financial products at maturity
Sub-total of cash inflows from financing activities	206,424,339.14	75,601,270.39	173.04%	Mainly due to capital injection by minority shareholders
Sub-total of cash outflows from financing activities	23,708,532.63	68,563,307.20	-65.42%	This is mainly due to the increase in cash outflows from financing activities during the same period when Sichuan Company canceled and returned the investment funds to minority shareholders
Net cash flows from financing activities	182,715,806.51	7,037,963.19	2,496.15%	Mainly due to capital injection by minority shareholders
Net increase in cash and cash equivalents	179,751,243.50	3,192,929.23	5,529.67%	Mainly due to capital injection by minority shareholders

Explanation on the causes of the major differences between the net cash flow from operating activities during the reporting period and the net profits of the Company in the year

Applicable Not applicable

V. Analysis on Non-main Business

Applicable Not applicable

Unit: RMB

	Amount	Proportion to total profits	Explanation of formation reasons	Sustainable or not
Investment incomes	33,372,099.57	32.45%	Income from disposal of equity, wealth management income and recognized equity-method investment income of joint-stock enterprises	No
Profits or losses from changes in fair value	-1,592,750.24	-1.55%	Changes in fair value of undue financial products	No
Impairment of assets	-3,474,846.19	-3.38%	Provision for impairment losses of inventories and fixed assets	No
Non-operating revenue	4,134,654.43	4.02%	Gains from damage and scrapping of non-current assets, and gains from unpayable payments	No
Non-operating expenses	416,462.25	0.40%	Non-current assets retirement losses and liquidated damages expenses	No

VI. Analysis of Assets and Liabilities

1. Major changes in asset composition

Unit: RMB

	End of 2022		Beginning of 2022		Proportion increase/decrease	Explanation on major changes
	Amount	Proportion to total assets	Amount	Proportion to total assets		
Cash at bank and on hand	413,028,327.36	18.50%	240,582,057.16	12.94%	5.56%	
Accounts receivable	41,752,179.56	1.87%	18,094,059.92	0.97%	0.90%	
Inventories	116,069,675.39	5.20%	25,434,925.04	1.37%	3.83%	
Investment	516,360,139.45	23.13%	551,383,294.54	29.65%	-6.52%	

properties						
Long-term equity investments	81,024,365.94	3.63%	88,310,867.47	4.75%	-1.12%	
Fixed assets	102,689,546.42	4.60%	109,438,198.23	5.88%	-1.28%	
Construction in progress	409,933,559.27	18.37%	210,197,546.72	11.30%	7.07%	
Right-of-use assets	4,181,242.86	0.19%	7,336,915.83	0.39%	-0.20%	
Short-term borrowings	20,000,000.00	0.90%	0.00		0.90%	
Contract liabilities	9,259,658.43	0.41%	21,059,311.18	1.13%	-0.72%	
Long-term borrowings	144,820,511.42	6.49%	86,875,874.39	4.67%	1.82%	
Lease liabilities	2,926,184.93	0.13%	4,474,543.09	0.24%	-0.11%	

High proportion of overseas assets

Applicable Not applicable

2. Assets and liabilities at fair value

Applicable Not applicable

Unit: RMB

Down

Item	Beginning amount	Profits or losses from changes in fair value in the current period	Accumulated change in fair value included in equity	Impairment accrued in the current period	Purchase amount in the current period	Sales amount in the current period	Other changes	Ending amount
Financial assets								
1. Trading financial assets (excluding derivative financial assets)	412,712,843.84	-860,218.33			1,075,000,000.00	1,316,000,000.00		176,133,569.95
2. Other equity instrument investments	10,176,617.20							10,176,617.20
Sub-total of financial assets	422,889,461.04	-860,218.33			1,075,000,000.00	1,316,000,000.00		186,310,187.15
Arbitraged		543,878.09			439,524.26	344,401.71		79,191,876.

items					9.03	2.52		11
Total of the above	422,889,461.04	-316,340.24	0.00	0.00	1,514,524,269.03	1,660,401,712.52	0.00	265,502,063.26
Financial liabilities	0.00	-1,276,410.00			17,685,000.00		100,634.91	19,062,044.91

Contents of other changes: Other changes in trading financial liabilities are interest on gold leased.

Whether major changes occur to the measurement attributes of main assets of the Company within the reporting period

Yes No

3. Restriction on asset rights as at the end of the reporting period

Item	Book value as of December 31, 2022	Reasons for restriction
Cash at bank and on hand	21,621,498.00	See the description in this table
Intangible assets	45,447,359.01	Bank borrowing mortgage
Total	67,068,857.01	-

Descriptions: RMB 10,665,656.00 in the bank deposits is the supervision fund for the Company's Tellus-Gmond Gold Jewelry Industrial Park Upgrading and Reconstruction Project Plot 03; RMB 10,955,842.00 is the performance guarantee and futures option account deposit. In addition, there is no other funds with limited use and potential recovery risk due to mortgage, pledge or freezing in the ending cash at bank and on hand.

VII. Analysis of Investment

1. Overall conditions

Applicable Not applicable

Investment in the reporting period (RMB)	Amount of investment in the same period of the previous year (RMB)	Changes rate
281,736,012.6	141,744,792.01	98.76%

2. Significant equity investment acquired in the reporting period

Applicable Not applicable

Unit: RMB

Name of investee	Main business	Investment modes	Investment amount	Shareholding proportion	Source of funds	Partner	Investment term	Product type	Situation as at the balance sheet date	Expected benefits	Investment profit or loss during the period	Law suit involved or not	Disclosure date (if any)	Disclosure index (if any)
Guorun Gold	Investment in bar sales, gold recycling,	Newly established	82,000,000.00	41%	Self-owned	Chow Tai Sen	Non-fixed term	Investment in bar sales, gold recycling,	Completed	0.00	-558,856.67	No	June 15, 2022	For details, please refer to

Shenzhen Co., Ltd.	gold purification/exchange services	d			d fund	g Jewelry Co., Ltd., Shenzhen ZHL Industrial Co., Ltd., etc.		gold purification/exchange services							the <i>Announcement on Investment in Gold Circulation Platform Projects</i> (Announcement No.: 2022-027) disclosed by CNINFO.
Total	--	--	82,000,000.00	--	--	--	--	--	--	0.00	-558,856.67	--	--	--	

3. Significant non-equity investment ongoing in the reporting period

Applicable Not applicable

4. Financial assets investment

(1) Security investment

Applicable Not applicable

The Company has no securities investment during the reporting period.

(2) Derivative investment

Applicable Not applicable

1) Derivatives investment for hedging purposes during the reporting period

Applicable Not applicable

Unit: RMB 10,000

Type of derivative investment	Initial investment amount	Profits or losses from changes in fair value in the current period	Accumulated change in fair value included in equity	Purchased amount during the reporting period	Sold amount during the reporting period	Ending amount	Proportion of the investment amount at the end of the period to the net assets of the Company at the end of the

							reporting period
Futures-Everbright Account	38.2	-30.73	0	1,559.5	1,018.32	546.42	0.33%
Futures-Ping An Account	77.6	-18.2	0	3,407.37	3,057.91	349.17	0.21%
Total	115.81	-48.94	0	4,966.87	4,076.23	895.58	0.54%
Description of the accounting policies and the specific principles of accounting for hedging business during the reporting period and whether there is any significant change compared with those in the previous reporting period	<p>During the reporting period, the hedging business was handled according to hedging accounting standards, the fair value of gold inventory was designated as the hedged item, and the futures contract contracts purchased by Shanghai Gold Exchange were designated as hedging instruments. The hedging instrument is included in the "derivative instrument at fair value through profit or loss". The gain or loss arising from the hedging instrument is included in the current profits and losses. The gain or loss of the hedged item-gold inventory due to gold price fluctuation is included in the current profits and losses, and the book value of the hedged item is adjusted at the end of the period.</p>						
Description of actual profit and loss during the reporting period	<p>The liquidation profit and loss of the futures account was RMB -6,300, the floating profit and loss was RMB -489,400, and the annual trading expenses were RMB 19,800.</p>						
Description of the hedging effect	<p>During the reporting period, the value changes of futures varieties and contract quantities held by the Company were roughly equivalent to those of spot positions; futures positions are in the opposite direction to spot positions; the time period in which the futures position is held corresponds to the time period in which the risk is borne by the spot market, there is an economic relationship between the hedging instrument futures contract and the hedged item-gold inventory, and the changes in the fair value of gold spot can be mostly offset by changes in the fair value of the futures contract, which meets the hedging effectiveness requirements. The Company shall continuously evaluate whether the hedging relationship meets the hedging effectiveness requirements on and after the hedging commencement date.</p>						
Source of derivative investment fund	<p>Invested capital of shareholders</p>						
Risk analysis and control measures for derivative positions in the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>The Company's hedging business follows the basic principles: The value change of futures variety and contract quantity is roughly equivalent to that of spot positions; futures positions are in the opposite direction to spot positions; and the time period in which the futures position is held corresponds to the time period in which the risk is borne by the spot market. The main risks of gold futures positions include: basis risk, forced liquidation risk and operational error risk. For basis risk, gold lease shall be used as inventory as much as possible when the basis is narrowed, and self-owned inventory shall be built less or not; establish risk early warning for forced liquidation risks-when there is a risk of violent fluctuation in gold price, make a fund plan in advance to maintain the sufficient fund status of the margin account; if there is any emergency that triggers forced liquidation, it shall be reported to the management of the Company as soon as possible, and the hedging position of forced liquidation shall be replenished at the right time; for the risk of operational errors, a trader training mechanism shall be established, operations and reviews shall be carried out in strict accordance with the requirements of the system and workflow, and daily reports shall be performed. The Company has established a scientific and effective hedging management system, and the hedging management is implemented from four aspects: organizational structure design, planning system, management and evaluation, and dynamic risk monitoring.</p>						
For changes in market price or product fair value during the reporting period of invested derivatives, analysis of the fair value of derivatives shall disclose the specific measures used and related hypotheses and parameter setting	<p>During the reporting period, the fair value change of the futures contract hedging the holding position was RMB -489,400. The Company adopted the closing price of the futures contract held in the Shanghai Gold Exchange on the last trading day in December 2022 (December 30) as the fair value, and the floating profit and loss was the change in fair value.</p>						

Involvement in litigation (if applicable)	N/A
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2) Derivatives investment for speculative purposes during the reporting period

Applicable Not applicable

During the reporting period, the Company has no derivatives investment for speculative purposes.

5. Usage of raised funds

Applicable Not applicable

No raise funds are used within the reporting period of the Company.

VIII. Sales of Major Assets and Equity

1. Sales of major assets

Applicable Not applicable

No major asset is sold during the reporting period of the Company.

2. Sales of major equity

Applicable Not applicable

Counterparty	Shares sold	Date of sale	Transaction price (RMB 10,000)	This equity from the beginning of the period to the date of sales is the net profit contributed by the listed company (in RMB 10,000)	Effects of sale on the Company	Proportion of net profit which contributes to the listed company by its equity sale to the total profit	Pricing principle of equity sale	Related party transaction or not	Related relationship with counterparty	Whether the covered equity is fully transferred or not	Whether it is implemented as scheduled; if not, please indicate the reasons and the measures already taken by the Company	Disclosure date	Disclosure index
Zhou Ren	35.75% equity of Shenz	December 21, 2021	933.46	658.91	The impact of the	7.89%	As per market value	No	N/A	No	N/A		N/A

	hen Automobile Industry Import and Export Co., Ltd.				Project on the Company's total profit is about RMB 8,785, 400.		e						
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IX. Analysis of Main Holding Companies and Joint-stock Companies

Applicable Not applicable

Main subsidiaries and joint-stock companies affecting over 10% of the Company's net profit

Unit: RMB

Company name	Type of company	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenzhen Automobile Industry and Trade Co., Ltd.	Subsidiary	Sales of automobiles and accessories	RMB 58.96 million	256,081,657.97	216,304,089.65	32,593,302.18	29,859,820.24	26,715,050.53
Shenzhen SDG Huari Automobile Enterprise Co., Ltd.	Subsidiary	Automobile repair and spare parts production and sales	USD 5 million	75,107,596.66	29,556,057.47	35,733,198.93	2,829,121.43	- 1,945,937.90
Shenzhen Zhongtian Industry Co., Ltd.	Subsidiary	Property lease	RMB 366.2219 million	585,058,517.33	461,553,327.60	96,457,354.10	51,254,477.03	39,251,356.57
Shenzhen Huari Toyota Sales & Service Co., Ltd.	Subsidiary	Automobile sales	RMB 2 million	67,179,668.70	10,951,828.91	239,554.992.87	471,317.71	- 232,597.36
Shenzhen Xinyongtong Motor Vehicle Inspection Equipment Co., Ltd.	Subsidiary	Property lease	RMB 19.61 million	17,826,951.34	12,477,329.69	4,870,461.30	846,433.05	1,037,344.95
Shenzhen Tellus Xinyongtong Automobile Development	Subsidiary	Property lease	RMB 32.9 million	96,647,880.48	77,784,694.02	8,709,877.48	4,715,518.63	4,163,355.67

nt Co., Ltd.								
Shenzhen Tellus Chuangying Technology Co., Ltd.	Subsidiary	Property lease	RMB 14 million	21,253,369.51	17,499,089.63	4,327,492.99	2,044,135.52	2,165,956.90
Shenzhen Tellus Treasury Supply Chain Tech Co., Ltd.	Subsidiary	Purchase, sale and leasing of gold ornaments and precious metal products, leasing of safe deposit boxes and warehousing services	RMB 50 million	49,317,581.77	46,096,043.90	77,044,112.89	- 746,141.46	- 746,150.98
Shenzhen Jewelry Industry Service Co., Ltd.	Subsidiary	Jewelry fair planning, jewelry consignment, exhibition planning, conference services, marketing planning	RMB 100 million	57,690,775.24	31,100,550.41	10,619,854.93	- 4,211,575.02	- 4,211,575.02
Guorun Gold Shenzhen Co., Ltd.	Subsidiary	Investment in bar sales, gold recycling, gold purification /exchange services	RMB 200 million	311,984,196.33	199,441,143.33	328,034,404.58	- 544,141.04	- 558,856.67
Shenzhen Renfu Tellus Automobiles Service Co., Ltd.	Joint stock company	Automobile sales and maintenance	RMB 30 million	238,115,441.04	56,227,853.29	1,088,150,561.97	- 24,438,889.23	- 18,782,486.31
Shenzhen Tellus-Gmond Investment Co., Ltd.	Joint stock company	Investment in industrial, property management and leasing	RMB 53.70496 million	391,071,881.35	94,287,440.24	102,987,695.69	37,407,836.06	29,305,958.68

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company name	Method for acquisition and	Impacts on the overall production & operation and performance
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	disposal of subsidiaries during the reporting period	
Guorun Gold Shenzhen Co., Ltd.	New establishment	Guorun Gold is a comprehensive service platform company for gold circulation established by Tellus Holding to further improve its layout in the gold and jewelry industry. It is in the construction period in 2022, with a net profit of RMB -560,000 in 2022.

X. Structured Entities Controlled by the Company

Applicable Not applicable

XI. Outlook of Future Development

1. Development strategy

Since the Company formulated the strategic plan for the transformation to a third-party comprehensive service provider in the jewelry industry in 2014, it has been unwaveringly and steadily promoting the strategic transformation and project implementation in accordance with the established plan. After years of exploration and attempts, substantial results have been achieved. During the 14th Five-Year Plan period, based on the new development stage, the Company will continue to deepen the cultivation of third-party jewelry service platforms, deepen the expansion of third-party jewelry services, promote industrial upgrading, and improve production capacity and efficiency around the strategic idea of "adhering to the comprehensive value to cross the economic cycle, improving the value chain with services, seeking capital assignment, and deeply developing third-party jewelry services", to strive to build the most influential third-party comprehensive service provider in the domestic jewelry and jade industry. In 2023, the Company will closely focus on the decomposition and implementation of the annual objectives of the "14th Five-Year Plan", make overall plans for various tasks from the four perspectives of long-term vision, implementation, operability and effectiveness, and lead high-quality and healthy development with high-quality business plans.

2. 2023 Business Plan

The year 2023 is a key connecting year for Tellus Holding to implement the 14th Five-Year Plan. The overall requirements are: fully implement the spirit of the 20th National Congress of the Communist Party of China, firmly seize the policy opportunities and the opportunity of jewelry industry reform, take advantage of the trend, work hard, accelerate the third-party transformation of jewelry, and achieve high-quality development. The details are shown as follows:

(I) Led by Party building, the Company's high-quality development is led by high-quality Party building. Transform from Party building to jewelry industry and carry out the "Secretary Project" to provide services and

supports for jewelry and gold projects; strengthen the development of Party members, especially actively stimulate outstanding employees to move closer to the Party organization on the front line, and develop and expand the Party member team; study, publicize and implement the spirit of the 20th National Congress of the Communist Party of China according to the deployment of the superior; carry out integrity and self-discipline education for all employees, and shape the integrity culture of all employees in a targeted manner in combination with the characteristics of the industry.

(II) Deepen cultivation and promote the efficient development of the jewelry industry. Comprehensively strengthen market development, continuously expand business channels, deepen customer stickiness and diversify services; improve the service system, implement new service categories and business models, actively promote the bonded viewing business of rough diamonds, and expand new categories such as jadeite and jade; increase the investment and innovation of safe box marketing resources, and expand the application scenarios of safe boxes inside and outside the industry; strengthen risk control innovation, effectively improve the quality and efficiency of risk control, strengthen industry exchanges and research, continuously improve risk control systems and methods, explore digital risk control means, and promote the construction and implementation of a comprehensive risk control system; we will vigorously promote the construction of informatization, take the actual business needs as the guide, make efforts in product informatization standards, and create the core value of the enterprise around digital innovation.

(III) Comprehensively improve the comprehensive ability of commercial operation business by benchmarking against advanced standards. Focus on the investment promotion and opening of the Jinzuan Building to ensure the opening of the building as scheduled and steadily improve the occupancy rate; introduce commercial complex operation consulting projects, carry out industry benchmarking, comprehensively optimize the existing level, and improve service capabilities; continuously improve the operation capabilities of jewelry building, Tellus home and traditional property, and build an efficient business management and operation team.

(IV) Optimize the organizational structure and continuously improve the strategic control capability. Adjust and optimize the organizational structure and functions to adapt to the Company's transformation and development tasks, integrate talents and release resources and energy; standardize the operation of the control system, optimize the main line of 4S management, promote the implementation of strategies, and form an effective closed-loop.

(V) Continuously improve the incentive mechanism and strengthen the construction of talent team. Adjust the organizational structure and staffing of front-line business departments, and optimize the salary structure

and performance appraisal system of business personnel; establish a multi-channel, hierarchical and three-dimensional training system and carry out employee training in an orderly manner; expand talent introduction channels, and explore industry recommendation, association recommendation, internal recommendation, headhunting recruitment and other means to introduce talents in the jewelry industry on the basis of existing channels.

(VI) Build a solid foundation for safe development and answer the "required questions" for work safety. Further divide safety responsibilities and revise safety systems, and increase quarterly rewards and punishments for work safety assessment; improve work safety capabilities with higher requirements, increase internal and external training and retraining, and establish a common growth mechanism; pay close attention to safety management such as reinforcement and reconstruction of old properties; carry out evaluation activities of work safety management system.

3. Possible Risks and Countermeasures

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

(1) Risk 1: risks caused by market fluctuations

Affected by the international situation and other factors, the domestic economic growth slowed down, the pressure on industrial restructuring increased, and the overall economic environment had an uncertain impact on the Company's operation.

Countermeasures: In view of this risk, the Company will actively take various preventive measures. First, continuously strengthen risk management, establish and improve risk prevention and control mechanism to ensure the Company's compliance operation and steady development; Second, firmly advance the Company's strategic transformation pace, promote the implementation of transformation projects through innovative business models, explore incremental markets, expand business scale, seek new profit growth points, and continuously improve the Company's competitiveness to provide a good foundation for the Company's long-term stable development.

(2) Risk 2: insufficient talent team building

With the implementation of transformation projects and the rapid development of the Company, the demand for various talents in the industry and management is increasing, and the existing talent team is gradually unable to meet the requirements of development.

Countermeasures: First, set "top-down" talent training objectives and establish talent training plans; Second, expand talent introduction channels and recruit talents through multiple channels; Third, adjust the organizational structure and staffing of front-line business departments to improve organizational efficiency; Fourth, we will establish a diligent and hard-working style of work, and enhance cohesion and execution to ensure the stability of enterprise transformation.

XII. Reception, Investigation, Communication, Interview and Other Activities during the Reporting Period

Applicable Not applicable

Reception time	Reception place	Way of reception	Classification of reception object	Reception object	Main points talked about and information provided	Index of general investigation information
April 22, 2022	"Value Online" IR Platform (www.ir-online.cn)	Others	Others	Investors participating in the Company's 2021 online performance briefing through the "Value Online" IR platform	The Company's strategy, 2021 annual performance, main business and operation management.	For details, please refer to Investor Relations on the interactive platform of Shenzhen Stock Exchange (http://irm.cninfo.com.cn) .
January 7, 2022	Company	On the phone	Individual	Investor	Corporate operations	N/A
January 13, 2022	Company	On the phone	Individual	Investor	Fourth quarter performance of the Company	N/A
January 19, 2022	Company	On the phone	Individual	Investor	Whether the Company discloses the performance forecast	N/A
February 14, 2022	Company	On the phone	Individual	Investor	Corporate operations	N/A
February 25, 2022	Company	On the phone	Individual	Investor	Corporate operations	N/A
March 23, 2022	Company	On the phone	Individual	Investor	Shareholding reduction of shareholders of the Company	N/A
March 31, 2022	Company	On the phone	Individual	Investor	Disclosure time point of the annual report of the Company	N/A
April 9, 2022	Company	On the phone	Individual	Investor	Corporate operations	N/A
May 8, 2022	Company	On the phone	Individual	Investor	Development of main business sectors	N/A

					of the Company	
May 9, 2022	Company	On the phone	Individual	Investor	Number of shareholders of the Company	N/A
May 23, 2022	Company	On the phone	Individual	Investor	Rent reduction of the Company	N/A
May 27, 2022	Company	On the phone	Individual	Investor	Corporate operations	N/A
June 1, 2022	Company	On the phone	Individual	Investor	Stock price issues of the Company	N/A
June 6, 2022	Company	On the phone	Individual	Investor	Stock price issues of the Company	N/A
June 17, 2022	Company	On the phone	Individual	Investor	Operation of the Company's automotive sector	N/A
June 28, 2022	Company	On the phone	Individual	Investor	Semi-annual performance of the Company	N/A
July 1, 2022	Company	On the phone	Individual	Investor	The Company's purchase of directors, supervisors and senior management liability insurance	N/A
July 11, 2022	Company	On the phone	Individual	Investor	Semi-annual performance forecast of the Company	N/A
July 27, 2022	Company	On the phone	Individual	Investor	Stock price issues of the Company	N/A
August 3, 2022	Company	On the phone	Individual	Investor	The Company's business and stock price issues	N/A
August 11, 2022	Company	On the phone	Individual	Investor	Relevant information of Huari Company	N/A
August 26, 2022	Company	On the phone	Individual	Investor	Business situation	N/A
August 30, 2022	Company	On the phone	Individual	Investor	Purchasing of directors, supervisors and senior management liability insurance	N/A
September 1, 2022	Company	On the phone	Individual	Investor	Business situation	N/A
October 14, 2022	Company	On the phone	Individual	Investor	Completion of state-owned enterprise	N/A

					reform	
November 17, 2022	Company	On the phone	Individual	Investor	Corporate operations	N/A
November 24, 2022	Company	On the phone	Individual	Investor	Whether the Company has acquired	N/A
December 21, 2022	Company	On the phone	Individual	Investor	Number of shareholders of the Company	N/A
December 29, 2022	Company	On the phone	Individual	Investor	Operation of the Company in 2022	N/A

Section IV Corporate Governance

I. Basic Information on Corporate Governance

During the reporting period, the Company continuously improved the corporate governance structure and the internal control system in strict accordance with the *Company Law*, the *Securities Law*, the *Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange*, the *Guidelines for the Standardized Operation of Listed Companies on the Shenzhen Stock Exchange* and other relevant laws and regulations. During the reporting period, the Company has standardized operation, strong independence, standardized information disclosure, and the actual situation of corporate governance meets the requirements of normative documents for listed corporate governance. The main aspects of corporate governance are as follows:

1. Shareholders and the General Meeting of Shareholders

The convening and holding procedures, proposal review procedures and decision-making procedures of the General Meeting of Shareholders of the Company comply with the relevant provisions and requirements of the *Company Law*, the *Articles of Association* and the *Rules of Procedure for General Meetings of Shareholders*. The General Meetings of Shareholders was convened and held, and all shareholders, especially small and medium-sized shareholders, were treated fairly, enjoying equal rights based on their shares. The Company strictly implements the *Detailed Rules for the Implementation of Online Voting at the General Meeting of Shareholders* to ensure that all shareholders have the right to participate in and vote on the Company's decision-making matters and fully exercise their rights. All previous General Meetings of Shareholders were witnessed by lawyers to effectively maintain the legitimate rights and interests of the listed company and all the shareholders. The Company also communicated with small and medium-sized shareholders through the investor relations column on the official website and telephone, ensuring the smooth and fair information exchange with small and medium-sized shareholders, and fully listening to the demands and suggestions of small and medium-sized shareholders. During the reporting period, the Board of Directors of the Company convened and held the 2021 Annual General Meeting of Shareholders and 1 Extraordinary General Meeting of Shareholders, and exercised its functions and powers in accordance with laws and regulations, the *Articles of Association* and the *Rules of Procedure for General Meetings of Shareholders* to form effective resolutions.

2. Directors and Board of Directors

During the reporting period, the Company has 9 members of the Board of Directors, including 3 independent directors. The number and structure of the Board of Directors comply with the requirements of relevant laws and regulations and the *Articles of Association*. The Board of Directors has three special committees, namely, the Strategy Committee, the Audit Committee and the Remuneration and Appraisal Committee. Each special committee strictly abides by the relevant systems and regulations and performs its own duties, which effectively strengthens the standardized operation of the work of the Board of Directors of the Company and provides professional opinions and references for the decision-making of the Board of Directors. During the reporting period, the Company held 10 meetings of the Board of Directors and 9 meetings of special committees of the Board of Directors in accordance with laws and regulations, the *Articles of Association*, the *Rules of Procedure for the Board of Directors* and the rules of procedure for special committees. The convening procedures, proposal review procedures and decision-making procedures of the meeting all comply with relevant regulations. The directors can attend the board meeting with a serious and responsible attitude, actively participate in relevant training, be familiar with relevant laws and regulations, and understand the rights, obligations and responsibilities as directors. The members of the Board of Directors have a reasonable structure of expertise, are diligent and responsible in the performance of their duties, and safeguard the overall interests of the Company. The independent directors have expressed prior approval opinions and independent opinions on relevant matters with a fair and diligent attitude, which has improved the scientific and fair decision-making of the Board of Directors.

3. Supervisors and Board of Supervisors

During the reporting period, the Board of Supervisors of the Company consists of 5 supervisors, including 2 employee representative supervisors. The number and personnel of the Board of Supervisors meet the requirements of laws, regulations and the *Articles of Association*. During the reporting period, the Company held 4 meetings of the Board of Supervisors in accordance with relevant laws and regulations, the *Articles of Association* and the *Rules of Procedure for the Board of Supervisors*. The supervisors supervised the Company's operation and financial status and the legality and compliance of the Company's directors and senior executives in performing their duties, and safeguarded the legitimate rights and interests of the Company and shareholders.

4. Information Disclosure and Investor Relation Management

The Company shall, in strict accordance with the requirements of the *Information Disclosure System*,

designate the Secretary of the Board of Directors of the Company to be responsible for information disclosure, reception of shareholders' visits and consultation, and disclosure of relevant information in a true, accurate, complete and timely manner in strict accordance with relevant regulations, so as to ensure that all shareholders of the Company can obtain information with equal opportunities.

5. Relationship between controlling shareholder and listed companies

The controlling shareholder exercises the rights of the contributor according to law through the General Meeting of Shareholders, without directly or indirectly intervening in the Company's decision-making and business activities in any other way, and without occupying the funds of the listed company; the Company and its controlling shareholder have achieved "five separations" in terms of assets, finance, personnel, institutions and business; the Board of Directors, the Board of Supervisors and the internal management organization of the Company can operate independently to ensure that major decisions of the Company are made in accordance with standardized procedures.

6. Performance evaluation and incentive and restraint mechanism

The Company has gradually established and improved the open and transparent performance evaluation standards and incentive and restraint mechanisms for directors, supervisors and senior executives. The appointment of senior executives of the Company is open and transparent, which complies with the provisions of laws and regulations.

7. About stakeholders

While pursuing economic benefits and protecting the interests of shareholders, the Company can fully respect and safeguard the legitimate rights and interests of stakeholders, and effectively communicate and cooperate with stakeholders. The Company pays attention to the protection of employees' rights and interests and supports the congress of workers and staff and trade union organizations to exercise their functions and powers according to law. During the reporting period, the Company cultivated talents, attached importance to social responsibility, paid attention to social welfare undertakings such as welfare, environmental protection and voluntary service, and achieved good social benefits while achieving economic benefits. As of the end of the reporting period, the actual situation of corporate governance met the requirements of the normative documents on the governance of listed companies issued by CSRC.

Whether there is any significant difference between the actual corporate governance of the Company and the provisions of laws, administrative regulations, or the rules of the CSRC governing the governance of listed companies

Yes No

There is no significant difference between the actual corporate governance of the Company and the provisions of laws,

administrative regulations, or the rules of the CSRC governing the governance of listed companies.

II. Independence of the Company from Controlling Shareholder and Actual Controller in the Company's Assets, Personnel, Finance, Organization, Business, etc.

The Company has been independent from business, personnel, assets, organizations, and finance, etc. of the controlling shareholder, and is provided with independent and complete businesses and self-operation capabilities.

1. Business: The Company is an independent legal entity. It is completely independent of the controlling shareholder in terms of business and has independent and complete business system and independent operation ability. The Company has independent operation and service systems and its own leading industries. There is no horizontal competition between the Company and the controlling shareholder and related parties.

2. Personnel: The Company operates completely independently in terms of labor, personnel and wage management and has formulated an independent management system; the General Manager, Deputy General Manager, Chief Financial Officer, Secretary of the Board of Directors and other senior executives of the Company all worked in the Company and received remuneration during their tenure in the Company, and did not hold any positions in the shareholder unit.

3. Assets: The Company independently and completely owns the business system and related assets related to the operation, and independently registers, establishes accounts, accounts and manages the assets. The assets are independent of the controlling shareholder and other enterprises controlled by it.

4. Finance: The Company has set up an independent financial accounting department and established a complete set of accounting system and financial management system; there is no case where the controlling shareholder interferes with the Company's capital operation; the Company has opened an independent bank account, and there is no deposit of funds into the account of a finance company or a settlement center controlled by a major shareholder or other related parties; the Company does not share bank accounts with the controlling shareholder and other enterprises controlled by it. The Company pays taxes independently according to law.

5. Organization: The Board of Directors, the Board of Supervisors and other internal organizations of the Company operate independently. All organizations of the Company are set up according to the requirements of the specifications of listed companies and the actual business characteristics of the Company. The Company has an independent office address.

III. Horizontal Competition

Applicable Not applicable

IV. Annual General Meeting and Extraordinary General Meetings (EGM) during the Reporting Period

1. Situation of General Meeting of Shareholders during the reporting period

Session of meeting	Type of meeting	Attendance proportion of investors	Holding date	Disclosure date	Resolution
2021 Annual General Meeting	Annual General Meeting	60.77%	April 29, 2022	April 30, 2022	For details, please refer to the <i>Announcement on Resolutions of 2021 Annual General Meeting of Shareholders</i> (Announcement No.: 2022-016) of <i>Securities Times, Hong Kong Commercial Daily</i> and CNINFO (www.cninfo.com.cn).
The First Extraordinary General Meeting in 2022	Extraordinary General Meeting	59.79%	September 15, 2022	September 16, 2022	For details, please refer to the <i>Announcement on Resolutions of the First Extraordinary General Meeting of 2022</i> (Announcement No.: 2022-043) of <i>Securities Times, Hong Kong Commercial Daily</i> and CNINFO (www.cninfo.com.cn).

2. Preferred shareholders with resumed voting rights request to convene an EGM

Applicable Not applicable

V. Directors, Supervisors and Senior Executives

1. Basic information

Name	Title	Service status	Gender	Age	Date of term commencement	Date of term expiration	Number of shares held at the beginning of the period (share)	Number of increased shares in current period (share)	Number of decreased shares in current period (share)	Other increase/decrease (share)	Number of shares at the end of the period (share)	Reasons for the increase or decrease of shares
Fu Chunlong	Chairman	In-service	Male	50	September 7, 2018	September 12, 2024	0	0	0	0	0	-
Hong Wenya	Director	In-service	Male	49	September 13, 2021	September 12, 2024	0	0	0	0	0	-
Wu Ruikai	Director, General Manager	In-service	Male	52	September 13, 2021	September 12, 2024	0	0	0	0	0	-

Yang Xi	Director	In-service	Male	42	April 29, 2022	September 12, 2024	0	0	0	0	0	-
Huang Liang	Director	In-service	Male	36	September 15, 2022	September 12, 2024	0	0	0	0	0	-
Lou Hong	Director	In-service	Female	55	February 27, 2018	September 12, 2024	0	0	0	0	0	-
Lou Hong	Chief Financial Officer	In-service	Female	55	January 4, 2018	September 12, 2024	0	0	0	0	0	-
Hu Yuming	Independent Director	In-service	Male	58	January 4, 2018	September 12, 2024	0	0	0	0	0	-
Jiang Dinghang	Independent Director	In-service	Male	60	September 7, 2018	September 12, 2024	0	0	0	0	0	-
Zhang Dong	Independent Director	In-service	Male	49	September 7, 2018	September 12, 2024	0	0	0	0	0	-
Guo Xiaodong	Chairman of Board of Supervisors	In-service	Male	59	September 7, 2018	September 12, 2024	0	0	0	0	0	-
Zhang Baojun	Supervisor	In-service	Male	53	September 13, 2021	September 12, 2024	0	0	0	0	0	-
Zeng Xingyu	Supervisor	In-service	Male	42	September 13, 2021	September 12, 2024	0	0	0	0	0	-
Liu Haicheng	Staff Supervisor	In-service	Female	54	September 7, 2018	September 12, 2024	0	0	0	0	0	-
Zhang Zheng	Staff Supervisor	In-service	Male	39	September 7, 2018	September 12, 2024	0	0	0	0	0	-
Tan Zhong	Deputy Secretary of Party Committee	In-service	Male	55	September 7, 2018	September 12, 2024	0	0	0	0	0	-
Xie Jing	Deputy General Manager	In-service	Male	58	October 25, 2018	September 12, 2024	0	0	0	0	0	-
Qi Peng	Deputy General Manager	In-service	Male	50	September 29, 2021	September 12, 2024	0	0	0	0	0	-
Qi Peng	Secretary of the Board of Directors	In-service	Male	50	December 28, 2015	September 12, 2024	0	0	0	0	0	-
Yang Hongy	Director	Resigned	Male	45	September 13, 2021	March 28,	0	0	0	0	0	-

u						2022						
Gu Zhiming	Director	Resigned	Male	52	September 7, 2018	May 20, 2022	0	0	0	0	0	-
Total	--	--	--	--	--	--	0	0	0	0	0	--

Whether there is any departure of Directors and Supervisors and dismissal of senior executives during the term of office during the reporting period

Yes No

Mr. Yang Hongyu, the former director of the Company, resigned as a director of the 10th Board of Directors and a member of the Strategy Committee of the Board of Directors due to work arrangement application, and no longer held any position in the Company after resignation. The resignation report of Mr. Yang Hongyu shall take effect from the date of delivery to the Board of Directors of the Company. For details, please refer to the *Announcement on the Resignation of Directors of the Company* (Announcement No.: 2022-004) published by the Company on March 30, 2022 in *Securities Times, Hong Kong Commercial Daily* and CNINFO (www.cninfo.com.cn).

Mr. Gu Zhiming, the former director of the Company, resigned as a director of the 10th Board of Directors and a member of the Strategy Committee of the Board of Directors due to work arrangement application, and no longer held any position in the Company after resignation. The resignation report of Mr. Gu Zhiming shall take effect from the date of delivery to the Board of Directors of the Company. For details, please refer to the *Announcement on the Resignation of Directors of the Company* (Announcement No.: 2022-021) published by the Company on May 21, 2022 in *Securities Times, Hong Kong Commercial Daily* and CNINFO (www.cninfo.com.cn).

Change of Directors, Supervisors and Senior Executives of the Company

Applicable Not applicable

Name	Position	Type	Date	Reason
Yang Hongyu	Director	Resigned	March 28, 2022	Resign from the position of director of the Company due to work arrangement.
Yang Xi	Director	Elected	April 29, 2022	He was elected as a director of the 10th Board of Directors of the Company at the 2nd formal meeting of the 10th Board of Directors of the Company and the 2021 Annual General Meeting of Shareholders.
Gu Zhiming	Director	Resigned	May 20, 2022	Resign from the position of director of the Company due to work arrangement.
Huang Liang	Director	Elected	September 15, 2022	He was elected as a director of the 10th Board of Directors of the Company at the 4th formal meeting of the 10th Board of Directors of the Company and the 1st Extraordinary General Meeting of Shareholders in 2022.

2. Employment

Professional background, the main work experience and the current main duties of the Company's in-service directors, supervisors and senior executives

Name	Main Work Experience and Employment
Fu Chunlong	Born in 1973, he holds a master's degree and is a senior human resource manager. He once served as the deputy leader of the working group of Shenzhen SDG Huatong Packaging Co., Ltd., the deputy business manager, business manager, deputy director and director of the Human Resources Department of Shenzhen Special Economic Zone Development Group Co., Ltd., the vice president of Shenzhen Special Economic Zone Development Group Co., Ltd., the supervisor of Shenzhen State-Owned Duty Free Commodity (Group) Co., Ltd., and the supervisor of the Company. He is currently the Secretary of the Party Committee and Chairman of the Board of Directors of the Company.
Hong Wenya	Born in 1974, Master, Senior Accountant, Certified Public Accountant and International Certified Internal Auditor (CIA). He once served as the Audit Manager of Shenzhen Lyingda Group, the Financial Manager of the Business Department and the Audit Manager of the Supervision and Audit Headquarters of Guosen Securities Co., Ltd., the Financial Manager of Shenzhen International Security Technology Ltd., the Deputy Manager and Deputy Director of the Audit Department of Shenzhen Yunfa Industrial Co., Ltd., and the Chief Financial Officer of Shenzhen Institute of Building Research, Deputy Director of the Finance Department of Shenzhen Yuanzhi Investment Co., Ltd., Director of the Budget Management and Financial Supervision Department of State-owned Assets Supervision and Administration Commission of Shenzhen Municipality, Deputy Director of the Finance Department (presiding over the work) and Director of the Compliance Risk Control Department of Shenzhen Kumpeng Capital Co., Ltd. He is currently a member of the Party Committee, director and CFO of Shenzhen Special Economic Zone Development Group Co., Ltd. and a director of the Company.
Yang Xi	Born in 1981, he holds a master's degree and is an intermediate economist. He successively held the posts of Engineer of AVIC SCC, Business Manager of the Secretariat of the Board of Directors of Shenzhen SDG Information Co., Ltd., Senior Director of the Asset Management Department of Shenzhen Yantian Port Holdings Co., Ltd., Secretary of the Board of Directors of Shenzhen Unilumin Technology Co., Ltd., Capital Operation Manager of the Office of the Secretary of the Board of Directors, Capital Operation Manager of the Strategic Investment Department, and Deputy General Manager of the Strategic Investment Department (Secretary Office) (presiding over the work since July 2021) of Shenzhen Special Economic Zone Development Group Co., Ltd. He is currently the General Manager of the Strategic Investment Department of Shenzhen Special Economic Zone Development Group Co., Ltd. and the Director of the Company.
Wu Ruikai	Born in 1971, he holds a master's degree and is an intermediate economist and senior human resource manager. He once served as Deputy Director of the Administrative Office, Director of the Secretariat of the Board of Directors and Manager of the Party-Mass Personnel Department of Shenzhen Tellus Holding Co., Ltd., Deputy Director and Director of the Enterprise Department II, and General Manager of the Enterprise Management Department and the Legal Department of Shenzhen Special Economic Zone Development Group Co., Ltd. He currently serves as the Company's Director and General Manager.
Lou Hong	Born in 1968, she holds a bachelor's degree and is a senior accountant. Worked as a staff member of the Finance Department of Suzhou Silk Industry Company and Shenzhen Southeast Silk Co., Ltd., a staff member of the Finance and Accounting Department and a business director of the Accounting Management Office of Shenzhen Special Economic Zone Construction & Development Group Co. Ltd., a deputy manager of the Finance Department of Shenzhen Tefa Liancheng Real Estate Development Co., Ltd., a manager of the Finance Department of Shenzhen Tefa Investment Co., Ltd., and a business manager and deputy director of the Finance and Accounting Department of Shenzhen Special Economic Zone Development Group Co., Ltd., Chief Financial Officer of Shenzhen SDG Real Estate Co., Ltd., and Director and Chief Financial Officer of Shenzhen Tefa Xiaomeisha Investment Development Co., Ltd. She currently serves as the Company's Director and Chief Financial Officer.
Huang Liang	Born in 1987, bachelor's degree in economics, an assistant economist. Holding the qualification certificate of the secretary of the board of directors of a listed company on the Shenzhen Stock Exchange and the qualification certificate of securities practitioners. Successively worked as a clerk of the Nanshan Branch of Shenzhen Municipal Administration of Work Safety, president secretary of Shenzhen Qixin Construction Group Co., Ltd., assistant to the Chairman of Hong Kong Litong International Holdings (Group) Limited, and senior secretary of the Office of China Baoan Group Co., Ltd. In May 2017, he joined Shenzhen Special Economic Zone Development Group Co., Ltd. and successively served as office secretary-manager and senior secretary-manager. He is currently the deputy office director (in charge) of Shenzhen Special Economic Zone Development Group Co., Ltd. and a director of the Company.
Hu Yuming	Born in 1965, a doctoral candidate and a professor of accounting. He used to be a teaching assistant, lecturer and associate professor of the School of Economics of Xiamen University, an associate professor of the School of Management of Jinan University, deputy director of the Department of Accounting, dean of the Department of Accounting, deputy dean of the International School of Jinan University, and deputy dean of the School of Management of Jinan University. He is currently a professor and doctoral supervisor at the School of Management of Jinan University and an independent director of the Company.
Jiang Dinghang	Born in 1963, he holds a master's degree and is a lawyer. He once served as director of the Regulation Consultation Department of Shenzhen Social Security Bureau, deputy director of the Office of Shenzhen Labor Bureau, Office Director of Shenzhen Special Economic Zone Development Group Co., Ltd., general manager of Shenzhen Tefa Songli Co., Ltd., general manager of Shenzhen Communication Industry Co., Ltd., and intern lawyer of Guangdong Zhong An Law Office. He is currently a senior partner of Shanghai Allbright (Shenzhen) Law Offices, an independent director of Gaoxin Modern Intelligent System Co., Ltd. and an independent director of the Company.
Zhang Dong	Born in 1974, he is a doctoral candidate, a postdoctoral fellow in economics, a senior economist, a senior gold

	investment analyst, and a GIA research gemologist. He once served as deputy general manager of Shenzhen Qiangzhuang Computer Technology Co., Ltd., deputy general manager of Shenzhen Brain Times Economy and Culture Co., Ltd., assistant to the President of Hong Kong Leader Culture Media Co., Ltd., general manager of Shenzhen Zhongshi Advertising Co., Ltd., general manager of Heilongjiang Liuguifu Jewelry Co., Ltd., and president of Liuguifu Jewelry Group Co., Ltd. He is currently the chairman of Yijixuan Jewelry (Chengdu) Co., Ltd. and the independent director of the Company.
Guo Xiaodong	Born in 1964, he holds a bachelor's degree and is a senior economist. He once worked as an assistant engineer at the Agricultural Machinery Bureau of Shuangliao City, Jilin Province, engineer at the Fourth Research Office of Jilin Agricultural Machinery Research Institute, manager of Gaodao Industrial (Shenzhen) Co., Ltd., director, deputy general manager and general manager of Engineering Department of Shenzhen Tefa Development Center Property Management Co., Ltd., deputy general manager of Shenzhen Tefa Development Center Construction Supervision Co., Ltd., director and general manager of Shenzhen Tefa Development Center Property Management Co., Ltd., deputy general manager of Shenzhen Tefa Property Co., Ltd., chairman of the Board of Supervisors of Shenzhen SDG Real Estate Co., Ltd. and chairman of the Board of Supervisors of Shenzhen Tefa Xiaomeisha Tourism Center. He currently serves as the Chairman of the Board of Supervisors of the Company.
Liu Haicheng	Born in 1969, she holds a master's degree and is a senior engineer. She once served as a staff member of the Design Department of Dongfeng Motor Wheel Co., Ltd., a staff member of the Technical Department of Shenzhen Dongfeng Motor Co., Ltd., a staff member of the Secretariat of Shenzhen Automobile Industry Association, a staff member of the Business Department of the Automobile Business Division of the Company, and a staff member, deputy manager and manager of the Business Management Department of the Company. She is currently the deputy general manager and employee representative supervisor of the Jewelry Industry Management Division of the Company.
Zhang Zheng	Born in 1984, he holds a bachelor's degree and is an intermediate accountant and senior human resources manager. He once served as the senior auditor of the Shenzhen Branch of Peking Certified Public Accountants in Shenzhen city, the financing specialist of the Planning and Finance Department of Shenzhen Special Economic Zone Development Group Co., Ltd., and the deputy manager of the Planning and Finance Department of the Company. He is currently the manager of the Auditing & Risk Management Department and the employee representative supervisor of the Company.
Tan Zhong	Born in 1968, he holds a bachelor's degree and has a lawyer qualification certificate and enterprise legal counsel qualification certificate. He once served as the legal counsel and deputy manager of the Enterprise Management Department of Shenzhen Auto Motive Industry & Trade General Company, deputy director of the Secretariat of the Board of Directors, legal affairs representative and manager of the Enterprise Management Department of the Company, and general manager and Secretary of the Party General Branch of Shenzhen SDG Huari Automobile Enterprise Co., Ltd. He currently serves as the Company's Deputy Secretary of the Party Committee and Chairman of the Labor Union.
Xie Jing	Born in 1965, a Canadian, he holds a bachelor's degree in Engineering and is a Senior Engineer and National Registered Supervision Engineer. He once served as structural engineer of Hunan Light Industry Design Institute, engineer of the Hunan Branch of Bank of China, general manager assistant of the Real Estate Department and manager of the Engineering Department of Shenzhen Special Economic Zone Development Group Co., Ltd., deputy general manager of Shenzhen Jincheng Real Estate Group Co., Ltd., executive president of Shenzhen Jiaanda Investment Group Co., Ltd., general manager of Land Reserve Center of Weiye Holdings Ltd., etc. He currently serves as the Deputy General Manager of the Company.
Qi Peng	Born in 1973, he holds a master's degree and is an economist. He has obtained the qualification certificate of Secretary of the Board of Directors of Shenzhen Stock Exchange. He once served as the secretary of the chairman and the head of the Information Center of Shenzhen Special Economic Zone Development Group Co., Ltd., the deputy director of the Secretariat of the Board of Directors, the deputy manager of the Enterprise Management Department and the manager of the Business Department of the Automobile Business Division of Shenzhen Tellus Holding Co., Ltd., the general manager of Shenzhen Tellus Automobile Service Chain Co., Ltd., the general manager of Shenzhen Tellus Xinyongtong Automobile Development Co., Ltd., director of the Secretariat of the Board of Directors of Shenzhen Tellus Holding Co., Ltd., etc. He currently serves as the Deputy General Manager and the Secretary of the Board of Directors of the Company.

Position in the Shareholder's Entity

Applicable Not applicable

Name of officer	Name of the shareholder's entity	Position in the shareholder's entity	Date of term commencement	Date of term expiration	Whether there is compensation or allowance in the shareholder's entity or not
Hong Wenya	Shenzhen Special Economic Zone Development Group Co., Ltd.	Member of the Party Committee, Director and Chief Financial Officer	June 15, 2021	-	Yes
Yang	Shenzhen Special Economic	General Manager of Strategic	December 6, 2021	-	Yes

Xi	Zone Development Group Co., Ltd.	Investment Department			
Huang Liang	Shenzhen Special Economic Zone Development Group Co., Ltd.	Deputy Office Director (in charge)	December 6, 2021	-	Yes

Conditions on service in other units

Applicable Not applicable

Name of officer	Name of other units	Position held in other units	Date of term commencement	Date of term expiration	Whether there is compensation or allowance in the other units or not
Hong Wenya	Shenzhen SDG Information Co., Ltd.	Director	December 16, 2022	July 15, 2024	No
Hong Wenya	Shenzhen SEZ Construction Group Co., Ltd.	Supervisor	December 23, 2021	-	No
Yang Xi	Shenzhen SDG Information Co., Ltd.	Director	December 13, 2021	July 15, 2024	No
Yang Xi	Shenzhen Zhishenggao Technology Development Co., Ltd.	Director	December 24, 2021	-	No
Lou Hong	Shenzhen Renfu Tellus Automobiles Service Co., Ltd.	Vice Chairman	March 28, 2019	-	No
Hu Yuming	Jinan University	Professor and Doctoral Supervisor of the School of Management	June 1, 2003	-	Yes
Jiang Dinghang	Shanghai Allbright (Shenzhen) Law Offices	Senior Partner	April 1, 2005	-	Yes
Jiang Dinghang	Gaoxin Modern Intelligent System Co., Ltd.	Independent Director	January 21, 2020	-	Yes
Zhang Dong	Yijixuan Jewelry (Chengdu) Co., Ltd.	Chairman	September 3, 2021	-	Yes
Conditions on service in other units	The positions of the Company's directors, supervisors and senior executives in other units are those of non-holding subsidiaries of the Company.				

Penalties imposed by securities regulatory institution in past three years on directors, supervisors and senior executives who are in-service and left their posts during the reporting period

Applicable Not applicable

3. Compensation of Directors, Supervisors and Senior Executives

The decision-making procedures, determination basis and actual payment of the remuneration of directors, supervisors and senior executives shall be implemented in strict accordance with the *Detailed Rules for the Implementation of the Remuneration and Appraisal Committee of the Board of Directors of Shenzhen Tellus Holding Co., Ltd.*, the *Measures for the Management of Remuneration and Performance of Members of the Management Team of Shenzhen Tellus Holding Co., Ltd.*, the *Remuneration Management System for Employees of Headquarters of Shenzhen Tellus Holding Co., Ltd.*, the *Measures for the Management of Employee Performance of Headquarters of Shenzhen Tellus Holding Co., Ltd.* and other relevant systems and regulations.

Compensation of the directors, supervisors and senior executives of the Company during the reporting period:

Unit: RMB 10,000

Name	Title	Gender	Age	Service status	Total compensation before tax received from the Company	Whether to receive compensation from related parties of the Company
Fu Chunlong	Chairman	Male	50	In-service	159.82	No
Hong Wenya	Director	Male	49	In-service	0	Yes
Wu Ruikai	Director, General Manager	Male	52	In-service	94.04	No
Yang Xi	Director	Male	42	In-service	0	Yes
Huang Liang	Director	Male	36	In-service	0	Yes
Lou Hong	Director	Female	55	In-service	125.36	No
Hu Yuming	Independent Director	Male	58	In-service	8	No
Jiang Dinghang	Independent Director	Male	60	In-service	8	No
Zhang Dong	Independent Director	Male	49	In-service	8	No
Guo Xiaodong	Chairman of Board of Supervisors	Male	59	In-service	79.2	No
Zhang Baojun	Supervisor	Male	53	In-service	0	Yes
Zeng Xingyu	Supervisor	Male	42	In-service	0	Yes
Liu Haicheng	Employee Supervisor	Female	54	In-service	67.06	No
Zhang Zheng	Employee Supervisor	Male	39	In-service	55.27	No
Tan Zhong	Deputy Secretary of Party Committee	Male	55	In-service	119.53	No
Xie Jing	Deputy General Manager	Male	58	In-service	156.71	No
Qi Peng	Deputy General Manager, Secretary of the Board of Directors	Male	50	In-service	103.48	No
Yang Hongyu	Director	Male	45	Resigned	0	Yes
Gu Zhiming	Director	Male	52	Resigned	0	No
Total	--	--	--	--	984.47	--

VI. Duty Performance of Directors during the Reporting Period

1. Information of the Board of Directors during the reporting period

Session of meeting	Holding date	Disclosure date	Resolution
The Second Formal Meeting of the Tenth Board of Directors	April 7, 2022	April 8, 2022	For details, please refer to the <i>Announcement on Resolutions of the Second Formal Meeting of the Tenth Board of Directors</i> (Announcement No.: 2022-005) of <i>Securities Times</i> , <i>Hong Kong Commercial Daily</i> and CNINFO (www.cninfo.com.cn)
The Third Formal	April 28,	April 29,	For details, please refer to the <i>Announcement on Resolutions of the</i>

Meeting of the Tenth Board of Directors	2022	2022	Third Formal Meeting of the Tenth Board of Directors (Announcement No.: 2022-014) of Securities Times, Hong Kong Commercial Daily and CNINFO (www.cninfo.com.cn)
The Third Extraordinary Meeting of the Tenth Board of Directors	May 19, 2022	May 20, 2022	For details, please refer to the Announcement on Resolutions of the Third Extraordinary Meeting of the Tenth Board of Directors (Announcement No.: 2022-019) of Securities Times, Hong Kong Commercial Daily and CNINFO (www.cninfo.com.cn)
The Fourth Extraordinary Meeting of the Tenth Board of Directors	June 14, 2022	June 15, 2022	For details, please refer to the Announcement on Resolutions of the Fourth Extraordinary Meeting of the Tenth Board of Directors (Announcement No.: 2022-026) of Securities Times, Hong Kong Commercial Daily and CNINFO (www.cninfo.com.cn)
The Fourth Formal Meeting of the Tenth Board of Directors	August 24, 2022	August 25, 2022	For details, please refer to the Announcement on Resolutions of the Fourth Formal Meeting of the Tenth Board of Directors (Announcement No.: 2022-040) of Securities Times, Hong Kong Commercial Daily and CNINFO (www.cninfo.com.cn)
The Fifth Extraordinary Meeting of the Tenth Board of Directors	September 29, 2022	September 30, 2022	For details, please refer to the Announcement on Resolutions of the Fifth Extraordinary Meeting of the Tenth Board of Directors (Announcement No.: 2022-047) of Securities Times, Hong Kong Commercial Daily and CNINFO (www.cninfo.com.cn)
The Fifth Formal Meeting of the Tenth Board of Directors	October 27, 2022		Deliberation of a proposal for the third quarterly report of 2022
The Sixth Extraordinary Meeting of the Tenth Board of Directors	November 24, 2022	November 25, 2022	For details, please refer to the Announcement on Resolutions of the Sixth Extraordinary Meeting of the Tenth Board of Directors (Announcement No.: 2022-051) of Securities Times, Hong Kong Commercial Daily and CNINFO (www.cninfo.com.cn)
The Seventh Extraordinary Meeting of the Tenth Board of Directors	December 23, 2022	December 27, 2022	For details, please refer to the Announcement on Resolutions of the Seventh Extraordinary Meeting of the Tenth Board of Directors (Announcement No.: 2022-055) of Securities Times, Hong Kong Commercial Daily and CNINFO (www.cninfo.com.cn)

2. Attendance of directors at the Board Meeting and General Meeting of Shareholders

Attendance of directors at the Board Meeting and General Meeting of Shareholders							
Name of Director	Number of attendances to the Board Meeting during the reporting period	Attendances at the Board Meeting in person	Attendances at the Board Meeting through communication tools	Attendances at the Board Meeting through entrusting others	Times of absence at the Board Meeting	Attending the Board Meeting not in person for two consecutive times or not	Attendances at the General Meeting of Shareholders
Fu Chunlong	10	1	9	0	0	No	1
Hong Wenya	10	0	10	0	0	No	0
Yang Xi	7	0	7	0	0	No	0
Wu Ruikai	10	1	9	0	0	No	2
Huang Liang	5	0	5	0	0	No	0
Lou Hong	10	1	9	0	0	No	2
Hu Yuming	10	0	10	0	0	No	0
Jiang Dinghang	10	0	10	0	0	No	1
Zhang	10	0	10	0	0	No	1

Dong							
Gu Zhiming	3	0	3	0	0	No	0

Explanation on failure to attend the Board Meeting in person two consecutive times: During the reporting period, there were no cases where directors did not attend the Board Meeting in person twice.

3. Objection to related matters of the Company by directors

Whether the directors have any objection to the related issues of the Company or not

Yes No

The directors have not raised any objection to related issues during the reporting period.

4. Other instructions to duty performance of the directors

Whether the suggestions related to the Company proposed by the directors are accepted or not

Yes No

Description on acceptance or non-acceptance of relevant suggestions related to the Company proposed by the directors

During the reporting period, all directors of the Company carried out their work in strict accordance with the *Company Law*, the *Securities Law*, the *Guidelines for Self-discipline Regulation of Listed Companies of Shenzhen Stock Exchange No. 1 – Standard Operation of Listed Companies on the Main Board* and other laws, regulations and normative documents, as well as the *Articles of Association* and the *Rules of Procedure of the Board of Directors*, and were faithful to their duties, diligent and responsible. They all actively attended the Board Meeting, understood the essence of the proposals under consideration and related business, carefully reviewed and discussed various proposals, and put forward targeted suggestions for the Company's internal control, operation management and strategic layout. In accordance with the relevant provisions of the *Rules for Independent Directors of Listed Companies*, the independent directors of the Company give full play to their own professional knowledge, make independent and impartial judgments, carry out limited supervision on the financial, production and operation activities and information disclosure of the Company, play a positive role in the scientific decision-making and standardized operation of the Board of Directors, and effectively safeguard the legitimate rights and interests of the Company and all shareholders. The Company listens carefully to the suggestions put forward by the directors and actively adopts reasonable suggestions that meet the development needs of the Company.

VII. Special Commission Set under the Board of Directors during the Reporting Period

Name of Committee	Members	Number of meetings Held	Holding date	Meeting content	Important comments and suggestions	Other performance of duties	Details of objections (if any)
Audit Committee	Hong Wenya, Lou Hong, Hu Yuming, Jiang Dinghang, Zhang Dong	3	January 13, 2022	Review of preliminary arrangements for an audit of the 2021 annual financial report	Agreed	-	-
Audit Committee	Hong Wenya, Lou Hong, Hu Yuming,	3	April 7, 2022	Review of 2021 financial position and operating results	Agreed	-	-

	Jiang Dinghang, Zhang Dong						
Audit Committee	Hong Wenya, Lou Hong, Hu Yuming, Jiang Dinghang, Zhang Dong	3	September 28, 2022	Deliberation on the <i>Proposal on Reappointment of Auditors in 2022</i>	Agreed	-	-
Remuneration and Appraisal Committee	Fu Chunlong, Hong Wenya, Hu Yuming, Jiang Dinghang, Zhang Dong	4	April 7, 2022	Review of the 2022 performance indicators of Tellus Holding and its management team	Agreed	-	-
Remuneration and Appraisal Committee U	Fu Chunlong, Hong Wenya, Hu Yuming, Jiang Dinghang, Zhang Dong	4	August 22, 2022	Review of the results of the 2021 annual performance appraisal and the approval of the 2021 annual performance salary of the management team of Tellus Holding	Agreed	-	-
Remuneration and Appraisal Committee U	Fu Chunlong, Hong Wenya, Hu Yuming, Jiang Dinghang, Zhang Dong	4	September 7, 2022	Deliberation on the report on the results of the 2019-2021 tenure appraisal of the management team of Tellus Holding	Agreed	-	-
Remuneration and Appraisal Committee U	Fu Chunlong, Hong Wenya, Hu Yuming, Jiang Dinghang, Zhang Dong	4	October 28, 2022	Deliberation on the report on the 2019-2021 tenure incentives of the management team of Tellus Holding	Agreed	-	-
Strategy Committee	Fu Chunlong, Hong Wenya, Wu Ruikai, Yang Xi, Huang Liang	2	April 7, 2022	Deliberation on the <i>Development Strategy Plan for the "14th Five-Year Plan"</i>	Agreed	-	-
Strategy Committee	Fu Chunlong, Hong Wenya, Wu Ruikai, Yang Xi, Huang Liang	2	June 14, 2022	Deliberation on the proposal for investment in the gold circulation platform project	Agreed	-	-

VIII. Work of the Board of Supervisors

Whether the Board of Supervisors has found any risks in the Company's supervision activities during the reporting period or not

Yes No

The Board of Supervisors has not raised any objection to the supervision issues during the reporting period.

IX. Employees of the Company

1. Number of employees, professional composition and level of education

Number of existing employees in the parent company at the end of the reporting period (person)	106
Number of existing employees in the main subsidiaries at the end of the reporting period (person)	211
Total number of existing employees at the end of the reporting period (person)	317
Total number of employees payable in current period (person)	317
Number of retired employees with expenses incurred by the parent company and main subsidiaries (person)	2
Professions	
Type of professions	Number of professional persons (person)
Production personnel	0
Sales personnel	88
Technician	75
Financial personnel	28
Administrative personnel	126
Total	317
Level of education	
Level of education	Number of employees
Master's degree and above	31
Bachelor's degree	102
Junior college	67
Others	117
Total	317

2. Compensation policy

The Company strictly implements remuneration policy in accordance with the *Remuneration Management System for Employees of Headquarters of Shenzhen Tellus Holding Co., Ltd.* and the *Performance Assessment Management System for Headquarters Employees of Shenzhen Tellus Holding Co., Ltd.*

3. Training plan

The training focuses on the improvement of the management skills of middle management personnel and the professional skills of reserve talents and core staff. In the actual training work, the Company should constantly enrich the training content, expand the training form, optimize the training process, and clarify the training purpose, so as to improve the training effect. Specific measures: First, enrich, optimize and update the learning database of new employees, and accelerate the integration of new employees into the Company; Second, strengthen professional training for grass-roots employees and improve their quality; Third, strengthen the management of departmental training quotas and improve the efficiency of training funds; Fourth, optimize the reward rules of the network college and continuously improve the learning atmosphere; Fifth, refine management capability requirements and carry out targeted training for middle managers to improve

management capability; Sixth, focus on external training, and carry out strategic management ability training to enhance the vision of senior management.

4. Labor outsourcing

Applicable Not applicable

X. Profit Distribution and Capital Reserve Converted into Share Capital of the Company

Preparation, implementation or adjustment of the profit distribution policy during the reporting period, especially the cash dividend policy

Applicable Not applicable

The Company attaches great importance to the reasonable return to investors. The *Articles of Association* specifies the standards and proportions of cash dividends, decision-making procedures and mechanisms, and the form of profit distribution. The Company strictly implements the *Articles of Association* and the resolutions of the General Meeting of Shareholders. The standard and proportion of dividend distribution are clear and definite, the relevant decision-making procedures and mechanisms are complete, the independent directors fulfill their duties and perform their duties, the minority shareholders have the opportunity to fully express their opinions and demands, and the legitimate rights and interests of minority shareholders are fully safeguarded.

Special explanation on cash dividend policy	
Whether it complies with the provisions of the Articles of Association or the requirements of resolutions of the general meeting of shareholders:	Yes
Whether the dividend standards and proportions are definite and clear:	Yes
Whether the relevant decision-making processes and mechanisms are complete:	Yes
Whether the independent directors perform their duties and play their due role:	Yes
Whether the minority shareholders have the opportunity to fully express their opinions and demands and whether their legitimate rights and interests are adequately protected:	Yes
Whether the conditions and procedures for adjusting and changing the cash dividend policy are compliant and transparent:	Yes

During the reporting period, the Company had profits and the parent company had positive distributive profit for shareholders; however, the cash bonus distribution pre-plan was not proposed

Applicable Not applicable

Profit distribution and capital reserve converted into share capital during the reporting period

Applicable Not applicable

Number of bonus shares per 10 shares (share)	0
Number of dividends per 10 shares (RMB) (tax-inclusive)	0.28
Base of share capital in distribution pre-plan (share)	431,058,320
Total cash dividends (RMB) (tax-inclusive)	12,069,632.96
Amount of cash dividends in other ways (for example share repurchase) (RMB)	0.00

Total amount of cash dividends (including other ways) (RMB)	12,069,632.96
Distributable profit (RMB)	57,543,443.57
The proportion of total cash dividends (including other forms) to total profit distribution	100%
Cash dividends for the current reporting period	
Others	
Description of details on pre-plan of profit distribution or transfer from capital reserve to share capital	
<p>In order to actively return shareholders and enable investors to participate in and share the operating results of the Company's development, according to the <i>Articles of Association</i>, the <i>Shareholder Return Plan for the Next Three Years (2020-2022) of the Company</i>, the <i>Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange</i> and other regulations on cash dividends, and taking into account the Company's future strategic layout and other capital expenditure needs, Based on the total share capital of 431,058,320 shares as of December 31, 2022, the Company plans to distribute a cash dividend of RMB 0.28 (including tax) for every 10 shares to all shareholders, with a total cash dividend of RMB 12,069,632.96, without bonus shares or capital increase. This profit distribution plan shall be implemented after being reviewed and approved by the General Meeting of Shareholders.</p>	

XI. Implementation of the Company's Equity Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentive Measures

Applicable Not applicable

During the reporting period, there is no equity incentive plan, employee stock ownership plan or other employee incentive measures and their implementation for the Company.

XII. Establishment and Implementation of Internal Control System during the Reporting period

1. Establishment and implementation of internal control

During the reporting period, the Company has established a systematic and effective internal control system from the governance level to each work process level and will continuously improve it. The Board of Directors is responsible for the establishment, improvement and effective implementation of the internal control system; The Audit Committee assists in the formulation and review of the Company's internal control system, and audits and supervises major related party transactions; The Auditing & Risk Management Department is responsible for the specific organization and implementation of the Company's internal control system; The person in charge of the enterprise, department and office specifically undertakes the internal control work of the enterprise, department and office; The Board of Supervisors shall supervise the internal control system established and implemented by the Board of Directors. The Company has established the above internal control organizational structure according to the *Basic Standard for Enterprise Internal Control* and its supporting guidelines, defined the work objectives, responsibilities and authorities of each post of the Company, and established corresponding checks and balances and supervision mechanisms to ensure that each post performs its duties within the scope of authority.

Based on the identification results of material deficiencies in internal control over financial reports of the Company, there are no material deficiencies in internal control over financial reports on the base date of the internal control assessment report. The Company has maintained effective internal control over financial reporting in all material aspects in accordance with the requirements of the enterprise's internal control standard system and relevant regulations.

2. Details about material deficiency in internal controls during the reporting period

Yes No

XIII. Management Control over the Subsidiaries during the Reporting Period

Company name	Integration Plan	Integration Progress	Problems Encountered in Integration	Solutions Taken	Resolution Progress	Follow-up Resolution Plan
N/A	N/A	N/A	N/A	N/A	N/A	N/A

XIV. Internal Control Self-evaluation Report or Auditor's Report on Internal Control

1. Internal control self-evaluation report

Disclosure date of the internal controls evaluation report	April 27, 2023	
Disclosure index of the internal controls evaluation report	For details, please refer to the <i>2022 Annual Internal Control Self-evaluation Report</i> disclosed by the Company on CNINFO (http://www.cninfo.com.cn)	
Proportion of total unit assets included in the evaluation scope to total assets from the Company's consolidated financial statements	100.00%	
Proportion of unit revenue included in the evaluation scope to operating revenue from the Company's consolidated financial statements	100.00%	
Deficiency identification standards		
Class	Financial reports	Non-financial reports
Qualitative standards	1. Material deficiencies: Deficiencies, either individually or in combination with other deficiencies, resulting in a material misstatement in a financial report that cannot be prevented or detected and corrected in a timely manner. The following situations shall be deemed as material	1. Material deficiencies: ① Major decisions violate the Company's prescribed procedures, causing major losses to the Company; ② Serious violation of laws and regulations,

	<p>deficiencies:</p> <p>① Management fraud leads to material misstatement of financial results or provision of false financial reports, misleading users of financial reports, resulting in decision-making errors and litigation;</p> <p>② The control environment is invalid;</p> <p>③ Major internal control deficiencies found and reported to the management have not been corrected after a reasonable period of time;</p> <p>④ The Company fails to perform the corresponding decision-making procedures for the decision-making of major matters, resulting in significant losses to the Company;</p> <p>⑤ Lack of effective control over important businesses involving the Company's production and operation;</p> <p>⑥ Other deficiencies that seriously mislead the correct judgment of the user of the statement and lead to major compensation of the Company.</p> <p>2. Significant deficiencies: Deficiencies, either individually or in combination with other deficiencies, resulting in the failure to prevent or detect and correct misstatements in the financial report in a timely manner that do not meet or exceed the level of materiality but still deserve the attention of management. The following situations shall be deemed as significant deficiencies:</p> <p>① Failure to select and apply accounting policies in accordance with generally accepted accounting principles;</p> <p>② Failure to establish anti-fraud procedures and control measures;</p> <p>③ There is no corresponding control mechanism established or implemented for the accounting treatment of unconventional or special transactions, and there is no corresponding compensatory control;</p> <p>④ There are one or more deficiencies in the control of the financial reporting process at the end of the period, and there is no reasonable assurance that the financial statements prepared are true and accurate.</p> <p>3. General deficiency refers to other deficiencies in control other than the above-mentioned material deficiency and significant deficiency.</p>	<p>causing heavy losses to the Company;</p> <p>③ Lack of system control or failure of system for important business;</p> <p>④ Serious turnover of core management personnel or core technical personnel;</p> <p>⑤ The material deficiencies in the internal control evaluation results have not been rectified;</p> <p>⑥ The internal control of information disclosure fails, resulting in the Company being publicly condemned by regulatory authorities.</p> <p>2. Significant deficiencies:</p> <p>① The Company violates the internal rules and regulations of the enterprise, resulting in relatively large losses;</p> <p>② Serious brain-drain in key positions of the Company;</p> <p>③ The Company's important business system or system has defects;</p> <p>④ The significant deficiencies in the Company's internal control have not been rectified.</p> <p>3. General deficiencies: other control deficiencies than the above-mentioned material deficiencies and significant deficiencies.</p>
Quantitative standards	<p>1. Material deficiencies: misstatement > 10% of the total profit, and the absolute amount > RMB 2 million;</p> <p>2. Significant deficiencies: 5% of the total profit < misstatement ≤ 10% of the total profit, and the absolute amount > RMB 1 million; or RMB 1 million < absolute amount ≤ RMB 2 million, and the misstatement amount > 5% of the total profit;</p> <p>3. General deficiencies: misstatement ≤ 5% of the total profit, or absolute amount ≤ RMB 1 million.</p>	<p>1. Material deficiencies: the amount of loss > 1.5% of the owner's equity attributable to the parent company, and the absolute amount is > RMB 5 million;</p> <p>2. Significant deficiencies: 0.5% of the owner's equity attributable to the parent company < loss amount ≤ 1.5% of the owner's equity attributable to the parent company, or RMB 1 million < absolute amount ≤ RMB 5 million;</p> <p>3. General deficiencies: the amount of loss ≤ 0.5% of the owner's equity attributable to the parent company, or the absolute amount ≤ RMB 1 million.</p>
Number of material deficiencies in the financial report (Nr.)	0	

Number of material deficiencies in the non-financial report (Nr.)	0
Number of significant deficiencies in the financial report (Nr.)	0
Number of significant deficiencies in the non-financial report (Nr.)	0

2. Auditor's report on internal control

Applicable Not applicable

Review opinion paragraph in auditor's report on internal control	
In our opinion, Tellus maintained, in all material respects, effective internal control over financial reporting as at December 31, 2022 in accordance with the <i>Basic Norms of Enterprise Internal Control</i> and relevant regulations.	
Disclosure of auditor's report on internal control	Disclosure
Disclosure date of auditor's report on internal control	April 27, 2023
Disclosure index of auditor's report on internal control	For details, please refer to the <i>Internal Control Assurance Report</i> disclosed by the Company on CNINFO (http://www.cninfo.com.cn/) on April 27, 2023.
Type of opinion in auditor's report on internal control	Unqualified opinion
Whether there are material deficiencies in the non-financial report	No

Does the accounting firm express a qualified opinion in auditor's report on internal control?

Yes No

Is the auditor's report on internal control issued by the accounting firm consistent with the self-evaluation report of the Board of Directors

Yes No

XV. Rectification of Problems Identified in the Self-inspection over the Listed Company's Special Governance Measures

N/A

Section V Environmental and Social Responsibility

I. Major Environmental Protection Issues

Whether the listed company and its subsidiaries belong to the key pollutant discharging entities announced by the environmental protection authorities

Yes No

Administrative penalties imposed for environmental problems during the reporting period

Name of company or subsidiary	Reason for Punishment	Violations	Penalty	Impact on the Production and Operation of Listed Companies	Rectification Measures of the Company
N/A	N/A	N/A	N/A	N/A	N/A

Disclosure of other environmental information with reference to key pollutant discharging entities

During the reporting period, the Company and its subsidiaries have not been subject to administrative punishment due to environmental problems.

Measures and effects to reduce carbon emissions during the reporting period

Applicable Not applicable

Reasons for not disclosing other environmental information: The Company and its subsidiaries are not key pollutant discharge units announced by the environmental protection department, and there was no punishment due to violations of laws and regulations during the reporting period.

II. Social Responsibilities

The Company takes it as its duty to return shareholders, cultivate outstanding employees and give back to society. Based on the principle of fairness, the Company actively safeguards the legitimate rights and interests of shareholders, advocates realizing self-value while realizing enterprise value, creates an enterprise atmosphere of common and harmonious development, actively repays society and the public, highlights the responsibility of state-owned enterprises, and gives full play to the strength of the Company's youth commando, Party member pioneer team, volunteer service team, etc. A total of more than 60 people voluntarily participated in community health and environment work and served the community more than 300 times; 63 people have been sent to participate in health services in Futian District and Luohu District, with an average service period of 10 days per capita.

During the reporting period, more than RMB 26 million was invested in work safety throughout the year; In terms of system specification and implementation, the Company further revised and improved the work safety management system, carried out various safety inspections, completed the rectification of all hidden

dangers, organized 23 safety publicity, education and training sessions, and 3 emergency drills, and actively promoted the special rectification of the safety of self-built houses.

III. Details on Consolidating and Expanding its Achievements in Poverty alleviation and Rural Revitalization

In response to the implementation of the rural revitalization strategy, the Company assigned special personnel to Chengtian Town, Shantou City to carry out the assistance work, and address the agricultural and sideline products in the assistance areas by purchasing instead of donating, so as to promote poverty alleviation through consumption and open up the sales channels of agricultural products, and effectively promote the local poverty alleviation and rural revitalization with practical actions.

Section VI Important Matters

I. Performance of Commitments

1. Commitments that have been fulfilled during the reporting period and have not yet been fulfilled as at the end of the reporting period by the Company, actual controller, shareholders, affiliates, purchasers and other commitment related parties

Applicable Not applicable

Commitment causes	Committed party	Commitment type	Commitment content	Commitment time	Commitment period	Performance
Commitment made in acquisition report or report of equity change	Shenzhen Investment Holdings Co., Ltd.	Ensure the independence of listed companies	The Company will maintain the independence of the listed company, and maintain personnel independence, institutional independence, financial independence and asset integrity with the listed company. The listed company will still have independent operation ability, independent procurement, production and sales system and independent intellectual property rights. In case of violation of the above commitments, the Company will bear corresponding legal responsibilities, including but not limited to compensation for all losses caused to the listed company.	December 30, 2022	During the period of being the indirect controlling shareholder of Tellus Holding, a listed company	In performance
Commitment made in acquisition report or report of equity change	Shenzhen Investment Holdings Co., Ltd.	Avoid horizontal competition	1. As of the signing date of this Letter of Commitment, the Company and other enterprises controlled by the Company have not engaged in businesses and activities that are in direct competition with or may constitute direct competition with Tellus, and will not engage in businesses and activities that are in direct	December 30, 2022	During the period of being the indirect controlling shareholder of Tellus Holding, a listed company	In performance

			<p>competition with or may constitute direct competition with Tellus in the future (except those arranged based on the Shenzhen SASAC or similar government agencies);</p> <p>2. During the period of being the controlling shareholder of Tellus and during its listing on Shenzhen Stock Exchange, the Company will fully respect the independent operation autonomy of all subsidiaries controlled by the Company and ensure that the legitimate rights and interests of Tellus and its minority shareholders will not be infringed;</p> <p>3. The Company promises not to seek illegitimate interests with the status of controlling shareholder of Tellus, thus damaging the rights and interests of Tellus and its shareholders;</p> <p>4. The Company promises not to assist any party or third party to engage in any business activities that are in substantial competition or potential competition with the main business of Tellus by using the information learned or known from Tellus;</p> <p>5. If the Company or other enterprises controlled by the Company violate the above commitments and guarantees, the Company shall bear the economic losses caused to the listed company.</p>			
Commitment made in acquisition report or report of equity change	Shenzhen Investment Holdings Co., Ltd.	Reduce and standardize related party transactions	1. The Company and the companies, enterprises and economic organizations controlled or actually controlled by the Company (excluding enterprises controlled by listed companies,	December 30, 2022	During the period of being the indirect controlling shareholder of Tellus Holding, a listed company	In performance

			<p>hereinafter collectively referred to as "affiliated companies") will exercise the rights of shareholders, fulfill the obligations of shareholders, and maintain the independence of listed companies in terms of assets, finance, personnel, business and institutions in strict accordance with the provisions of laws, regulations and other normative documents;</p> <p>2. The Company promises not to use its position as a controlling shareholder to urge the General Meeting of Shareholders or the Board of Directors of the listed company to make resolutions that infringe upon the legitimate rights and interests of other shareholders of the listed company;</p> <p>3. The Company or its affiliated companies will try to avoid related party transactions with listed companies. If it is inevitable to have related party transactions with listed companies, the Company or its affiliated companies will urge the controlled entities to trade with listed companies on an equal and voluntary basis in accordance with fair, reasonable and normal commercial transaction conditions;</p> <p>4. The Company or its affiliated companies will perform the decision-making procedures of related party transactions and the corresponding information disclosure obligations in strict accordance with the Articles of Association of the listed company and relevant laws and regulations;</p> <p>5. The Company or its affiliated companies will</p>		
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			<p>ensure that they will not seek special interests beyond the above provisions through related party transactions with the listed company, illegally transfer the funds and profits of the listed company through related party transactions, and maliciously damage the legitimate rights and interests of the listed company and its shareholders through related party transactions. In case of violation of the above commitments, the Company will bear corresponding legal responsibilities, including but not limited to compensation for all losses caused to the listed company.</p>			
Commitment made during the initial public offering or refinancing	Shenzhen Tellus Holding Co., Ltd.	Others	<p>The commitment to the performance of information disclosure business for the Company's business development matters is as follows: In the future, the Company will disclose relevant information in a timely, accurate and full manner according to the progress of the new business and relevant requirements.</p>	October 17, 2014	Long-term	In performance
Other commitments made for minority shareholders of the Company	Shenzhen Special Economic Zone Development Group Co., Ltd.	Horizontal competition	<p>In order to avoid horizontal competition, Shenzhen Special Economic Zone Development Group Co., Ltd., the controlling shareholder of the Company, issued the <i>Letter of Commitment to Avoiding Horizontal Competition</i> on May 26, 2014. The full text of the Commitment is as follows: 1. The Company and other enterprises controlled by the Company other than Tellus Holding are not engaged in businesses that are in substantial</p>	May 26, 2015	Long-term	In performance

			<p>competition with the main business of Tellus Holding, and there is no horizontal competition relationship with Tellus Holding;</p> <p>2. The Company and other enterprises controlled by it shall not directly or indirectly engage in or participate in any business that constitutes or may constitute competition with the main business of Tellus Holding in any form;</p> <p>3. If the Company and other enterprises controlled by it can engage in or participate in any business opportunity that may compete with the main business of Tellus Holding, they shall notify Tellus Holding of the above business opportunity before implementing or signing relevant agreements. If Tellus Holding makes a positive reply within a reasonable period specified in the notice that it is willing to take advantage of the business opportunity, the business opportunity will be given priority to Tellus Holding.</p>			
Other commitments made for minority shareholders of the Company	Shenzhen Tellus Holding Co., Ltd.	Dividend commitment	<p>From 2020 to 2022, the Company's profits will be first used to cover the losses of previous years; After making up for the losses of previous years, on the premise that the Company's profits and cash flow meet the normal operation and long-term development of the Company, the Company will implement an active profit distribution method to return it to shareholders. For details, please refer to the <i>Shareholder Return Plan for the Next Three Years (2020-2022)</i> disclosed on CNINFO on</p>	April 3, 2020	December 31, 2022	Performance completed

			April 3, 2020.			
Whether the commitments are duly performed	Yes					
If the commitment is not fulfilled after the time limit, the specific reasons for the failure for fulfillment and the next work plan shall be specified	N/A					

2. If the profit forecast can be carried out for the Company’s assets or projects and the reporting period is within the period of profit forecast, the Company shall explain whether the assets and projects can realize the original profit forecast and specify the reasons.

Applicable Not applicable

II. Controlling Shareholder and Other Related Parties’ Occupation of Non-operating Funds of the Listed Company

Applicable Not applicable

Non-operating fund occupied by the controlling shareholder and other related parties towards the listed company is not identified within the reporting period of the Company.

III. Illegal Foreign Guarantee

Applicable Not applicable

During the reporting period, the Company has no illegal foreign guarantees.

IV. Description of the Board of Directors on the Latest “Non-Standard Auditor’s Report”

Applicable Not applicable

V. Description of the Board of Directors, Board of Supervisors and Independent Directors (If Any) on the "Non-Standard Auditor’s Report" Issued by the Accounting Firm during the Reporting Period

Applicable Not applicable

VI. Description of the Changes in Accounting Policies and Accounting Estimates or Correction of Major Accounting Errors as Compared with Those in the Financial Report for the Previous Year

Applicable Not applicable

(I) On December 30, 2021, the Ministry of Finance issued the *Interpretation No. 15 of the Accounting Standards for Business Enterprises* (CK [2021] No. 35) (hereinafter referred to as "Interpretation No. 15"), in which the contents of "Accounting treatment for external sales of products or by-products produced before the fixed assets reach the expected serviceable condition or during the R&D process" and "judgment on onerous contracts" shall be implemented from January 1, 2022. Retroactive adjustments should be made for trial sales that occurred between the beginning of the period in which the financial statements were presented and January 1, 2022. This provision shall be implemented for contracts that have not fulfilled all obligations as of January 1, 2022. The cumulative effect shall be adjusted to the retained earnings and other relevant financial statement items at the beginning of the year on the date of implementation, without adjustments to the comparative financial statement data of the previous period.

The Company will implement the above provisions from January 1, 2022, and the changes in accounting policies have no impact on the Company's financial statements.

(II) On November 30, 2022, the Ministry of Finance issued *Interpretation No. 16 of the Accounting Standards for Business Enterprises* (CK [2022] No. 31, hereinafter referred to as Interpretation No. 16), in which the contents of "Accounting treatment of exemption from initial recognition is not applicable to deferred income tax related to assets and liabilities arising from individual transactions" shall be implemented from January 1, 2023, and the contents of "Accounting treatment of income tax impact on dividends related to financial instruments classified as equity instruments by the issuer" and "Accounting treatment of changing cash-settled share-based payment to equity-settled share-based payment by enterprises" shall be implemented from the date of publication.

For financial instruments classified as equity instruments, if the recognized dividends payable occurred between January 1, 2022 and the implementation date of the provisions, involved the effect of income tax, and have not been handled in accordance with the above provisions, they shall be adjusted in accordance with the above provisions. For financial instruments classified as equity instruments, if the recognized dividends payable occurred before January 1, 2022, the relevant financial instruments have not been derecognized before January 1, 2022, the effect of income tax was involved and the treatment was not carried out in accordance with the above provisions, retroactive adjustment shall be made. For the above transactions newly made between January 1, 2022 and the implementation date of the provisions, enterprises shall adjust them in accordance with the provisions.

For the transaction of changing cash-settled share-based payment to equity-settled share-based payment before January 1, 2022, if it was not handled in accordance with the above provisions, the enterprise shall make adjustments. The cumulative effect shall be adjusted to retained earnings and other related financial statement items as of January 1, 2022, without adjustments to information for comparable periods.

Since November 30, 2022, the Company has implemented the provisions of Interpretation No. 16 "accounting treatment for the impacts of income tax on dividends related to financial instruments classified by the issuer as equity instruments" and "accounting treatment for the modification of the cash-settled share-based payment by an enterprise into equity-settled share-based payment". This change of accounting policy shall have no impact on the financial statements of the Company.

VII. Explanation on Change of Scope of Consolidated Financial Statements Compared with the Financial Statement of the Previous Year

Applicable Not applicable

No.	Full name of subsidiary	Abbreviation of subsidiary	Reporting period	Reason of incorporating into consolidation scope
1	Guorun Gold Shenzhen Co., Ltd.	Guorun Gold	Year 2022	Newly established

VIII. Employment and Dismissal of Accounting Firms

Current employed accounting firm

Name of domestic accounting firm	RSM China (Special General Partnership)
Salary of domestic accounting firm (RMB 10,000)	70.5
Duration of audit service provided by domestic accounting firm	3
Names of CPA of domestic accounting firm	Chen Lianwu, Qin Changming
Duration of audit service provided by CPA with domestic accounting firm	Chen Lianwu 1 year, Qin Changming 4 years

Whether the employment of the accounting firm will be changed during the current period

Yes No

Conditions on employing the accounting firm, financial consultant or sponsor for internal control audit

Applicable Not applicable

The Company employed RSM China (Special General Partnership) as the Company's 2022 annual financial audit and internal control auditor. The employment term was one year and the internal control audit fee was RMB 205,000.

IX. Delisting after Disclosure of Annual Report

Applicable Not applicable

X. Matters Relating to Bankruptcy Reorganization

Applicable Not applicable

Matters concerning bankruptcy reorganization are not identified within the reporting period of the Company.

XI. Major Litigation and Arbitration Matters

Applicable Not applicable

The Company has no significant matters of litigation and arbitration during the reporting period.

XII. Punishment and Rectification

Applicable Not applicable

No punishment or rectification is identified within the reporting period of the Company.

XIII. Integrity Situation of the Company and its Controlling Shareholder and Actual Controller

Applicable Not applicable

XIV. Major Related Party Transactions

1. Related party transactions concerning daily operations

Applicable Not applicable

Unit: RMB 10,000

Related transactions parties	Relationship of related parties	Type of related party transactions	Content of related party transaction	Pricing principle of related party transaction	Price of related party transaction	Amount of related party transactions	Proportion to transaction amount of the same kind	Approved transaction amount	Whether exceeding the approved limit	Settlement methods of related party transaction	Market price of available similar transaction	Disclosure date	Disclosure index
Shenzhen Renfu Tellus Automobiles Service Co., Ltd.	Having a director who also serves the Company as a director	Daily related party transactions	Provide property leasing services	Refer to the market price	545	545	2.97%	545	No	According to the contract amount or agreement	545	April 8, 2022	Securities Times, Hong Kong Commercial Daily, and the Announcement on Daily Related Party Transactions in 2022 on the CNINFO website (Announcement No.: 2022-009)
Shenzhen SDG Tellus Property Management Co., Ltd.	Subsidiary of controlling shareholder	Daily related party transactions	Provide property leasing services	Refer to the market price	6.7	6.7	0.04%	10	No	According to the contract amount or agreement	6.7	April 8, 2022	
Shenzhen SDG Microfinance Co.,	Subsidiary of controlling shareholder	Daily related party transactions	Provide property leasing and	Refer to the market price	100.25	100.25	0.55%	150	No	According to the contract amount	100.25	April 8, 2022	

Ltd.			manag ement service s							nt or agree ment		
Shenzh en SDG Service Co., Ltd. and its branch es	Subsid iary of control ling shareh older	Daily related party transa ctions	Provid e propert y leasing service s	Refer to the marke t price	289.9 1	289.9 1	1.58 %	255	Yes	Accor ding to the contra ct amou nt or agree ment	289.9 1	April 8, 2022
Shenzh en Special Econo mic Zone Develo pment Group Co., Ltd.	Subsid iary of control ling shareh older	Daily related party transa ctions	Provid e vehicle mainte nance and testing service s	Refer to the marke t price	4.11	4.11	0.09 %	5	No	Accor ding to the contra ct amou nt or agree ment	4.11	April 8, 2022
Shenzh en SDG Tellus Propert y Manag ement Co., Ltd.	Subsid iary of control ling shareh older	Daily related party transa ctions	Provid e vehicle mainte nance and testing service s	Refer to the marke t price	0.66	0.66	0.01 %	5	No	Accor ding to the contra ct amou nt or agree ment	0.66	April 8, 2022
Shenzh en SDG Engine ering Manag ement Co., Ltd.	Subsid iary of control ling shareh older	Daily related party transa ctions	Accept engine ering superv ision service s	Refer to the marke t price	238.4 1	238.4 1	95.68 %	200	Yes	Accor ding to the contra ct amou nt or agree ment	238.4 1	April 8, 2022
Shenzh en SDG Service Co., Ltd. and its branch es	Subsid iary of control ling shareh older	Daily related party transa ctions	Accept propert y manag ement service s	Refer to the marke t price	1046. 98	1,046. 98	76.38 %	740	Yes	Accor ding to the contra ct amou nt or agree ment	1046. 98	April 8, 2022
Shenzh en SDG Tellus Propert y	Subsid iary of control ling shareh older	Daily related party transa ctions	Accept propert y manag ement service	Refer to the marke t price	320.2 8	320.2 8	23.37 %	300	Yes	Accor ding to the contra ct amou	320.2 8	April 8, 2022

Management Co., Ltd.			s							nt or agreement			
Total	--	--	2,552.3	--	2,210	--	--	--	--	--	--	--	--
Details of large sales return	N/A												
If the total amount of daily related party transactions occurring in the current period is estimated by category, the actual performance during the reporting period (if any)	Normal settlement												
Reasons for the great difference between the transaction price and market reference price (if applicable)	N/A												

2. Related party transactions from acquisition and disposal of assets or equity

Applicable Not applicable

During the reporting period, the Company has no related party transaction involving the acquisition and sale of assets or equities.

3. Related party transaction of joint foreign investment

Applicable Not applicable

During the reporting period, the Company has no related party transaction of joint foreign investment.

4. Related credit and debt

Applicable Not applicable

Whether there are dealings of non-operating related credits and debts

Yes No

During the reporting period, the Company has no transaction related to credit and debt.

5. Transactions with correlated finance companies

Applicable Not applicable

There is no deposit, loan, credit or other financial business between the Company and related finance companies.

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

Applicable Not applicable

There is no deposit, loan, credit or other financial business between the finance companies controlled by the Company and related parties.

7. Other major related party transactions

Applicable Not applicable

During the reporting period, the Company has no other major related transactions.

XV. Major Contracts and Performance

1. Trusteeship, contracting and leasing events

(1) Trusteeship

Applicable Not applicable

During the reporting period, the Company has no trusteeship.

(2) Contracting

Applicable Not applicable

During the reporting period, the Company has no contracting.

(3) Lease

Applicable Not applicable

During the reporting period, the Company had no leases.

2. Significant guarantees

Applicable Not applicable

Unit: RMB 10,000

Foreign guarantees of the Company and its subsidiaries (excluding the guarantees to subsidiaries)										
Name of the guaranteed object	Disclosure date of the relevant announcement of the guarantee amount	Guarantee amount	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether it is fully fulfilled	Guarantee provided to related parties or not
Shenzhen Renfu Tellus Automobiles Service Co., Ltd.	September 30, 2014	3,500	April 17, 2007	3,500	Pledge	To the date of expiry of the Joint Venture Contract	No	Yes	No	Yes
Total foreign guarantee amount approved in the reporting period (A1)		0		Total actual foreign guarantee amount in the reporting period (A2)		3,500				
Total foreign guarantee amount approved at the end of the reporting period (A3)		3,500		Total foreign guarantee balance at the end of reporting period (A4)		3,500				
Guarantee to subsidiaries										
Name of the guaranteed	Disclosure date of the	Guarantee	Actual date of	Actual guarantee	Type of	Collateral	Counter-guarantee	Guarantee	Whether it	Guarantee

object	relevant announcement of the guarantee amount	amount	occurrence	amount	guarantee	(if any)	(if any)	nte period	is fully fulfilled	provided to related parties or not
-	-	-	-	-	-	-	-	-	-	-
Total guarantee amount to subsidiaries approved in the reporting period (B1)			0	Total actual guarantee amount to the subsidiaries in the reporting period (B2)						0
Total guarantee amount to subsidiaries approved at the end of the reporting period (B3)			0	Total actual guarantee balance to subsidiaries at the end of the reporting period (B4)						0
Guarantee between subsidiaries										
Name of the guaranteed object	Disclosure date of the relevant announcement of the guarantee amount	Guarantee amount	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether it is fully fulfilled	Guarantee provided to related parties or not
-	-	-	-	-	-	-	-	-	-	-
Total guarantee amount to subsidiaries approved in the reporting period (C1)			0	Total actual guarantee amount to the subsidiaries in the reporting period (C2)						0
Total guarantee amount to subsidiaries approved at the end of the reporting period (C3)			0	Total actual guarantee balance incurred to subsidiaries at the end of the reporting period (C4)						0
Total amount of the Company's guarantee (i.e. total of the first three items)										
Total guarantee amount approved in the reporting period (A1 + B1 + C1)			0	Total actual guarantee amount in the reporting period (A2 + B2 + C2)						3,500
Total guarantee amount approved at the end of the reporting period (A3 + B3 + C3)			3,500	Total actual guarantee balance at the end of the reporting period (A4 + B4 + C4)						3,500
Proportion of total actual guarantee amount (i.e. A4 + B4 + C4) to the Company's net assets										2.32%
Including:										
The guarantee balance provided for the shareholder,										0

actual controller, and related parties (D)	
The debt guarantee balance provided directly or indirectly for the guaranteed party whose asset-liability ratio is more than 70% (E)	0
The total of guarantee amount which exceeds 50% of the net assets (F)	0
Total of above three guarantee amounts (D+E+F)	0
Description of the guarantee liability occurred during the reporting period or the case where there is evidence showing that it is possible to bear the joint and several liability for repayment for the unexpired guarantee contract (if any)	N/A
Description of providing guarantees in violation of prescribed procedures (if any)	N/A

Specific description of the composite guarantee

N/A

3. Management of cash assets by other entrusted parties

(1) Entrusted financial management

Applicable Not applicable

Overview of entrusted financial management in the reporting period

Unit: RMB 10,000

Category	Capital source of entrusted financial management	Amount of entrusted financial management	Outstanding balance	Overdue irrecoverable amount	Impairment provision for overdue unrecovered wealth management products
Bank financial products	Self-owned fund	118,138	21,200	0	0
Total		118,138	21,200	0	0

Details of high-risk entrusted financial management with large individual amount or low security and poor liquidity

Applicable Not applicable

Principal unable to be recovered or other conditions causing impairment for entrusted financial management

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

During the reporting period, the Company has no entrusted loans.

4. Other major contracts

Applicable Not applicable

During the reporting period, the Company has no major contracts.

XVI. Clarification on Other Material Events

Applicable Not applicable

The Company has no other major matters that need to be stated during the reporting period.

XVII. Major Matters of the Company's Subsidiaries

Applicable Not applicable

After the expiration of the business term of the Company's holding subsidiary SDG Huari, the shareholders could not reach an agreement, and the Company applied to the People's Court of Qianhai Cooperation Zone in Shenzhen for the compulsory liquidation of SDG Huari. The court has ruled to accept the liquidation application for SDG Huari filed by the Company, and has designated Beijing King & Wood Mallesons (Shenzhen) as the liquidation team for SDG Huari. Subsequent work shall be carried out in accordance with legal procedures. For details, please refer to the Company's Announcement on the Court's Acceptance of the Application for Compulsory Liquidation of Holding Subsidiaries (Announcement No.: 2023-003), Announcement on the Progress of Compulsory Liquidation of Holding Subsidiaries (Announcement No.: 2023-010) and other relevant contents.

Section VII Changes in Shares and Shareholders

I. Change in Shares

1. Changes in shares

Unit: share

	Before this change		Increase (+)/decrease (-) in this change					After this change	
	Quantity	Percentage	Issuance of new shares	Bonus shares	Conversion of the reserve funds into shares	Others	Subtotal	Quantity	Percentage
I. Restricted shares	0	0.00%	0	0	0	0	0	0	0.00%
1. State shareholding	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person shareholding	0	0.00%	0	0	0	0	0	0	0.00%
3. Other domestic shareholding	0	0.00%	0	0	0	0	0	0	0.00%
Including : Domestic legal person shareholding	0	0.00%	0	0	0	0	0	0	0.00%
Domestic natural person shareholding	0	0.00%	0	0	0	0	0	0	0.00%
4. Foreign shareholding	0	0.00%	0	0	0	0	0	0	0.00%
Including : Foreign legal person shareholding	0	0.00%	0	0	0	0	0	0	0.00%
Foreign natural person shareholding	0	0.00%	0	0	0	0	0	0	0.00%
II. Unrestricted shares	431,058,320	100.00%	0	0	0	0	0	431,058,320	100.00%
1. RMB-denominated ordinary shares	392,778,320	91.12%	0	0	0	0	0	392,778,320	91.12%

2. Domestic listed foreign shares	38,280,000	8.88%	0	0	0	0	0	38,280,000	8.88%
3. Foreign listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total amount of shares	431,058,320	100.00%	0	0	0	0	0	431,058,320	100.00%

Reasons for changes in shares

Applicable Not applicable

Status of authorization for changes in shares

Applicable Not applicable

Status of transfer for changes in shares

Applicable Not applicable

Effect of changes in shares on the financial indicators including basic earnings per share and diluted earnings per share in the most recent year and in most recent period as well as net asset per share attributable to the ordinary shareholders of the Company

Applicable Not applicable

Other information that the company deems necessary or as required by securities regulators

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

II. Conditions on Securities Issuance and Listing

1. Conditions on issuance of securities in the reporting period (excluding preferred shares)

Applicable Not applicable

2. Description of total number of shares of the company, changes in shareholder structure and changes in the company's asset and liability structure

Applicable Not applicable

3. Shares of existing internal staff

Applicable Not applicable

III. Shareholders and Actual Controller

1. Total number of shareholders of the company and their shareholdings

Unit: share

Total number of ordinary	67,131	Total	64,114	Total	0	Total number of	0
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shareholders as of the end of the reporting period		number of ordinary shareholders as at the end of the month before the disclosure date of the annual report		number of preferred shareholders (if any) resuming voting rights at the end of the reporting period (see Note 8)		preferred shareholders (if any) resuming voting rights as at the end of the month before the disclosure date of the annual report (see Note 8)		
Shareholders holding more than 5% shares of the Company or shareholdings of top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding proportion	Number of shares held at the end of the reporting period	Increase and decrease changes during the reporting period	Number of restricted shares held	Number of unrestricted shares held	Pledged, marked or frozen shares	
							Status of shares	Quantity
Shenzhen Special Economic Zone Development Group Co., Ltd.	State-owned corporate	47.51%	204,798,621	-6,793,000	0	204,798,621	-	0
Shenzhen Capital Fortune Jewelry Industry Investment Enterprise (Limited Partnership)	Domestic non-state-owned corporate	8.49%	36,612,932	-18,931,505	0	36,612,932	-	0
Li Xiaoming	Domestic natural person	0.67%	2,891,700	2,891,700	0	2,891,700	-	0
GUOTAIJUNANSECURITIES (HONGKONG) LIMITED	Overseas corporate	0.40%	1,741,491	-115,055	0	1,741,491	-	0
Li Bozhi	Domestic natural person	0.29%	1,260,300	1,260,300	0	1,260,300	-	0
Ningbo Meishan Bonded Port Area Lingding Investment Management Co., Ltd.—Lingding Chuqi No. 2 Private Securities Investment Fund	Others	0.28%	1,200,000	1,200,000	0	1,200,000	-	0
Nanjing Shengquan Hengyuan Investment Co., Ltd.—Shengquan Hengyuan Flexible Configuration No. 8 Private Securities Investment Fund	Others	0.25%	1,060,000	1,060,000	0	1,060,000	-	0
Nanjing Shengquan Hengyuan Investment Co., Ltd.—Shengquan Hengyuan Quantitative Arbitrage No. 17 Private Securities Investment Fund	Others	0.24%	1,020,000	1,020,000	0	1,020,000	-	0
China Merchants Securities Co., Ltd.	State-owned corporate	0.21%	902,478	902,478	0	902,478	-	0

Industrial and Commercial Bank of China Limited - Southern CSI All Index Real Estate ETF	Others	0.19%	837,475	837,475	0	837,475	-	0
Status of the strategic investor or general legal person becoming one of top 10 shareholders due to equity offering (if any) (see Note 3)	N/A							
Explanations of relationships between or concerted actions of the aforementioned shareholders	Among the top ten shareholders, Shenzhen Special Economic Zone Development Group Co., Ltd. was not related to other shareholders and was not a person acting in concert as stipulated in the Measures for the Administration of the Takeover of Listed Companies. It was unknown whether other shareholders of tradable shares were persons acting in concert.							
Description of the above shareholders' involvement in proxy/entrusted voting rights and waiver of voting rights	N/A							
Special description of repurchase special account among the top 10 shareholders (if any) (see Note 10)	N/A							
Shareholding of top 10 unrestricted shareholders								
Name of shareholder	Number of shares not subject to trading restriction as at the end of reporting period	Types of shares						
		Types of shares	Quantity					
Shenzhen Special Economic Zone Development Group Co., Ltd.	204,798,621	Ordinary shares denominated in RMB	204,798,621					
Shenzhen Capital Fortune Jewelry Industry Investment Enterprise (Limited Partnership)	36,612,932	Ordinary shares denominated in RMB	36,612,932					
Li Xiaoming	2,891,700	Ordinary shares denominated in RMB	2,891,700					
GUOTAIJUNANSECURITIES (HONGKONG) LIMITED	1,741,491	Domestic listed foreign shares	1,741,491					
Li Bozhi	1,260,300	Ordinary shares denominated in RMB	1,260,300					
Ningbo Meishan Bonded Port Area Lingding Investment Management Co., Ltd.—Lingding Chuqi No. 2 Private Securities Investment Fund	1,200,000	Ordinary shares denominated in RMB	1,200,000					
Nanjing Shengquan Hengyuan Investment Co., Ltd.—Shengquan Hengyuan Flexible Configuration No. 8 Private Securities Investment Fund	1,060,000	Ordinary shares denominated in RMB	1,060,000					
Nanjing Shengquan Hengyuan Investment Co., Ltd.—Shengquan Hengyuan Quantitative Arbitrage No. 17 Private Securities Investment Fund	1,020,000	Ordinary shares denominated in RMB	1,020,000					
China Merchants Securities Co., Ltd.	902,478	Ordinary	902,478					

		shares denominated in RMB	
Industrial and Commercial Bank of China Limited - Southern CSI All Index Real Estate ETF	837,475	Ordinary shares denominated in RMB	837,475
Description on the related relationship or concerted action among top 10 unrestricted tradable shareholders, and between top 10 unrestricted tradable shareholders and top 10 shareholders	Among the top ten shareholders, Shenzhen Special Economic Zone Development Group Co., Ltd., a state-owned corporate shareholder, was not related to other shareholders and was not a person acting in concert as stipulated in the Measures for the Administration of the Takeover of Listed Companies. It was unknown whether other shareholders of tradable shares were persons acting in concert.		
Description on conditions of top 10 common shareholders participating in the margin financing (if any) (refer to Note 4)	1. The controlling shareholder of the company, Shenzhen Special Economic Zone Development Group Co., Ltd. was engaged in refinancing business. The number of shares held at the end of this reporting period decreased by 6,793,000 compared to the end of 2021. This decrease in the number of shares held was caused by the lending of shares, and the ownership of the borrowed shares would not be transferred. 2. The shareholder Nanjing Shengquan Hengyuan Investment Co., Ltd.—Shengquan Hengyuan Flexible Configuration No. 8 Private Securities Investment Fund held 1,060,000 shares of the Company through guaranteed credit accounts and 0 shares of the Company through ordinary securities accounts, holding a total of 1,060,000 shares. The shareholder Nanjing Shengquan Hengyuan Investment Co., Ltd.—Shengquan Hengyuan Quantitative Arbitrage No. 17 Private Securities Investment Fund held 1,020,000 shares of the Company through guaranteed credit accounts and 0 shares of the Company through ordinary securities accounts, holding a total of 1,020,000 shares.		

Whether top 10 ordinary shareholders and top 10 ordinary shareholders without trading limited conditions have performed the agreed repurchase transactions during the reporting period

Yes No

The top 10 ordinary shareholders and top 10 ordinary shareholders without trading limited conditions have not performed the agreed repurchase transactions during the reporting period.

2. Controlling shareholder of the Company

Property of controlling shareholder: local state-owned holding

Type of controlling shareholder: legal person

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Organization code	Main business
Shenzhen Special Economic Zone Development Group Co., Ltd.	Zhang Junlin	June 20, 1982	91440300192194195C	Investment in the establishment of industries (specific projects will be declared separately); investment in the establishment of the tourism industry; real estate development and operation; domestic trade and material supply and marketing (excluding monopoly, exclusive control and monopolized commodities); economic information consultation (excluding restricted items); operation of import and export business.
Equity of other domestic and foreign listed companies controlled and equity	At the end of the reporting period, in addition to the equity of the Company, the SDG Group also held equity of other listed companies as follows: 1. Holding 47.78% equity of Shenzhen SDG Service Co., Ltd. (stock abbreviation: SDG Service, stock code: 300917), and holding 0.98% equity of Shenzhen SDG Service Co., Ltd. through Shenzhen SDG Investment Co., Ltd.; 2. Holding 37.32% equity of Shenzhen SDG Information Co., Ltd. (stock abbreviation: SDG Information, stock code: 000070), and controlling 1.17% equity of Shenzhen SDG Information Co., Ltd. through Hansco Sanho Co.,			

participation by the controlling shareholder during the reporting period	Ltd.; 3. Holding 8.37% equity of Shenzhen Microgate Technology Co., Ltd. (stock abbreviation: MicrogateTech, stock code: 300319), and controlling 16.16% equity of Shenzhen Microgate Technology Co., Ltd. through the Company's holding subsidiary Shenzhen Capital Fortune Electronic Information Investment Enterprise (Limited Partnership).
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Change in controlling shareholder in the reporting period

Applicable Not applicable

During the reporting period, the Company has no change in the controlling shareholder.

3. Actual controller and persons acting in concert of the company

Property of actual controller: local state-owned assets administrative authority

Type of actual controller: legal person

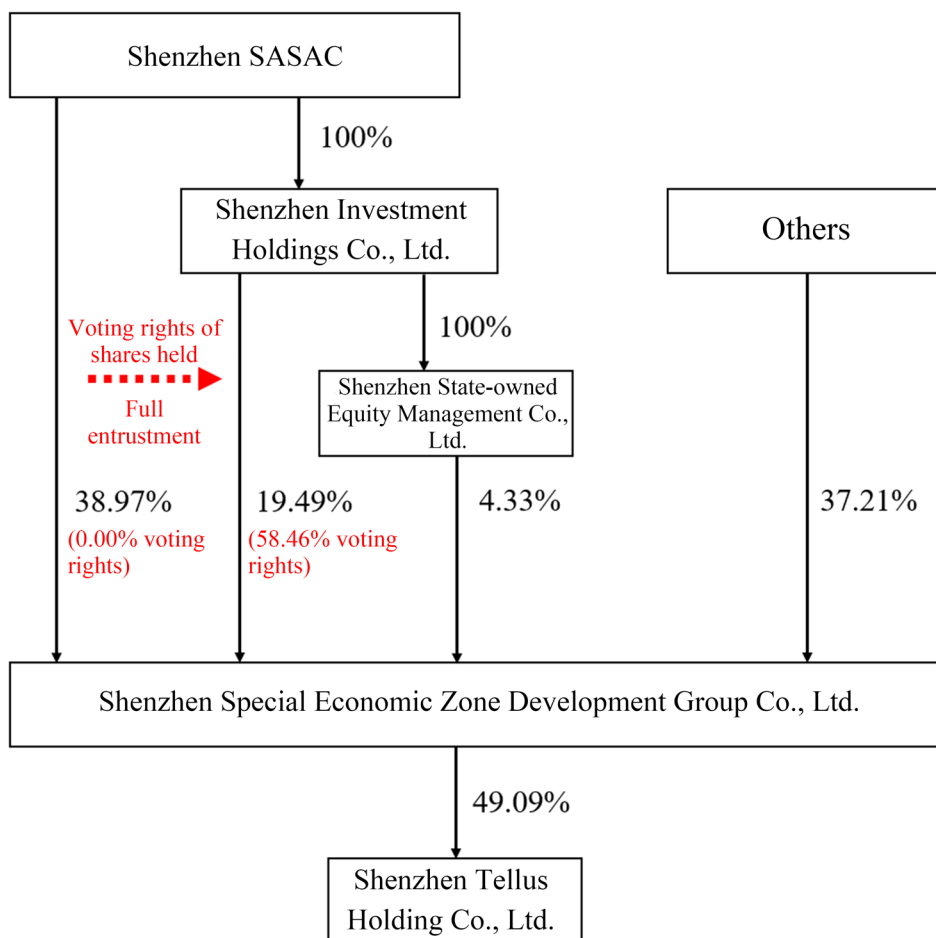
Name of actual controller	Legal representative/person in charge	Date of establishment	Organization code	Main business
State-owned Assets Supervision and Management Commission of Shenzhen Municipal People's Government	Wang Yongjian	July 1, 2004	K3172806-7	Performing the responsibilities of the investor on behalf of the state, supervising and managing the state-owned assets authorized for supervision according to law.
Equity of other domestic and foreign listed companies controlled by the actual controller during the reporting period	N/A			

Change in actual controller during the reporting period

Applicable Not applicable

There is no change to the actual controller of the Company during the reporting period.

Block diagram of property rights and control relationship between the Company and the actual controller



Actual controller controlling the Company by way of trust or other asset management methods

Applicable Not applicable

4. The company's controlling shareholder or the first majority shareholder and its concert parties pledged a total of 80% of their shareholdings in the company

Applicable Not applicable

5. Other corporate shareholders with more than 10% shares held

Applicable Not applicable

6. Restriction in reduction of shares held by controlling shareholder, actual controller, restructuring parties and other commitment units

Applicable Not applicable

IV. Specific Implementation of Share Repurchase During the Reporting Period

Progress in the implementation of share repurchase

Applicable Not applicable

Progress in the implementation of share repurchase reduction through centralized bidding

Applicable Not applicable

Section VIII Preferred Shares

Applicable Not applicable

During the reporting period, the Company has no preferred shares.

Section IX Bonds

Applicable Not applicable

Section X Financial Report

I. Auditor's Report

Opinion type	Unqualified opinion
Signed on	April 25, 2023
Audited by	RSM China (Special General Partnership)
Auditor's Report No.	RCSZ [2023] No. 518Z0408
Name of certified public accountant	Chen Lianwu, Qin Changming

Text of Auditor's Report

All shareholders of Shenzhen Tellus Holding Co., Ltd.:

I. Opinion

We have audited the attached financial statements of Shenzhen Tellus Holding Co., Ltd. (hereinafter referred to as "Tellus"), including Consolidated and Parent Company's Balance Sheets as of December 31, 2022, Consolidated and Parent Company's Income Statements, Consolidated and Parent Company's Cash Flow Statements, Consolidated and Parent Company's Statements of Changes in Owners' Equity for the year then ended, and relevant Notes to Financial Statements.

In our opinion, the attached financial statements present fairly, in all material respects, the consolidated and parent company's financial positions of Tellus as of December 31, 2022, and its consolidated and parent company's financial performance and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

II. Basis for Opinion

We have conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. The section in the Auditor's Report titled "CPAs' Responsibilities for the Audit of the Financial Statements" further describes our responsibilities under these standards. We are independent of Tellus in accordance with the China Code of Ethics for Certified Public Accountants and we have fulfilled our other ethical responsibilities. We believe that the audit

evidence we have obtained is sufficient and appropriate to provide a basis for the auditor's opinion.

III. Key Audit Matters

Key audit matters are those matters that are deemed most important to the audit of the financial statements for the current period based on our professional judgment. These matters are addressed by auditing the financial statements integrally and forming the auditor's opinion, so we do not express the opinions for them separately.

- Recognition of operating revenue

1. Description

See Notes III. 26 and V. 41 of the financial statements for details of relevant information disclosure.

The operating revenue of Tellus mainly comes from real estate leasing and services, gold and jewelry sales and services, automobile sales, automobile maintenance and testing. The operating revenue in 2022 was RMB 837,656,274.51, representing an increase of 64.72% over the same period of last year. Operating revenue is one of the key performance indicators, and there is an inherent risk of revenue recognition. Therefore, we identify revenue recognition as a key audit matter.

2. Audit response

The relevant procedures that we implement for the recognition of operating revenue mainly include:

(1) Understanding the key internal controls related to revenue recognition, evaluating the design of these controls, determining whether these controls are implemented, and testing the implementation effectiveness of related internal controls;

(2) Checking the main real estate leasing contracts and commodity sales contracts, and evaluating whether the revenue recognition policy conforms to the provisions of the Accounting Standards for Business Enterprises;

(3) Carrying out analytical review procedures on operating revenue and gross profit, and determining the rationality of changes in operating revenue and gross profit rate in the current period;

(4) Checking the supporting documents related to revenue recognition by sampling, including real estate leasing contracts or commodity sales contracts, invoices, commodity sales orders, delivery orders and customer receipts;

(5) Confirming the current sales amount with major customers by sampling in combination with the confirmation of accounts receivable;

(6) Checking the operating revenue recognized before and after the balance sheet date against supporting documents such as invoices, commodity sales orders, delivery orders and customer receipts by sampling, and evaluating whether the operating revenue is recognized in an appropriate period;

(7) Checking whether the operating revenue has been properly presented in the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises.

- Book value of investment properties, fixed assets and construction in progress

1. Description

See Notes III, 17, 18, 19 and 20 and Notes V, 12, 13 and 14 of the financial statements for details of relevant information disclosure.

As of December 31, 2022, the book value of investment properties, fixed assets and construction in progress of Tellus was RMB 1,028,983,245.14, accounting for 46.10% of the total assets.

The book value of investment properties, fixed assets and construction in progress involve significant management judgment, including determining the scope and conditions of capitalized expenditure, deciding the time-point for transferring construction in progress to real estate and fixed assets after completion, and estimating the economic service life and residual value rate of fixed assets. As the evaluation of the book value of investment properties, fixed assets and

construction in progress involves significant management judgment, and is vital to the consolidated financial statements, we view determining the book value of investment real estate, fixed assets and construction in progress as a key audit matter.

2. Audit response

The implemented relevant procedures for the book value of investment properties, fixed assets and construction in progress mainly include:

(1) Understanding the key internal controls related to the identification of the existence, integrity and accuracy of investment properties, fixed assets and construction in progress, evaluating the design of these internal controls, determining whether they have been implemented, and testing the operational effectiveness of relevant internal controls;

(2) Implementing supervision procedures, and conducting on-site inspections on the status of investment properties, fixed assets and the progress of projects under construction;

(3) Sampling and verifying the project contract, settlement documents, progress payment application, invoices, and payment vouchers, regarding the expenditure of construction in progress in the current year, checking whether the recorded amount of construction in progress is accurate, and determining whether the indirect costs included in the construction in progress meet the capitalization conditions;

(4) Sampling and performing cut-off tests on the expenditure of construction in progress before and after the balance sheet date to see whether the relevant construction expenditure is included in the correct accounting period;

(5) Inspecting the progress report or acceptance report related to the construction in progress, understanding the design requirements or production requirements of the asset items corresponding to the construction in progress, and judging whether the construction in progress meets the conditions for transferring to fixed assets after completion;

(6) Evaluating whether the judgment made by the management for assessing the service life and net residual value of investment properties and fixed assets is reasonable;

(7) Checking whether the information related to investment properties, fixed assets and construction in progress has been properly presented in the financial statements.

IV. Other Information

The management of Tellus (hereinafter referred to as the “Management”) is responsible for other information. Other information comprises the information included in the Annual Report of Year 2022 of Tellus, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not include other information, and we neither express any form of authentication opinion for other information.

In connection with our audit on the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Based on the work that we have executed, we should report the fact in case of determining the material misstatement of other information. In this regard, we have nothing to report.

V. Responsibilities of the Management and the Governance for the Financial Statements

The Management shall be responsible for preparing financial statements that present fairly the data in accordance with the Accounting Standards for Business Enterprises, and for designing, implementing and maintaining the internal controls as the management deems necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

In preparation of the financial statement, the management is responsible for assessing Tellus’s sustainable operation ability, disclosing the sustainable operation related items (if applicable) and applying sustainable operation assumptions, unless otherwise the management plans to liquidate Tellus, stop operation or it has no other practical choice.

The governance is responsible for supervising Tellus’s financial reporting process.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement caused by fraud or error, and to issue an Auditor's Report containing our opinions. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with auditing standards can always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users would take on the basis of these financial statements.

We exercise professional judgment and maintain professional skepticism in carrying out our audit in accordance with the Auditing Standards. At the same time, we also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of failing to detect a material misstatement due to fraud is higher than that due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or overriding internal controls.

(2) Know the internal control relating to the audit in order to design appropriate audit procedures.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(4) Conclude on the appropriateness of the Management's use of the going-concern assumption, and conclude, based on the audit evidence obtained, whether a material uncertainty exists related to any events or conditions that cast significant doubt on the ability of Tellus to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on information available as of the date of the Auditor's Report. However, future events or conditions may cause Tellus to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements provide a fair representation of the underlying transactions and events.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities in Tellus, to express an opinion on the financial statements. We are responsible for guiding, supervising, and performing the group audit, and assume all responsibilities for our opinion.

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

We also provide the governance with a statement regarding compliance with ethical requirements related to independence and communicate with the governance about all relationships and other matters that could reasonably be considered to affect our independence, as well as related precautions (if applicable).

From the matters communicated with the governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in the auditor's report, except that they are prohibited from being publicly disclosed as per the laws and regulations, or in the rare cases, if a negative result that may be caused by communicating some matter in the auditor's report as reasonably expected exceeds the benefit generated by the public interest, we determine not to communicate such matter in the auditor's report.

II. Financial Statements

All amounts are in RMB

1. Consolidated Balance Sheet

Prepared by: Shenzhen Tellus Holding Co., Ltd.

December 31, 2022

Unit: RMB

Item	December 31, 2022	January 1, 2022
Current assets:		

Cash at bank and on hand	413,028,327.36	240,582,057.16
Settlement reserves		
Loans to banks and other financial institutions		
Trading financial assets	176,133,569.95	412,712,843.84
Derivative financial assets		
Notes receivable	87,812,500.00	0.00
Accounts receivable	41,752,179.56	18,094,059.92
Receivables financing		
Advances to suppliers	8,127,252.94	16,532,227.85
Premiums receivable		
Reinsurance premium receivable		
Reinsurance contract reserves receivable		
Other receivables	7,663,570.87	5,072,970.77
Including: interest receivable	0.00	0.00
Dividends receivable	1,852,766.21	547,184.35
Financial assets purchased under agreements to resell		
Inventories	116,069,675.39	25,434,925.04
Contract assets		
Held-for-sale assets	0.00	530,520.33
Current portion of non-current assets		
Other current assets	18,346,711.55	8,596,585.57
Total current assets	868,933,787.62	727,556,190.48
Non-current assets:		
Disbursement of loans and advances to customers		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	81,024,365.94	88,310,867.47
Investment in other equity instruments	10,176,617.20	10,176,617.20
Other non-current financial assets		
Investment properties	516,360,139.45	551,383,294.54
Fixed assets	102,689,546.42	109,438,198.23
Construction in progress	409,933,559.27	210,197,546.72
Productive biological assets		
Oil and gas assets		
Right-of-use assets	4,181,242.86	7,336,915.83
Intangible assets	49,808,015.72	49,589,498.28
Development expenditures		
Goodwill		

Long-term deferred expenses	25,876,099.49	28,682,636.66
Deferred tax assets	8,518,233.77	8,499,551.03
Other non-current assets	154,526,946.83	68,473,888.99
Total non-current assets	1,363,094,766.95	1,132,089,014.95
Total assets	2,232,028,554.57	1,859,645,205.43
Current liabilities:		
Short-term borrowings	20,000,000.00	0.00
Borrowings from the central bank		
Placements from banks and other financial institutions		
Trading financial liabilities	18,572,684.91	0.00
Derivative financial liabilities	489,360.00	0.00
Notes payable		
Accounts payable	124,716,800.71	67,407,763.03
Advances from customers	6,119,377.90	1,827,827.28
Contract liabilities	9,259,658.43	21,059,311.18
Financial assets sold under agreements to repurchase		
Customer bank deposits and due to banks and other financial institutions		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Employee compensation payable	38,550,181.70	38,893,597.75
Taxes payable	18,891,792.84	48,522,100.45
Other payables	105,180,279.00	112,617,963.65
Including: interest payable		
Dividends payable		
Handling charges and commission payable		
Reinsurance premium payable		
Held-for-sale liabilities		
Current portion of non-current liabilities	2,009,819.15	3,021,452.25
Other current liabilities	68,361,007.70	2,367,994.70
Total current liabilities	412,150,962.34	295,718,010.29
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	144,820,511.42	86,875,874.39
Bonds payable		
Including: preferred shares		
Perpetual bonds		
Lease liabilities	2,926,184.93	4,474,543.09
Long-term payables	3,920,160.36	3,920,160.36

Long-term employee compensation payable		
Estimated liabilities	268,414.80	268,414.80
Deferred income	10,579,545.71	10,235,331.21
Deferred tax liabilities	1,135,031.11	963,045.49
Other non-current liabilities		
Total non-current liabilities	163,649,848.33	106,737,369.34
Total liabilities	575,800,810.67	402,455,379.63
Owners' equity:		
Share capital	431,058,320.00	431,058,320.00
Other equity instruments		
Including: preferred shares		
Perpetual bonds		
Capital reserves	431,449,554.51	431,449,554.51
Less: treasury shares		
Other comprehensive income	26,422.00	26,422.00
Special reserves		
Surplus reserve	52,499,172.13	26,546,480.09
General risk provision		
Undistributed profit	590,605,394.67	543,843,496.85
Total owners' equity attributable to the parent company	1,505,638,863.31	1,432,924,273.45
Minority interests	150,588,880.59	24,265,552.35
Total owners' equity	1,656,227,743.90	1,457,189,825.80
Total liabilities and owners' equity	2,232,028,554.57	1,859,645,205.43

Legal representative: Fu Chunlong

Person in charge of accounting: Lou Hong

Person in charge of the accounting firm:
Yu Taiping

2. Parent Company's Balance Sheet

Unit: RMB

Item	December 31, 2022	January 1, 2022
Current assets:		
Cash at bank and on hand	169,733,887.28	96,860,811.12
Trading financial assets	176,133,569.95	346,485,780.83
Derivative financial assets		
Notes receivable		
Accounts receivable	147,200.91	119,014.41
Receivables financing		
Advances to suppliers	249,559.50	180,505.50
Other receivables	4,966,987.96	90,401,592.58
Including: interest receivable		
Dividends receivable	1,852,766.21	547,184.35
Inventories		
Contract assets		
Held-for-sale assets		
Current portion of non-current assets		

Other current assets	137,126.11	0.00
Total current assets	351,368,331.71	534,047,704.44
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	865,313,838.67	781,100,340.20
Investment in other equity instruments	10,176,617.20	10,176,617.20
Other non-current financial assets		
Investment properties	26,915,545.20	29,425,213.32
Fixed assets	16,433,526.75	17,792,917.53
Construction in progress	419,793,938.49	210,072,702.40
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	48,413,279.08	48,214,014.93
Development expenditures		
Goodwill		
Long-term deferred expenses	8,465,289.34	8,853,627.44
Deferred tax assets	3,415,402.97	3,398,437.68
Other non-current assets	73,340,576.28	32,375,515.49
Total non-current assets	1,472,268,013.98	1,141,409,386.19
Total assets	1,823,636,345.69	1,675,457,090.63
Current liabilities:		
Short-term borrowings		
Trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	58,797,324.02	344,098.18
Advances from customers	962,064.00	60,656.39
Contract liabilities		
Employee compensation payable	28,220,652.45	25,851,294.89
Taxes payable	3,317,946.24	1,873,430.60
Other payables	249,870,213.63	471,549,476.87
Including: interest payable		
Dividends payable		
Held-for-sale liabilities		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	341,168,200.34	499,678,956.93
Non-current liabilities:		
Long-term borrowings	144,820,511.42	86,875,874.39

Bonds payable		
Including: preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income		
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	144,820,511.42	86,875,874.39
Total liabilities	485,988,711.76	586,554,831.32
Owners' equity:		
Share capital	431,058,320.00	431,058,320.00
Other equity instruments		
Including: preferred shares		
Perpetual bonds		
Capital reserves	428,256,131.23	428,256,131.23
Less: treasury shares		
Other comprehensive income		
Special reserves		
Surplus reserve	52,499,172.13	26,546,480.09
Undistributed profit	425,834,010.57	203,041,327.99
Total owners' equity	1,337,647,633.93	1,088,902,259.31
Total liabilities and owners' equity	1,823,636,345.69	1,675,457,090.63

3. Consolidated Income Statement

Unit: RMB

Item	Year 2022	Year 2021
I. Total operating revenue	837,656,274.51	508,520,026.18
Including: operating revenue	837,656,274.51	508,520,026.18
Interest income		
Earned premiums		
Handling charges and commission income		
II. Total operating cost	773,501,949.10	429,932,421.97
Including: operating cost	700,289,243.42	352,929,715.81
Interest expenses		
Handling charges and commission expenses		
Surrender value		
Net payments for insurance claims		
Net provision for insurance contract reserves		

Policy dividend expenses		
Reinsurance expenses		
Taxes and surcharges	7,334,212.76	6,944,096.18
Selling expenses	22,034,712.48	27,178,175.03
General and administrative expenses	47,077,679.99	47,151,316.69
R&D expenses	802,753.80	0.00
Financial expenses	-4,036,653.35	-4,270,881.74
Including: interest expenses	338,730.75	2,253,915.94
Interest income	5,472,748.37	6,538,484.64
Add: other incomes	6,624,873.28	2,970,055.35
Investment income (loss to be listed with "-")	33,372,099.57	93,780,306.77
Including: income from investment in associates and joint ventures	10,897,171.28	17,874,805.32
Investment income from derecognition of financial assets at amortized cost		
Exchange earnings (losses to be listed with "-")		
Net exposure hedging income (loss to be listed with "-")		
Income from changes in fair value (loss to be listed with "-")	-1,592,750.24	663,932.88
Credit impairment loss (loss to be listed with "-")	-1,635,359.90	38,129.28
Asset impairment loss (loss to be listed with "-")	-1,839,486.29	-812,607.69
Income of assets disposal (loss to be listed with "-")	40,765.92	158,228.49
III. Operating profit (loss to be listed with "-")	99,124,467.75	175,385,649.29
Add: non-operating revenue	4,134,654.43	768,055.65
Less: non-operating expenses	416,462.25	37,503.15
IV. Total profit (total loss to be listed with "-")	102,842,659.93	176,116,201.79
Less: income tax expenses	21,523,196.08	44,063,670.71
V. Net profit (net loss to be listed with "-")	81,319,463.85	132,052,531.08
(I) Classified by going concern		
1. Net profit from continuing operations (net loss to be listed with "-")	81,319,463.85	132,052,531.08
2. Net profit from discontinued operations (net loss to be listed with "-")		
(II) Classified by attribution of ownership		
1. Net profit attributable to the parent company's shareholders	83,496,135.61	131,020,764.38

2. Minority interest	-2,176,671.76	1,031,766.70
VI. Net of tax of other comprehensive income		
Net of tax of other comprehensive income attributable to the owner of the parent company		
(I) Other comprehensive income that cannot be reclassified through profit or loss		
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive incomes that cannot be reclassified into profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of the Company's credit risk		
5. Others		
(II) Other comprehensive income to be reclassified into profit or loss		
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		
2. Changes in fair value of other creditor's rights investments		
3. Amount of financial assets reclassified into other comprehensive incomes		
4. Provision for impairment of credit in other debt investments		
5. Reserves for cash flow hedge		
6. Translation difference arising from foreign currency financial statements		
7. Others		
Net of tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	81,319,463.85	132,052,531.08
Total comprehensive income attributable to the owners of the parent company	83,496,135.61	131,020,764.38
Total comprehensive income attributable to minority shareholders	-2,176,671.76	1,031,766.70
VIII. Earnings per share		
(I) Basic earnings per share	0.1937	0.3040
(II) Diluted earnings per share	0.1937	0.3040

In case of business merger under common control in current period, the net profit realized by the merged party before the merger is RMB 0.00 and the net profit realized by the merged party in the previous period is RMB 0.00.

Legal representative: Fu Chunlong

Person in charge of accounting: Lou Hong

Person in charge of the accounting firm:
Yu Taiping

4. Parent Company's Income Statement

Unit: RMB

Item	Year 2022	Year 2021
I. Operating revenue	39,568,530.33	50,382,988.38
Less: operating cost	10,680,130.69	15,225,250.76
Taxes and surcharges	1,102,099.28	1,563,395.23
Selling expenses	0.00	0.00
General and administrative expenses	36,500,937.81	37,305,543.73
R&D expenses	0.00	0.00
Financial expenses	-2,003,919.64	-2,644,425.65
Including: interest expenses	0.00	0.00
Interest income	2,226,376.85	2,593,770.67
Add: other incomes	112,656.14	42,502.63
Investment income (loss to be listed with "-")	267,169,944.69	28,187,188.70
Including: income from investment in associates and joint ventures	10,897,171.28	18,339,555.32
Derecognition income of financial assets at amortized cost (loss to be listed with "-")		
Net exposure hedging income (loss to be listed with "-")		
Income from changes in fair value (loss to be listed with "-")	-633,155.32	745,798.64
Credit impairment loss (loss to be listed with "-")	-69,164.09	-2,107.49
Asset impairment loss (loss to be listed with "-")		
Income of assets disposal (loss to be listed with "-")		
II. Operating profit (loss to be listed with "-")	259,869,563.61	27,906,606.79
Add: non-operating revenue	74,563.02	345,457.00
Less: non-operating expenses	396,639.55	0.00
III. Total profits (total losses to be listed with "-")	259,547,487.08	28,252,063.79
Less: income tax expenses	20,566.71	1,272,119.13
IV. Net profits (net losses to be listed with "-")	259,526,920.37	26,979,944.66
(I) Net profit from continuing operations (net loss to be listed with "-")	259,526,920.37	26,979,944.66
(II) Net profit from discontinued operations (net loss to be listed with "-")		
V. Net of tax of other comprehensive income		
(I) Other comprehensive income that cannot be reclassified through profit or loss		
1. Changes arising from re-		

measurement of the defined benefit plan		
2. Other comprehensive incomes that cannot be reclassified into profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of the Company's credit risk		
5. Others		
(II) Other comprehensive income to be reclassified into profit or loss		
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		
2. Changes in fair value of other creditor's rights investments		
3. Amount of financial assets reclassified into other comprehensive incomes		
4. Provision for impairment of credit in other debt investments		
5. Reserves for cash flow hedge		
6. Translation difference arising from foreign currency financial statements		
7. Others		
VI. Total comprehensive incomes	259,526,920.37	26,979,944.66
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	Year 2022	Year 2021
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	969,342,149.01	569,337,075.41
Net increase in deposits from customers and placements from banks and other financial institutions		
Net increase in borrowings from the central bank		
Net increase in placements from other financial institutions		
Cash received for receiving premium of original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits of the insured and investment		
Cash received from interest, handling charges and commission		
Net increase in placements from banks and other financial institutions		

Net increase in capital for repurchase		
Net cash received from securities trading agency services		
Taxes and surcharges refunds	11,635,764.89	0.00
Other cash received relating to operating activities	23,320,266.93	23,982,581.39
Sub-total of cash inflows from operating activities	1,004,298,180.83	593,319,656.80
Cash paid for goods and services	895,794,039.65	353,121,840.30
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Net increase in placements with banks and other financial institutions		
Cash paid for interest, handling charges and commission		
Cash paid for policy dividends		
Cash paid to and for employees	66,872,318.98	59,390,161.24
Taxes paid	74,780,657.47	36,031,576.13
Other cash paid relating to operating activities	18,818,929.02	18,164,344.23
Sub-total of cash outflows from operating activities	1,056,265,945.12	466,707,921.90
Net cash flows from operating activities	-51,967,764.29	126,611,734.90
II. Cash flows from investing activities:		
Cash received from investment recovery	1,333,567,068.74	1,539,526,090.00
Cash received from investment incomes	31,135,993.24	47,997,386.49
Net cash received from the disposal of fixed assets, intangible assets, and other long-term assets	7,764,134.42	495,926.60
Net cash received from the disposal of subsidiaries and other business entities		
Other cash received relating to investing activities	15,998,484.00	1,931,753.79
Sub-total of cash inflows from investing activities	1,388,465,680.40	1,589,951,156.88
Cash paid to acquire fixed assets, intangible assets and other long-term assets	152,045,278.38	138,364,122.34
Cash paid for investment	1,177,618,780.00	1,582,280,000.00
Net increase in pledge loans		
Net cash paid for acquisition of subsidiaries and other business entities		
Cash paid relating to other investing activities	8,955,842.00	0.00
Sub-total of cash outflows from investing activities	1,338,619,900.38	1,720,644,122.34
Net cash flows from investing activities	49,845,780.02	-130,692,965.46
III. Cash flows from financing activities:		

Cash received from absorbing investments	128,500,000.00	0.00
Including: cash received by subsidiaries from minority shareholders' investments	128,500,000.00	0.00
Cash received from borrowings	77,924,339.14	75,601,270.39
Cash received relating to other financing activities		
Sub-total of cash inflows from financing activities	206,424,339.14	75,601,270.39
Cash paid for repayment of debts		
Cash paid for distribution of dividends, profits or interest repayment	20,834,386.73	12,289,486.85
Including: dividends and profits paid by subsidiaries to minority shareholders		1,928,433.70
Other cash paid relating to financing activities	2,874,145.90	56,273,820.35
Sub-total of cash outflows from financing activities	23,708,532.63	68,563,307.20
Net cash flows from financing activities	182,715,806.51	7,037,963.19
IV. Effects from the change of exchange rate on cash and cash equivalents	-842,578.74	236,196.60
V. Net increase in cash and cash equivalents	179,751,243.50	3,192,929.23
Add: beginning balance of cash and cash equivalents	211,655,585.86	208,462,656.63
VI. Ending balance of cash and cash equivalents	391,406,829.36	211,655,585.86

6. Parent Company's Cash Flow Statement

Unit: RMB

Item	Year 2022	Year 2021
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	42,472,472.08	52,499,175.63
Taxes and surcharges refunds	8,518,912.36	
Other cash received relating to operating activities	106,200,586.64	162,079,161.08
Sub-total of cash inflows from operating activities	157,191,971.08	214,578,336.71
Cash paid for goods and services		
Cash paid to and for employees	32,704,526.01	27,385,052.19
Taxes paid	2,536,644.11	4,272,039.88
Other cash paid relating to operating activities	5,514,674.90	5,841,119.30
Sub-total of cash outflows from operating activities	40,755,845.02	37,498,211.37
Net cash flows from operating activities	116,436,126.06	177,080,125.34
II. Cash flows from investing activities:		
Cash received from investment recovery	1,170,000,000.00	748,000,000.00
Cash received from investment incomes	29,719,248.83	20,498,702.12
Net cash received from the disposal of fixed assets, intangible assets, and other	500.00	0.00

long-term assets		
Net cash received from the disposal of subsidiaries and other business entities	0.00	103,777,307.13
Other cash received relating to investing activities	15,998,484.00	910,112.34
Sub-total of cash inflows from investing activities	1,215,718,232.83	873,186,121.59
Cash paid to acquire fixed assets, intangible assets and other long-term assets	153,782,004.60	115,295,464.00
Cash paid for investment	1,131,118,780.00	975,000,000.00
Net cash paid for acquisition of subsidiaries and other business entities		
Cash paid relating to other investing activities		
Sub-total of cash outflows from investing activities	1,284,900,784.60	1,090,295,464.00
Net cash flows from investing activities	-69,182,551.77	-217,109,342.41
III. Cash flows from financing activities:		
Cash received from absorbing investments		
Cash received from borrowings	57,924,339.14	75,601,270.39
Cash received relating to other financing activities		
Sub-total of cash inflows from financing activities	57,924,339.14	75,601,270.39
Cash paid for repayment of debts		
Cash paid for distribution of dividends, profits or interest repayment	15,834,386.73	10,314,757.50
Other cash paid relating to financing activities		
Sub-total of cash outflows from financing activities	15,834,386.73	10,314,757.50
Net cash flows from financing activities	42,089,952.41	65,286,512.89
IV. Effects from the change of exchange rate on cash and cash equivalents	-209,635.24	67,783.02
V. Net increase in cash and cash equivalents	89,133,891.46	25,325,078.84
Add: beginning balance of cash and cash equivalents	67,934,339.82	42,609,260.98
VI. Ending balance of cash and cash equivalents	157,068,231.28	67,934,339.82

7. Consolidated Statement of Changes in Owners' Equity

Amount in the current period

Unit: RMB

Item	Year 2022												Minority interests	Total owners' equity
	Owners' equity attributable to the parent company													
	Share capital	Other equity instruments	Capital reserves	Legal reserves	Other comprehensive income	Surplus reserve	General reserve	Undistributed profit	Other	Subtotal				

		P r e f e r r e d s h a r e s	P e r t u a l s h o n d s	O t h e r s	:	t r e a s u r y s h a r e s	i a l r e s e r v e s	r a l r i s k p r o v i s i o n	r s			
I. Endin g balanc e of the previo us year	431,058,320.0 0			431,449,554.5 1		26,422.0 0	26,546,480.0 9	543,843,496. 85		1,432,924,273.4 5	24,265,552.35	1,457,189,825.8 0
Add: chang es in accou nting policie s										0.00		0.00
Correc tion of prior period errors										0.00		0.00
Busine ss merge r under comm on contro l										0.00		0.00
Others										0.00		0.00
II. Begin ning balanc e of the curren	431,058,320.0 0			431,449,554.5 1		26,422.0 0	26,546,480.0 9	543,843,496. 85		1,432,924,273.4 5	24,265,552.35	1,457,189,825.8 0

based payme nts charge d to owner s' equity													
4. Others									0.00				0.00
(III) Profit distrib ution						25,952,692.0 4		- 36,734,237.7 9	-10,781,545.75	0.00			-10,781,545.75
1. Withd rawal of surplu s reserv es						25,952,692.0 4		- 25,952,692.0 4	0.00				0.00
2. Appro priatio n to genera l risk provisi on								- 10,781,545.7 5	-10,781,545.75				-10,781,545.75
3. Distrib ution to owner s (or shareh olders)													
4. Others													
(IV) Intern al transfe rs of owner s' equity													
1. Capita l reserv e transfe rred to													

capital (or share capital)												
2. Surplu s reserv e transfe rred to capital (or share capital)												
3. Recov ery of losses by surplu s reserv e												
4. Retain ed earnin gs carried forwar d from chang es in define d benefit plan												
5. Retain ed earnin gs carried forwar d from other compr ehensi ve incom e												
6. Others												

(V) Special reserve												
1. Appropriation in the current period												
2. Use in the current period												
(VI) Others												
IV. Ending balance of the current period	431,058,320.0 0		431,449,554.5 1	26,422.0 0	52,499,172.1 3	590,605,394. 67	1,505,638,863.3 1	150,588,880.5 9	1,656,227,743.9 0			

Amount in the previous period

Unit: RMB

Year 2021												
Owners' equity attributable to the parent company											Minority interests	Total owners' equity
Item	Share capital	Other equity instruments	Capital reserves	Less: treasury shares	Other comprehensive income	Surplus reserve	General reserve	Undistributed profit	Others	Subtotal		
		Preferred shares	Other equity instruments									

							n					
I. 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 in accounting policies										0.00		0.00
Correction of prior period errors										0.00		0.00
Business merger under common control										0.00		0.00
Others										0.00		0.00
II. 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. Increases/decreases in the current period (decreases denoted by "-")	0.00					2,697,994.47		119,701,603.51		122,399,597.98	-49,855,873.99	72,543,723.99
(I)								131,020,764.		131,020,764.38	1,031,766.70	132,052,531.08

Total comprehensive income								38			
(II) Capital invested and decreased by owners	0.00					0.00	0.00	0.00	0.00	-50,000,000.00	-50,000,000.00
1. Ordinary shares contributed by owners									0.00	-50,000,000.00	-50,000,000.00
2. Capital contributed by the holders of other equity instruments									0.00		0.00
3. Amount of share-based payments charged to owners' equity									0.00		0.00
4. Others									0.00		0.00
(III) Profit distribution	0.00					2,697,994.47	11,319,160.87	-	-8,621,166.40	-1,928,433.70	-10,549,600.10
1.						2,697,994.47	-		0.00		0.00

Withd rawal of surplu s reserv es									2,697,994.47				
2. Appro priatio n to genera l risk provisi on									8,621,166.40	-	-8,621,166.40	-1,928,433.70	-10,549,600.10
3. Distrib ution to owner s (or shareh olders)													
4. Others	0.00												
(IV) Intern al transfe rs of owner s' equity													
1. Capita l reserv e transfe rred to capital (or share capital)													
2. Surplu s reserv e transfe rred to capital (or share capital													

)														
3. Recovery of losses by surplus reserve														
4. Retained earnings carried forward from changes in defined benefit plan														
5. Retained earnings carried forward from other comprehensive income														
6. Others	0.00													
(V) Special reserve														
1. Appropriation in the current period														
2. Use in the														

1. Ordinary shares contributed by owners												0.00
2. Capital contributed by the holders of other equity instruments												0.00
3. Amount of share-based payments charged to owners' equity												0.00
4. Others												0.00
(III) Profit distribution	0.00				0.00			25,952,692.04	-36,734,237.79			-10,781,545.75
1. Withdrawal of surplus reserves								25,952,692.04	-25,952,692.04			0.00
2. Distribution to owners (or shareholders)									-10,781,545.75			-10,781,545.75
3. Others												0.00
(IV) Internal transfers of owners' equity	0.00				0.00			0.00	0.00			0.00
1. Capital reserve transferred to capital (or share capital)												0.00
2. Surplus reserve transferred to capital (or share capital)												0.00
3. Recovery of losses by surplus reserve												0.00
4. Retained earnings carried forward from changes in defined benefit plan												0.00
5. Retained earnings carried forward from other comprehensive												0.00

income												
6. Others												0.00
(V) Special reserve	0.00				0.00				0.00	0.00		0.00
1. Appropriation in the current period												0.00
2. Use in the current period												0.00
(VI) Others												0.00
IV. Ending balance of the current period	431,058,320.00				428,256,131.23				52,499,172.13	425,834,010.57		1,337,647,633.93

Amount in the previous period

Unit: RMB

Item	Year 2021											
	Share capital	Other equity instruments			Capital reserves	Less : treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Pref erred shares	Perpetual bonds	Other s								
I. 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 in accounting policies												
Correction of prior period errors												
Others												
II. 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. Increases/decreases in the current period (decreases denoted by "-")									2,697,994.47	15,660,783.79		18,358,778.26
(I) Total comprehensive income										26,979,944.66		26,979,944.66
(II) Capital invested and decreased by owners												
1. Ordinary												

shares contributed by owners												
2. Capital contributed by the holders of other equity instruments												
3. Amount of share-based payments charged to owners' equity												
4. Others												
(III) Profit distribution									2,697,994.47	-11,319,160.87		-8,621,166.40
1. Withdrawal of surplus reserves									2,697,994.47	-2,697,994.47		
2. Distribution to owners (or shareholders)										-8,621,166.40		-8,621,166.40
3. Others												
(IV) Internal transfers of owners' equity												
1. Capital reserve transferred to capital (or share capital)												
2. Surplus reserve transferred to capital (or share capital)												
3. Recovery of losses by surplus reserve												
4. Retained earnings carried forward from changes in defined benefit plan												
5. Retained earnings carried forward from other comprehensive income												
6. Others												

(V) Special reserve												
1. Appropriation in the current period												
2. Use in the current period												
(VI) Others												
IV. Ending balance of the current period	431,058,320.00				428,256,131.23				26,546,480.09	203,041,327.99		1,088,902,259.31

III. Company Profile

1. Company profile

Shenzhen Tellus Holding Co., Ltd. (hereinafter referred to as "the Company") is a limited liability company registered in Shenzhen Administration for Industry and Commerce on November 10, 1986. The Company was reorganized and established from the former Shenzhen Machinery Industry Company with the approval of the Reply on the Reorganization of Shenzhen Machinery Industry Company into Shenzhen Tellus Machinery Co., Ltd. (SFBF [1991] No. 1012) issued by the General Office of Shenzhen Municipal People's Government. The Company currently holds a business license with a unified social credit code of 91440300192192210U, with a registered capital of RMB 431,058,320.00 and a total of 431,058,320 shares, including 392,778,320 A shares and 38,280,000 B shares without trading restrictions. The business address of the Company's headquarters is Floors 3 and 4, Shuibei 2nd Road, Luohu District, Shenzhen. Legal representative: Fu Chunlong.

In 1993, with the approval from the Reply of the General Office of Shenzhen Municipal People's Government on the Reorganization of Shenzhen Tellus Machinery Co., Ltd. into a Public Company Limited by Shares (SFBF [1992] No. 1850) and the Reply of Shenzhen Special Economic Zone Branch of the People's Bank of China on the Issuance of Shares by Shenzhen Tellus Machinery Electric Co., Ltd. (SRYFZ [1993] No. 092), the Company was reorganized into a public limited liability company through an initial public offering, with a registered capital of RMB 166,880,000.00 and a total share capital of 166,880,000 shares. 120,900,000 shares were converted from former assets, 25,980,000 were issued as A shares and 20,000,000 were issued as

B shares. Shares issued by the Company had a par value of RMB 1 per share. On June 21, 1993, the Company's shares were listed and traded on the Shenzhen Stock Exchange.

According to the resolution of the Company's 1993 Annual General Meeting of Shareholders, based on the share capital of 166,880,000 shares as of December 31 of that year, the Company distributed a cash dividend of RMB 0.5 and issued 2 bonus shares to all shareholders for every 10 shares held, totaling 33,376,000 shares, which was implemented in 1994. After the stock dividend, the registered capital increased to RMB 200,256,000.00.

According to the resolution of the Company's 1994 annual general meeting of shareholders, based on the share capital of 200,256,000 shares as at December 31 of the current year, the Company distributed cash dividends of RMB 0.5 for every 10 shares with 0.5 additional shares to all shareholders, totaling 20,025,600 shares, which was implemented in 1995. The registered capital was increased to RMB 220,281,600.00 after the share distribution and transfer.

According to the resolution of the fourth extraordinary general meeting of shareholders of the Company in 2014, upon the approval of the Official Reply to the Approval of Non-public Offering of Shares by Shenzhen Tellus Holding Co., Ltd. (ZJXK [2015] No.173) issued by the China Securities Regulatory Commission, the Company issued 77,000,000 ordinary A shares to Shenzhen Special Economic Zone Development Group Co., Ltd. and Shenzhen Capital Fortune Jewelry Industry Investment Enterprise (Limited Partnership) in 2015. After the issuance, the registered capital is increased to RMB 297,281,600.00.

According to the resolution of the Company's 2018 annual general meeting of shareholders, based on the share capital of 297,281,600 shares as at December 31 of the current year, the Company increased 4.5 shares for every 10 shares to all shareholders with capital reserves, totaling 133,776,720 shares, which were implemented in 2019. After the transfer, the registered capital is increased to RMB 431,058,320.00.

The Company's main business activities are automobile sales, automobile maintenance and testing, jewelry operation, property leasing and services, etc.

Approval date of the financial statements: the financial statements have been approved for disclosure by the board of directors of the Company on April 25, 2023.

1. Scope and change of the consolidated financial statements

(1) Subsidiaries included in the consolidation scope at the end of the reporting period

No.	Full name of subsidiary	Abbreviation of subsidiary	Shareholding proportion %	
			Direct	Indirect
1	Shenzhen Tellus Xinyongtong Automobile Development Co., Ltd.	Xinyongtong Automobile Development Co.	5.00	95.00
2	Shenzhen Bao'an Shiquan Industry Co., Ltd.	Bao'an Shiquan Company		100.00
3	Shenzhen SDG Tellus Real Estate Co., Ltd.	Tellus Real Estate Company	100.00	
4	Shenzhen Tellus Chuangying Technology Co., Ltd.	Chuangying company	100.00	
5	Shenzhen Xinyongtong Motor Vehicle Inspection Equipment Co., Ltd.	Testing Equipment Company	51.00	
6	Shenzhen Automobile Industry and Trade Co., Ltd.	Automobile Industry and Trade Company	100.00	
7	Shenzhen Automobile Industry Supply and Marketing Company	Automobile Supply and Marketing Company		100.00
8	Shenzhen SDG Huari Automobile Enterprise Co., Ltd.	Huari Company	60.00	
9	Shenzhen Huari Anxin Automobile Inspection Co., Ltd.	Huari Anxin Company		100.00
10	Shenzhen Zhongtian Industry Co., Ltd.	Zhongtian Company	100.00	
11	Shenzhen Huari Toyota Sales & Service Co., Ltd.	Huari Toyota	60.00	
12	Shenzhen Tellus Treasury Supply Chain Tech Co., Ltd.	Treasury Supply Chain Company	100.00	
13	Shenzhen Jewelry Industry Service Co., Ltd.	Shenzhen Jewelry Company	65.00	

14	Shanghai Fanyue Diamond Co., Ltd.	Shanghai Fanyue		100.00
15	Guorun Gold Shenzhen Co., Ltd.	Guorun Gold	36.00	5.00

For detailed information about the above subsidiaries, see Note VII Interests in Other Entities.

(2) Changes in the scope of the consolidated financial statements during the reporting period

Newly-added subsidiaries during the reporting period:

No.	Full name of subsidiary	Abbreviation of subsidiary	Reporting period	Reason of incorporating into consolidation scope
1	Guorun Gold Shenzhen Co., Ltd.	Guorun Gold	Year 2022	Newly established

See Note VI. Changes in the scope of consolidation for details of the increase and decrease of subsidiaries during the reporting period.

IV. Basis for Preparation of the Financial Statements

1. Preparation basis

The Company has prepared its financial statements on a going-concern basis and in accordance with the actual transactions and items, and recognition and measurement under provisions of ASBE (Accounting Standards for Business Enterprises) and their application guidelines and interpretations. In addition, the Company also disclosed relevant financial information in accordance with the Rules for the Preparation of Information Disclosure of Companies Issuing Securities to the Public No.15 - General Provisions on Financial Reports (revised in 2014) issued by the CSRC.

2. Going concern

The Company evaluated its ability to continue as a going concern for the 12 months from the end of the reporting period, and no events affecting the going concern of the Company. It is believed reasonable that the Company's financial statements have been prepared based on going concern.

V. Significant Accounting Policies and Accounting Estimates

Notes to specific accounting policies and accounting estimates:

N/A

1. Statement of compliance with Accounting Standards for Business Enterprises (ASBE)

The financial statements prepared by the Company meet the requirements of Accounting Standards for Business Enterprises and truly and fully reflect the financial situation, business performance, changes in owners' equity, cash flow and other relevant information of the Company.

2. Accounting period

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

3. Business cycle

The normal operating period of the Company is one year.

4. Bookkeeping base currency

Renminbi ("RMB") is adopted by the Company as the bookkeeping base currency.

5. Accounting Treatment Method for Business Merger under Common Control and Different Control

(1) Business merger under common control

The assets and liabilities obtained by the Company in business merger shall be calculated based on the book value of the merged party gained by the ultimate controlling party in its consolidated financial statements on the merger date. Where the accounting policies adopted by the merged party and the Company before the business merger are different, the accounting policies shall be unified based on the principle of materiality, that is, the book value of the assets and liabilities of the merged party shall be adjusted in accordance with the accounting policies of the Company. If there is a difference between the book value of the net assets obtained by the Company in the business merger and the book value of the consideration paid, the capital reserve

(capital premium or share premium) shall be adjusted first. If the balance of the capital reserve (capital premium or share premium) is insufficient to be offset, the surplus reserve and undistributed profits shall be offset in turn.

See Note III. 6(6) for the accounting treatment method for business merger under common control realized through step-by-step transactions.

(2) Business merger under different control

The identifiable assets and liabilities of the acquiree acquired by the Company in a business merger shall be measured at their fair values on the acquisition date. Where the accounting policies adopted by the acquiree and the Company before the business merger are different, the accounting policies shall be unified based on the principle of materiality, that is, the book value of the assets and liabilities of the acquiree shall be adjusted in accordance with the accounting policies of the Company. The difference between the merger costs of the Company on the acquisition date and the fair value of the identifiable assets and liabilities obtained from the acquiree in the business merger is recognized as goodwill; If the merger cost is less than the difference of the fair value of the identifiable assets and liabilities acquired from the acquiree in the business merger, the merger cost and the fair value of the identifiable assets and liabilities of the acquiree obtained in the business combination shall be reviewed first. If the merger cost is still less than the fair value of the identifiable assets and liabilities obtained from the acquiree after review, the difference shall be recognized as the current profit and loss of the merger.

See Note III. 6(6) for the accounting treatment method for business merger under different control realized through step-by-step transactions.

(3) Disposal of related handling charges for business merger

Intermediation costs such as audit, legal service and assessment and consultation and other administration costs incurred shall be included in the current profit or loss when incurred during the business merger. The transaction expenses of the equity securities or liability securities issued

as the consideration for the merger shall be recorded as the initial recognition amount of the equity securities or liability securities.

6. Preparation methods of consolidated financial statements

(1) Determination of consolidation scope

The scope of consolidation of consolidated financial statements shall be defined on the basis of control, including not only subsidiaries defined according to voting rights (or similar voting rights) themselves or in combination with other arrangements, but also structured entities defined based on one or more contractual arrangements.

Control means the power of the Company over the investee, and the investor can enjoy variable returns through participating in related activities of the investee and is able to influence its amount of return with the power over the investee. Subsidiaries refer to the entities controlled by the Company (including the divisible parts of enterprises and investees, and structured entities controlled by enterprises). Structured entities refer to entities designed without taking voting rights or similar rights as decisive factors when determining their controllers (Note: they are sometimes referred to as special purpose entities).

(2) Special provisions on the parent company being the 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 shall be included in the scope of consolidation, and other subsidiaries shall not be consolidated. The equity investors of the subsidiaries that are not included in the scope of consolidation shall be recognized as financial assets at fair value through profit or loss.

When the parent company meets the following conditions at the same time, the parent company belongs to the investment entity:

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

② The entity's sole objective of operation is to provide a return to the investors through capital appreciation, investment income or both.

③ The entity considers and evaluates the performance of almost all investments at fair value.

When the parent company changes from a non-investment entity to an investment entity, except that only the subsidiaries that provide relevant services for its investment activities are included in the consolidated financial statements for preparation of consolidated financial statements, other subsidiaries will not be consolidated by the entity from the date of change, and treatment will be conducted according to the principle of partially disposing of the subsidiary's equity without losing control.

When the parent company changes from an investment entity to a non-investment entity, the subsidiaries that were not originally included in the scope of the consolidated financial statements shall be included in the scope of the consolidated financial statements on the change date, and the fair value of the subsidiaries that were not originally included in the scope of the consolidated financial statements on the change date shall be regarded as the transaction consideration for acquisition, in accordance with the accounting treatment method of business merger under different control.

(3) Preparation methods of consolidated financial statements

The Company prepares the consolidated financial statements based on the financial statements of itself and all the subsidiaries and in accordance with other relevant materials.

The Company prepares the consolidated financial statements by taking the entire group as an accounting entity in accordance with the requirements for recognition, measurement and presentation in relevant accounting standards for business enterprises, and the unified accounting policies and accounting periods, with the aim of reflecting the overall financial positions, operating results and cash flows of the Group.

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

② Offset long-term equity investment of the parent company to the subsidiaries and the parent company's share in the owners' equity of subsidiaries.

③ Offset the effect of internal transactions between the parent company and its subsidiaries and between different subsidiaries. If internal transactions indicate relevant assets have suffered impairment loss, the loss shall be recognized in full.

④ Adjust special transactions from the perspective of the Group.

(4) Treatment of increase/decrease in subsidiaries during the reporting period

① Increase of subsidiaries or business

A. Subsidiaries or businesses increased due to business merger under common control

(a) When preparing the consolidated balance sheet, the beginning amount of the consolidated balance sheet shall be adjusted, and the relevant items of the comparative statements shall be adjusted at the same time. It shall be deemed that the consolidated reporting entity has always existed since the time when the ultimate controlling party begins to control.

(b) When preparing the consolidated income statement, the income, expenses and profits 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 income statement, and the relevant items of the comparative statements shall be adjusted at the same time. It shall be deemed that the consolidated reporting entity has always existed since the time when the ultimate controlling party begins to control.

(c) When preparing the consolidated cash flow statement, the cash flows of the subsidiary and the business 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 of the comparative statements shall be adjusted at the same time. It shall be deemed that the consolidated reporting entity has existed since the time point when the ultimate controlling party begins to control.

B. Subsidiaries or businesses increased due to business merger under different control

(a) In preparing the consolidated balance sheet, the beginning amounts of the consolidated balance sheet are not adjusted.

(b) When preparing the consolidated income statement, the income, expenses and profits of the subsidiary and the business from the acquisition 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 flows of the subsidiary from the acquisition date to the end of the reporting period shall be included in the consolidated cash flow statement.

② Disposal of subsidiaries or business

A. In preparing the consolidated balance sheet, the beginning amounts of the consolidated balance sheet are not adjusted.

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. When preparing the consolidated cash flow statement, 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.

(5) Special considerations in the consolidated offset

① Long-term equity investment of the Company held by subsidiaries should be treated as the treasury shares of the Company and deduction item of owners' equity and listed as "Less: treasury shares" under owners' equity in the consolidated balance sheet.

For the long-term equity investments held by subsidiaries, the long-term equity investment and the share of the owner's equity of the corresponding subsidiary shall be offset with each other by reference to the offset method of the Company's equity investment in subsidiary.

② Since the items of "special reserves" and "general risk reserves" are neither paid-in capital (or share capital) nor capital reserves, nor different from retained earnings and undistributed profits, they shall be restored according to the share attributable to the owners of the parent company after the long-term equity investments offset each other with the owners' equity of the subsidiaries.

③ If a temporary difference occurs between the book value of assets and liabilities in the consolidated balance sheet and the tax basis of the taxpayer to which the Company belongs due to the offset of unrealized internal sales profit or loss, the deferred tax assets or deferred 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, except for the deferred taxes related to transactions or events directly included in the owners' equity and business merger.

④ The unrealized gains and losses from internal transactions arising from the sale of assets by the Company to subsidiaries shall fully offset the "net profit attributable to the owners of the parent company" Unrealized internal transaction profit or loss incurred by asset sales from subsidiaries to the Company should offset the "net profit attributable to the owners of the parent company" and "minority interests", based on the distribution proportion between the Company and the subsidiary. Unrealized internal transaction profit or loss incurred by asset sales among subsidiaries should offset the "net profit attributable to the owners of the parent company" and "minority interests", based on the distribution proportion between the subsidiary (seller) and the Company.

⑤ If the share of current losses of minority shareholders in a subsidiary exceeds their share of owners' equity in that subsidiary at the beginning of the period, the difference shall still be offset against the "minority interests".

(6) Accounting treatment for special transactions

① Purchasing minority shareholders' equity

Where the Company purchases the equity of a subsidiary owned by minority shareholders of the subsidiary, in the individual financial statements, the investment cost of the long-term equity investment newly acquired by purchasing the minority equity is measured at the fair value of the consideration paid. In the consolidated financial statements, the capital reserve (capital premium or equity premium) shall be adjusted for the difference between the long-term equity investment newly acquired from the acquisition of a minority interest and the share of net assets of the subsidiary that would continue to be calculated from the acquisition date or the merger date, as per the proportion of new equity holding. If the capital reserve is insufficient to be written down, the surplus reserve and undistributed profits shall be offset in turn.

② Acquisition of control of subsidiaries step by step through multiple transactions

A. Business merger under common control realized step-by-step through multiple transactions

On the merger date, in the individual financial statements of the Company, the initial investment cost of the long-term equity investment is determined according to the share of the book value of the net assets of the subsidiary that shall be enjoyed after the merger in the consolidated financial statements of the ultimate controlling party; Capital reserves (capital premium or share premium) shall be adjusted according to the difference between the initial investment cost and the sum of the book value of the long-term equity investment before the merger and the book value of the consideration paid for further shares on the merger date. If the capital reserves (capital premium or stock premium) are insufficient to be offset, the surplus reserves and undistributed profits shall be offset in turn.

In the consolidated financial statements, except the adjustment made according to the accounting policies, the assets and liabilities of the merged party obtained by the merging party shall be measured according to the book value on the merger date in the consolidated financial statements of the ultimate controlling party. According to the difference between the sum of the book value of holding investment before merger and the book value of newly paid consideration

on the merger date and the book value of net assets obtained by merger, the capital reserve (stock premium/capital premium) is adjusted; if the capital reserve is not sufficient for offset, the retained earnings may be adjusted.

The equity investment held before the acquisition of the merged party's control by the merging party and calculated by the equity method and the profit or loss, other comprehensive incomes and other changes in owners' equity that have been recognized during the period from the date of acquisition of the original equity, or the date of common control of the merging party and the merged party (which is later) to the merger date shall offset against the beginning retained earnings during the period of comparative statement respectively.

B. Business merger under different control realized step-by-step through multiple transactions

On the merger date, in the individual financial statements, the sum of the book value of the long-term equity investment originally held and the newly increased investment costs on the merger date shall be recognized as the initial investment cost of the long-term investment in equity on the merger date.

In the consolidated financial statements, the acquiree's equity held before the acquisition date is re-measured at the fair value of the equity at the acquisition date, and the difference between the fair value and its book value is included in the current investment income; Where the acquiree's equity held before the acquisition date is related to any other comprehensive income under the equity method, other comprehensive income related thereto shall be transferred to the current income corresponding to the acquisition date, excluding other comprehensive income resulting from changes in net liabilities or net assets arising from the defined benefit plan through the re-measurement on the merged party. The Company discloses the fair value of the equity held by the acquiree before the acquisition date and the relevant profits or loss arising from remeasurement of fair value in the notes.

③ The Company's disposal of long-term equity investments in subsidiaries without losing control

For partial disposal of long-term equity investment in a subsidiary by the parent company without loss of control, in the consolidated financial statements, the capital reserve (capital premium or equity premium) shall be adjusted by the difference between the disposal price and the share of net assets of the subsidiary that would continue to be calculated from the acquisition date or the merger date corresponding to the disposal of the long-term equity investment, or if the capital reserve is insufficient to be written down, the retained earnings shall be adjusted.

④ The Company's disposal of long-term equity investments in subsidiaries with the loss of control

A. Disposal of with a single transaction

In the event the Company loses the right of control over an investee due to disposal of partial equity investments or other reasons, in the preparation of consolidated financial statements, the residual equity interest shall be measured again according to its fair value on the day when the Company loses the right of control. The difference by using the sum of value received from disposal of equity and fair value of the residual equity to deduct share in net assets continually counted from the acquisition date or merger date of the original subsidiary (calculated as per original share proportion) shall be recorded in the investment income of the current period without the right of control.

Other comprehensive income and other changes in owners' equity in connection with the equity investment of the original subsidiaries shall be transferred into current profit or loss at the time of loss of control, except for other comprehensive incomes generated from the change in net liabilities or net assets of defined benefit plan re-measured by the investee.

B. Step-by-step disposal of through multiple transactions

Determine whether step-by-step transaction belongs to "a package deal" in consolidated financial statements first.

If the step-by-step transaction does not belong to a "package deal", in the individual financial statements, the book value of the long-term equity investment corresponding to each disposal of equity shall be carried forward for each transaction before the loss of control of the subsidiary, and the difference between the proceeds 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, it shall be treated in accordance with the relevant provisions stating that "the parent company disposes of the long-term equity investment in the subsidiary without losing the control right".

If a step-by-step transaction belongs to a "package deal", each transaction shall be accounted for as a transaction that disposes of subsidiaries and loses 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 equity disposed of shall be recognized as other comprehensive income first, and then transferred to the current profit and loss on the loss of control when the control is lost; In the consolidated financial statements, for each transaction before the loss of control, the difference between the disposal price and the share of net assets of the subsidiary corresponding to the disposal of investment shall be recognized as other comprehensive income, and shall be transferred to the current profit and loss in case of control loss.

Where the terms, conditions and economic impact of various transactions meet one or more of the following circumstances, multiple transactions are generally accounted for as a "package deal":

- (a) These transactions are concluded simultaneously or in consideration of mutual influence.
- (b) These transactions can achieve a complete commercial result only when they are treated as a whole.
- (c) The occurrence of one transaction depends on the occurrence of at least one other transaction.

(d) A transaction is uneconomical on its own, but is economical when considered together with other transactions.

⑤ Dilution of equity ratio owned by the parent company due to the capital increase of minority shareholders of the subsidiary

Other shareholders (minority shareholders) of the subsidiary increase the capital of the subsidiary, thereby diluting the proportion of the parent company's equity in the branch. In the consolidated financial statements, its share in the book net assets of the subsidiary before the capital increase is calculated according to the shareholding ratio of the parent company before the capital increase. The capital reserves (capital premium or share premium) are adjusted according to the difference between the share and share of book net assets of the subsidiaries after the capital increase calculated according to the shareholdings ratio of the parent company after the capital increase. If the capital reserves (capital premiums or share premiums) are insufficient to be offset, the retained earnings are adjusted.

7. Classification of joint arrangements and accounting treatment methods for joint operations

Joint arrangement refers to an arrangement jointly controlled by two or more participants. Joint arrangement of the Company can be classified into joint operations and joint ventures.

(1) Joint operation

Joint operation refers to an arrangement that the Company enjoys assets related to the arrangement and bears liabilities related to the arrangement.

The Company recognizes the following items related to the Company among the interest shares of joint operation, and performs accounting treatment in accordance with relevant regulations of ASBE:

① Recognizing the assets held solely and the assets held jointly identified as per its shares;

② Recognizing the liabilities held solely and the liabilities held jointly identified as per its shares;

③ Recognizing the income generated from the sale of shares enjoyed in the joint operations;

④ Recognizing the income generated from the sale of joint operation output as per its shares;

⑤ Recognizing the expenses incurred separately and the expenses arising from joint operation as per its shares.

(2) Joint ventures

Joint venture refers to an arrangement that the Company only has the power governing net assets of the arrangement.

The Company shall conduct accounting treatment on the investment of the joint venture as per the provisions on business accounting for relevant equity method of long-term equity investment.

8. Standards for defining cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily drawn on demand. The cash equivalents are recognized as investment that is short-term (generally due within three months since the acquisition date), highly liquid and readily convertible to a known amount of cash, and has an insignificant risk of changes in value.

9. Foreign currency transaction and foreign currency statement translation

(1) Recognition method of conversion exchange rate upon foreign currency transactions

Upon the initial recognition upon the foreign currency transactions of the Company, the spot exchange rate on the transaction date or the exchange rate determined using systematic and reasonable methods and similar with the spot exchange rate on the transaction date (hereinafter

referred to as “exchange rate similar with spot exchange rate”) is used for the transaction into bookkeeping base currency.

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

On the balance sheet date, for the foreign currency monetary items, use the spot exchange rate on balance sheet date. Exchange differences arising from these differences between the spot exchange rate at the balance sheet date and the one at the initial recognition or the previous one at the balance sheet are included in the current profit or loss. Foreign currency non-monetary items measured at historical cost are still converted as per the spot exchange rate on the transaction date; the foreign currency non-monetary items measured at fair value are converted as per the spot exchange rate on the date of fair value determination, and the difference between the converted recording currency amount and the original bookkeeping base currency amount are included in the current profit or loss.

10. Financial instruments

Financial instruments refer to contracts that form the financial assets of a party, and form financial liabilities or equity instruments of other parties.

(1) Recognition and derecognition of the financial instruments

As soon as the Company becomes one party of the financial instrument contract, it will recognize the financial assets or financial liabilities.

A financial asset is derecognized if it meets one of the following conditions:

① The right of the contract to receive the cash flows of financial assets terminates;

② The financial asset has been transferred, and is in accordance with the following conditions for derecognition.

Under the circumstance that the current obligation of the financial liabilities in whole (or partially) has been relieved, the Company will derecognize the financial liabilities in whole (or partially). Where a contract is signed by the Company (the debtor) and the creditor in ways of bearing new financial liabilities instead of original financial liabilities and the clause on the financial liabilities in the new contract is in fact different from the same clause in the current contract, derecognize the original financial liabilities and confirm the new financial liability in the same time. If the Company makes any substantial modification to the contract terms of the original financial liabilities in whole (or partially), the original financial liabilities shall be derecognized and one new financial liability shall be recognized in accordance with the modified terms.

Financial assets transacted in a conventional way are subject to accounting recognition and derecognition on the transaction day. Buying and selling financial assets in conventional way refers to the delivery of financial assets according to the time arrangement prescribed by the terms of the contract, and the laws, regulations or market practices. The trade date is the date when the Company makes commitments to buy or sell the financial assets.

(2) Classification and measurement of financial assets

During the initial recognition, according to the business mode of financial assets management and the contractual cash flow characteristics of financial assets, the Company classifies financial assets into financial assets at amortized cost, financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income. Unless the Company changes its business mode for managing the financial assets, in this case, all affected related financial assets shall be reclassified on the first day of the first reporting period after the change of business mode. Otherwise, the financial assets shall not be reclassified after the initial recognition.

Financial assets are initially recognized at fair value. For financial assets at fair value through profit or loss, related transaction expenses shall be directly included in the profit or loss for the current period; the related transaction expenses of other financial assets shall be included

in the initially recognized amount. For the notes receivable and accounts receivable that arise from the sales of goods or the provision of services and that do not contain or consider the significant financing component, the Company shall perform the initial measurement according to the transaction price defined in the income standards.

Subsequent measurement of financial assets depends on their classification:

① Financial assets at amortized cost

Where the financial assets meet all the following conditions, they will be classified as financial assets measured at amortized cost. The business mode of the Company for managing such financial assets is to collect contract cash flows. The contract of such financial assets specifies that the cash flows generated at a particular date are only for the payment of principal and interest based on the amount of outstanding principal. Such financial assets are measured subsequently by the effective interest method and based on the amortized cost, and all profit or loss due to derecognition, impairment, or amortization as per effective interest method are included in the current profit or loss.

② Financial assets at fair value through other comprehensive income

Where the financial assets meet all the following conditions, they will be classified as financial assets at fair value through other comprehensive income. The business mode of the Company for managing such financial assets is to collect contract cash flows and to sell the financial assets. The contract of such financial assets specifies that the cash flows generated at a particular date are only for the payment of principal and interest based on the amount of outstanding principal. For such financial assets, subsequent measurement shall be based on fair value. Except that the impairment gain or loss and the exchange gain or loss are recognized as profit or loss of the current period, changes in fair value of such financial assets are recognized as the other comprehensive income, and the accumulated profit or loss are transferred into profit or loss of the current period until the financial assets are derecognized. However, the relevant interest income from the financial assets calculated by the effective interest method is included in the current profit or loss.

The Company irrevocably chooses to designate some non-trading equity instrument investments as financial assets at fair value through other comprehensive income, and only includes the relevant dividend income in the current profit or loss. The changes in fair value are recognized as other comprehensive income and, until the derecognition of such financial assets, the accumulated profit or loss is transferred into the retained earnings.

③ Financial assets at fair value through profit or loss

The financial assets other than the above financial assets at the amortized cost and financial assets at fair value through other comprehensive income will be classified into the financial assets at fair value through profit or loss. Such financial assets are subsequently measured at the fair value and the changes in fair value are included in the current profit or loss.

(3) Classification and measurement of financial liabilities

The Company classifies financial liabilities into the financial liabilities at fair value through profit or loss, the loan commitment and liabilities under financial guarantee contract with an interest rate lower than the market interest rate and the financial liabilities measured by amortized cost.

Subsequent measurement of financial liabilities depends on their classification:

① Financial liabilities at fair value through profit or loss

These financial liabilities include trading financial liabilities (including derivative instruments classified as financial liabilities) and financial liabilities designated as at fair value through profit or loss. After the initial recognition, such financial liabilities are subsequently measured at fair value. Unless related to the hedge accounting, the profit or loss (including interest expenses) generated are included in the current profit or loss. However, for financial liabilities designated to be measured at fair value through profit or loss, the changes in fair value of such financial liabilities caused by changes in the credit risk. Upon the derecognition of such

financial liabilities, the accumulated profit or loss previously included in other comprehensive income shall be transferred out from other comprehensive income and included in retained earnings.

② Loan commitment and liabilities under financial guarantee contract

Loan commitment is an commitment provided by the Company to the client to issue a loan to the client under the established contract terms within the commitment period. For the loan commitment, the impairment loss shall be withdrawn according to the expected credit loss model.

A financial guarantee contract is a contract in which the Company is required to pay a specified amount of money to the contract holder who has suffered a loss because the specific debtor failed to make due payment of debts in accordance with the original or modified terms for debt instruments. The liabilities under financial guarantee contract are subsequently measured according to the amount of the provision for loss recognized according to the impairment principle for financial instruments or the balance of initially recognized amount after deducting the accumulated amortized amount recognized according to the revenue confirmation principles, whichever is lower.

③ Financial liabilities at amortized cost

After the initial recognition, other financial liabilities will be measured by the effective interest method based on the amortized cost.

Except for special circumstances, the financial liabilities and equity instrument shall be distinguished according to the following principles:

① If the Company fails to unconditionally perform one contractual obligation by delivering cash or other financial assets, the contractual obligation satisfies the definition of financial liability. While some financial instruments do not expressly include the terms and conditions for the obligation to deliver cash or other financial assets, it is possible to form contract obligations indirectly through other terms and conditions.

② If one financial instrument must or can be settled by the Company's own equity instrument, the Company's own equity instrument used for settling such instrument shall be considered as a substitute of cash or other financial assets, or as residual equity in the issuer's assets that the instrument holder enjoys after deducting all the liabilities. If it is the former one, this instrument is the financial liabilities of the Issuer. If it is the latter, the instrument is the equity instrument of the Issuer. Under certain circumstances, a financial instrument contract requires that the Company must or may settle the financial instrument with its own equity instruments, where the amount of contractual rights or contractual obligations is equal to the number of own equity instruments available or to be delivered multiplied by the fair value upon its settlement. In this case, regardless of whether the amount of the contractual right or obligation is a fixed value or changes based in whole or in part on changes in variables other than the market price of the Company's own equity instrument (such as interest rates, the price of a good or the price of a financial instrument), the contract is classified as financial liabilities.

(4) Derivative financial instruments and embedded derivative instruments

Derivative financial instruments are initially measured at the fair value on the date when the derivative deal contract is signed, and subsequently measured at fair value. The derivative financial instrument whose fair value is positive is recognized as an asset. When the fair value is negative, it is recognized as a liability.

Except that the cash flow hedge belonging to the effective part of the hedge is included in other comprehensive income and transferred out and included in the current profit or loss, the gain or loss incurred by the changes in fair value of derivative instruments are directly included in the current profit or loss.

For hybrid instruments containing embedded derivative instruments, if the main contract is for the financial assets, the hybrid instruments are used as a whole applicable to the relevant provisions on classification of financial assets. Where the main contract is not for financial assets and such hybrid instruments are not subject to the accounting treatment at fair value through profit or loss, if the embedded derivative instruments are not closely related to the main contract

in terms of economic characteristics and risks, the conditions of the hybrid instruments match the conditions of embedded derivative instruments, and the instruments existing solely conform to definition of derivative instrument, the embedded derivative instruments shall be separated from the hybrid instruments and disposed as separate derivative financial instruments. If the fair value of such embedded derivative instruments on the acquisition date or subsequent balance sheet date cannot be separately measured, the hybrid instruments shall be wholly designated as financial assets or financial liabilities at fair value through profit or loss.

(5) Impairment of financial instruments

For the financial assets at amortized cost and the creditor's rights investment, contract assets, rental receivables, loan commitments and financial guarantee contracts at fair value through other comprehensive income, the Company recognizes the provision for loss on the basis of expected credit loss.

① Measurement of expected credit loss

The expected credit loss refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable according to the contract and discounted according to the original effective interest rate and all cash flows receivable of the Company, that is, the present value of all cash shortages. The credit-impaired financial assets that are purchased or derived by the Company shall be discounted on the basis of the credit-adjusted effective interest rate of the financial assets.

The expected credit loss during the whole duration refers to the expected credit loss caused by all possible default events during the whole expected duration of financial instruments.

The expected credit loss in the next 12 months refers to the expected credit loss caused by the possible default events of financial instruments within 12 months after the balance sheet date (or, if the expected duration of financial instruments is less than 12 months, the expected duration), which is part of the expected credit loss in the whole duration.

On each balance sheet date, the Company separately measures the expected credit losses of financial instruments at different stages. If the credit risk of financial instruments has not increased significantly since the initial recognition, it is in the first stage. The Company will measure the provision for loss according to the expected credit loss in the next 12 months. If the credit risk of financial instruments has increased significantly since its initial recognition but no credit impairment has occurred, it is in the second stage, and the Company measures the provision for loss according to the lifetime expected credit loss of the instrument. If financial instruments have suffered credit impairment since their initial recognition, it is in the third stage, and the Company measures the provision for loss according to the lifetime expected credit loss of the instrument.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that the credit risk has not increased significantly since the initial recognition, and measures the provision for loss according to the expected credit loss in the next 12 months.

For financial instruments in the first and second stages and with low credit risk, the Company calculates interest income according to the book balance before deducting provision for impairment and the actual interest rate. For financial instruments in the third stage, the interest income shall be calculated according to their book balance minus the amortized cost after provision for impairment and the actual interest rate.

For notes receivable, accounts receivable, receivables financing and contract assets, regardless of whether there is any significant financing component, the Company measures the provision for losses based on expected credit losses over the whole duration.

A. Receivables/contract assets

For notes receivable, accounts receivable, other receivables, receivables financing, contract assets and long-term receivables with objective evidence showing impairment and other accounts receivable suitable for single evaluation, impairment test shall be conducted separately to recognize expected credit loss and accrue single provision for impairment. For notes receivable, accounts receivable, other receivables, receivables financing, contract assets and long-term

receivables without objective evidence of impairment or when information of the expected credit loss for a single financial asset cannot be evaluated at a reasonable cost, the Company divides the notes receivable, accounts receivable, other receivables, receivables financing, contract assets and long-term receivables into several portfolios according to the credit risk characteristics, calculates the expected credit loss on the basis of the portfolios, and determines the portfolio on the following basis:

Basis for portfolio determination for notes receivable:

Notes receivable portfolio 1 - commercial acceptance bill

Notes receivable portfolio 2 - bank acceptance bill

For notes receivable divided into portfolios, the Company refers to the historical credit loss experience, combines the current situation with the forecast of the future economic situation, and calculates the expected credit loss through default risk exposure and the expected credit loss rate for the whole duration.

Basis for portfolio determination for accounts receivable:

Accounts receivable portfolio 1 - aging portfolio

Accounts receivable portfolio 2 - jewelry sales business portfolio

For the accounts receivable divided into portfolios, the Company refers to the historical credit loss experience, combines the current situation with the forecast of the future economic situation, formulates the comparison table of aging of accounts receivable and the lifetime expected credit loss rate, and calculates the expected credit loss.

Basis for portfolio determination of other receivables:

Basis for portfolio determination of other receivables:

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 security portfolio

Other receivables portfolio 5 - portfolio of concerned intercourse funds within the consolidation scope of receivables

For other receivables divided into portfolios, the Company refers to the historical credit loss experience, combines the current situation with the forecast of the future economic situation, and calculates the expected credit loss through default risk exposure and the expected credit loss rate in the next 12 months or for the whole duration.

Basis for portfolio determination of long-term receivables:

Long-term receivables portfolio 1 - other receivables

For long-term receivables divided into portfolio 1, the Company refers to the historical credit loss experience, combines the current situation with the forecast of the future economic situation, and calculates the expected credit loss through default risk exposure and the expected credit loss rate for the whole duration.

B. Creditor's rights investment and other creditor's rights investment

For debt instruments at amortized cost and debt instruments at fair value through other comprehensive income, the Company calculates the expected credit loss according to the nature of the investment and various types of counterparty and risk exposure through default risk exposure and the expected credit loss rate within the next 12 months or the whole duration.

② Rather low credit risk

If the default risk of a financial instrument is rather low, the borrower has a strong ability to fulfill its contractual cash flow obligations in a short period and, even if there are adverse changes in the economic situation and operating environment for a long period of time, it may not

necessarily for the borrower to reduce the ability to fulfill its contractual cash flow obligations, the financial instrument shall be considered to have a low credit risk.

③ Significant increase in credit risk

The Company compares the default probability of financial instruments in the expected duration determined at the balance sheet date with the default probability in the expected duration determined upon the initial recognition to determine the relative change in the default probability of financial instruments in the expected duration, thus evaluating whether the credit risk of financial instruments has increased significantly since the initial recognition.

When determining whether the credit risk has significantly increased since the initial recognition, the Company considers the reasonable and well-founded information obtained by it without unnecessary additional cost or effort, including the forward-looking information. The information to be considered by the Company is as follows:

A. Whether the internal price index has changed significantly due to the changes in credit risk;

B. Adverse changes in business, financial or economic conditions expected to lead to significant changes in the capability of the debtor to fulfill its debt payment obligations;

C. Whether there has been any significant change in the actual or expected financial performance of the debtor; whether the regulatory, economic or technological environment in which the debtor is located has undergone significant adverse changes;

D. Whether there has been any significant change in the value of collateral used as debt collateral or the quality of guarantee or credit enhancement provided by a third party. Such changes are expected to reduce the debtor's economic motivation to repay the loan within the time limit stipulated in the contract or affect the probability of default;

E. Whether there has been any significant change in the economic motivation that is expected to reduce the debtor's repayment within the time limit agreed in the contract;

F. Expected changes in the loan contract, including whether the expected breach of contract may result in exemption or revision of contractual obligations, granting of interest-free period, interest rate jump, demand for additional collateral or guarantees, or other changes in the contractual framework of financial instruments;

G. Whether there has been any significant change in the debtor's expected performance and repayment behavior;

H. Whether the contract payment is overdue for more than (including) 30 days.

According to the nature of financial instruments, the Company evaluates whether the credit risk has increased significantly on the basis of individual financial instruments or portfolios of financial instruments. When evaluating on the basis of portfolios of financial instruments, the Company may classify the financial instruments based on common credit risk characteristics, such as overdue information and credit risk rating.

Under normal circumstances, if it is overdue for more than 30 days, the Company determines that the credit risk of the financial instrument has significantly increased, unless the Company can obtain reasonable and reliable information without paying too much cost or effort to prove that the credit risk has not increased significantly since the initial recognition although the payment period stipulated in the contract has elapsed for more than 30 days.

④ Credit-impaired financial assets

On the balance sheet date, the Company evaluates whether the credit impairment has occurred to financial assets measured by amortized cost and the creditor's rights investment at fair value through other comprehensive income. When one or more events that have an adverse effect on the expected future cash flows of a financial asset occur, the financial asset becomes a credit-impaired financial asset. Evidence for credit-impaired financial assets includes the following observable information:

The issuer or debtor has major financial difficulties; the debtor violates the contract, such as default or overdue payment of interest or principal; the creditor makes the concession that the debtor will not make under any other circumstances due to the economic or contractual considerations related to the debtor's financial difficulties; the debtor is likely to go bankrupt or undergo other financial restructuring; the financial difficulties of the issuer or debtor cause the disappearance of the active market of financial assets; a financial asset is purchased or generated at a substantial discount which reflects the fact that the credit losses have occurred.

⑤ Presentation of provision for expected credit loss

In order to reflect the changes in the credit risk of financial instruments since the initial recognition, the Company re-measures the expected credit loss on each balance sheet date. The increase or reversal amount of provision for loss therefrom shall be regarded as impairment loss or gain and included in the current profit or loss. For the financial assets measured by amortized cost, the provision for loss shall be used to offset against the book value of financial assets presented in the balance sheet; for the creditor's rights investments at fair value through other comprehensive income, the Company recognizes the provision for loss in other comprehensive income, and the book value of financial assets will not be deducted.

⑥ Write-off

When the Company no longer reasonably expects that the contract cash flow of the financial asset can be recovered in whole or in part, the book balance of the financial asset is directly written down. Such write-down constitutes the derecognition of related financial assets. This usually happens when the Company determines that the debtor has no assets or sources of income to generate sufficient cash flow to repay the amount to be written off.

If the write-down financial assets are recovered later, they shall be regarded as the reversal of impairment loss and included in the profit or loss.

(6) Transfer of financial assets

Transfer of financial assets refers to the following two situations:

A. The contractual right for collecting this financial asset cash flow is transferred to the other party;

B. All or part of the financial assets are transferred to the other party, but the contractual rights to collect the cash flow of financial assets are reserved, and the contractual obligation to pay the collected cash flow to one or more recipients is fulfilled.

① Derecognition of transferred financial assets

If almost all risks and rewards from the ownership of financial assets have been transferred to the transferee, or almost all risks and rewards from the ownership of financial assets are neither transferred nor retained, but the control of such financial assets have been abandoned, such financial assets will be derecognized.

When judging whether the control over the transferred financial assets has been abandoned, pay attention to the actual ability of the transferee to sell the financial assets. If the transferee can unilaterally sell the transferred financial assets to an unrelated third party and there are no additional conditions to restrict the sales, the Company has given up its control over the financial assets.

When judging whether the transfer of financial assets meets the conditions for derecognition of financial assets, the Company shall pay attention to the essence of the transfer of financial assets.

If the entire transfer satisfies the derecognition criteria, the difference between the following amount should be included in the current profit and loss:

A. Book value of the transferred financial assets;

B. Sum of the consideration received from transfer and the proportion – corresponding to the derecognized portion of the cumulative changes in fair value and directly included in other

comprehensive income (the financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income according to Article 18 of Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments).

If the partial transfer of financial assets satisfies the derecognition criteria, the book value, between the part for derecognition and the rest (in this case, the retained service assets shall be deemed as a part of the continuously recognized financial assets), of the financial assets transferred as a whole should be amortized at their respective fair values on the transfer date, and the difference between the following amount should be included in the current profits and losses:

A. Book value of the derecognized portion on the derecognition date;

B. Sum of the consideration received from disposal of the derecognized portion and the proportion – corresponding to the derecognized portion of the cumulative changes in fair value through other comprehensive income (the financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income according to Article 18 of Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments).

② Further involvement of the transferred financial assets

Where there is neither transfer nor retention of any risks and rewards on the financial asset ownership, if the control over the financial asset is not waived, relevant financial assets shall be recognized to the extent of further involvement in the transferred financial assets, and relevant liabilities shall be recognized correspondingly.

The extent of further involvement into the transferred financial asset refers to the extent to which the Company bears the risks or rewards of changes in the value of transferred financial assets.

③ Further recognition of the transferred financial assets

Where almost all risks and returns related to the ownership of the financial assets transferred are still retained, the entirety of financial assets transferred are continued to be recognized, with the consideration received being recognized as a financial liability.

The financial assets and the recognized related financial liabilities shall not be offset against each other. In the subsequent accounting period, the Company shall further recognize the incomes (or profits) generated by the financial assets and the expenses (or losses) generated by the financial liabilities.

(7) Offset of financial assets and financial liabilities

Financial assets and financial liabilities will be listed on the balance sheet respectively, and they will not offset each other. However, the net amount is presented in the balance sheet after mutual offset, when the following conditions are met simultaneously:

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

It is planned to conduct net settlement or cash out the financial asset and pay off the financial liability.

For financial assets that do not meet the conditions for derecognition, the transferor will not offset the transferred financial assets and related liabilities.

(8) Method of determining fair value of financial instruments

Refer to Note III. 11 for recognition methods for fair values of financial assets and financial liabilities.

11. Inventories

(1) Classification of inventories

Inventory refers to finished products or commodities held by the Company for sale in daily activities, products under production, materials and supplies consumed in the process of production or rendering labor services, including raw materials, inventory commodities, consigned goods and revolving materials.

(2) Valuation methods for inventories transferred out

The Company's inventories are measured by the first-in first-out method and the specific measurement method when being dispatched.

(3) Inventory system

The Company adopts the perpetual inventory system for its inventory and makes the inventory at least once a year. The amount of inventory profit and inventory loss is included in the current profit or loss.

(4) Method for providing provision for decline in the value of inventories

The inventories on the balance sheet date shall be valued by the lower one between cost and net realizable value. If the inventory cost is greater than the net realizable value, provision for decline in the value of inventories shall be withdrawn and included in the current profits and losses.

The inventory net realizable value shall be recognized based on the obtained hard evidence, taking into account of purpose of holding inventory and its impact on events after the balance sheet date.

① For the finished products, commodities, materials for sale and other inventory directly for sale, during the normal production and operation process, the amount of the estimated sale price of the inventory deducting the estimated selling expenses and relevant taxes shall be determined as the net realizable value. For inventory held for implementing sales contract or labor service contract, the net realizable value thereof shall be calculated based on the contract price. If the quantity of inventories held is greater than the ordered quantity of the sales contract, the net

realizable value of the excessive part shall be calculated based on the general selling price. For materials held for sale, the net realizable value thereof shall be calculated based on market price.

② For material inventories requiring to be processed, during the normal production and operation process, the net realizable value is taken as the difference between the estimated selling prices of these inventories and their estimated cost to be incurred till completion, estimated selling expenses and associated taxes; and If the net realizable value of the finished product is higher than the cost, the material shall be measured with the cost; if the reduction of the material price indicates that the net realizable value of the finished product is lower than the cost, the material shall be measured with the net realizable value and the provision for decline in the value of inventories shall be withdrawn by the balance.

③ In principle, the provision for decline in the value of inventories will be withdrawn in accordance with the individual inventory items; but for large quantity of inventories at low price, such provision can be withdrawn according to the inventory category.

④ On the balance sheet date, if the factors affecting write-down of the inventories value no longer exist, the write-down amount shall be recovered and reversed from the provision for decline in the value of inventories which has been drawn, and the recovered amount shall be included in the current profits and losses.

12. Contract assets

The Company presents the contract assets in the balance sheet in accordance with the relationship between the performance obligations and the payment by the customer. The consideration to which the Company is entitled to receive for the transfer of goods or services to a customer (and the right depends on other factors excluding the passage of time) is presented as contract assets.

Please refer to Note III. 10 for details of the determination method and accounting treatment method of the expected credit losses of the Company's contract assets.

Contract assets are presented separately in the Balance Sheet. Contract assets under the same contract shall be presented at net amount. If the net amount is the debit balance, it shall be presented in the item of "contract assets" or "other non-current assets" according to its liquidity.

13. Contract cost

The contract cost is divided into the contract performance cost and the contract acquisition cost.

The cost incurred by the Company in performing the contract shall be recognized as an asset of the contract performance cost when the following conditions are met at the same time:

① The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing costs (or similar costs), the costs clearly borne by the customer, and other costs incurred only by the contract;

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

③ This cost is expected to be recovered.

If the incremental cost incurred by the Company in obtaining the contract is expected to be recoverable, it will be recognized as an asset of the contract acquisition cost.

Assets related to the contract cost are amortized on the same basis as income from goods or services related to the asset is recognized; however, if the contract acquisition cost is amortized for less than one year, the Company will include it into the current profits and losses at the time of occurrence.

If the book value of the assets related to the contract cost exceeds the difference between the following two items, the Company will make preparation for impairment provision of the excess and recognize it as the impairment loss of the assets and further consider whether to make provision for estimated liabilities related to the onerous contract:

① Residual consideration expected to be obtained in connection with the transfer of goods or services related to the asset;

② The cost expected to be incurred for the transfer of the relevant goods or services.

If the provision for impairment of the above assets is subsequently reversed, the book value of the assets reversed will not exceed the book value of the assets at the date of reverse assuming no provision for impairment is made.

The contract performance cost that is recognized as assets is presented in the item of "Inventories" if the amortization period at initial recognition is not more than one year/normal operating cycle; or presented in the item of "Other non-current assets" if the amortization period at initial recognition is more than one year/normal operating cycle.

The contract acquisition cost that is recognized as assets is presented in the item of "Other current assets" if the amortization period at initial recognition is not more than one year/normal operating cycle; or presented in the item of "Other non-current assets" if the amortization period at initial recognition is more than one year/normal operating cycle.

14. Held-for-sale assets

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

The Company recognizes the non-current assets or disposal groups meeting all the following conditions as the held-for-sale:

① Based on the practice of selling such assets or disposal groups in similar transactions, those can be sold immediately under current conditions;

② Their sales are very likely to happen, that is, the Company has already made a resolution on a sales plan and obtained a certain purchase commitment and their sales are expected to be completed within one year. The relevant approval has been obtained from relevant authorities of the Company or regulators for those available for sale as required by the relevant regulations.

The Company classifies the non-current assets or disposal groups that are acquired exclusively for resale, meet the specified conditions of “the sales are expected to be completed within one year” on the acquisition date and are likely to meet other conditions for classifying the held-for-sale assets in a short time (usually 3 months) as the held-for-sale assets on the acquisition date.

If the Company loses control over its subsidiaries due to the sales of investment in subsidiaries and other reasons, whether the Company reserves some of its equity investments after the sales or not, when the investment in subsidiaries to be sold meets the conditions for the held-for-sale assets, the investment in subsidiaries will be classified as the held-for-sale assets as a whole in the individual financial statements of the parent company and all the assets and liabilities of subsidiaries will be classified as the held-for-sale assets in the consolidated financial statements.

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

The measurement of investment properties that are subsequently measured at fair value, biological assets that are measured by the net amount of fair value minus selling expenses, the assets formed by employee compensation, the deferred tax assets, the financial assets subject to the financial instrument related accounting standards, and rights arising from insurance contracts subject to insurance contract relevant accounting standards are applicable to other relevant accounting standards respectively.

When the held-for-sale non-current assets or disposal groups are measured initially or remeasured on the balance sheet date, if the book value is higher than the net amount obtained by deducting the selling expenses from the fair value, the book value shall be reduced to the net amount obtained by deducting the selling expenses from the fair value, and the write-down amount shall be recognized as the asset impairment losses and shall be included in the current profits and losses and the impairment provision of held-for-sale assets shall be made at the same time. If the net amount obtained by deducting the selling expenses from the fair value of held-for-sale non-current assets or disposal groups on the subsequent balance sheet date increases, the previous write-down amount shall be recovered and reversed from the asset impairment losses recognized after being classified as the held-for-sale assets, and the reversed amount shall be

included in the current profits and losses. The book value of goodwill deducted shall not be reversed.

When a non-current asset or disposal group ceases to be classified as held for sale because it no longer meets the criteria for classification of held for sale or a non-current asset is excluded from a disposal group held for sale, it is measured at the lower of:

① The book value before being classified as held for sale, adjusted according to depreciation, amortization or impairment that should have been recognized if it had not been classified as held for sale;

② Recoverable amount.

(3) Presentation

In the balance sheet, the Company shall separately present the non-current assets held for sale or the assets in the disposal group held for sale different from other assets, and separately present the liabilities in the disposal group held for sale different 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 shall not offset each other and shall be presented as current assets and current liabilities respectively.

15. Long-term equity investments

The long-term equity investments of the Company include the equity investment to control or significantly influence the investees and the equity investments of the joint ventures. Where the Company can exercise significant influence over the investee, the investee is an associate.

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

Joint control refers to the sharing of control over certain arrangements under related agreements, and related activities of the arrangement can be determined only when the unanimous consent of the parties sharing the control right is obtained. In assessing whether joint control of an arrangement exists, the Company first assesses whether all the parties or a group of the parties

control the arrangement collectively. When all the parties or a group of the parties must act together unanimously in directing the relevant activities, all the parties or a group of the parties are regarded as having joint control of an arrangement. It then assesses whether decisions about the relevant activities require the unanimous consent of those parties that control the arrangement collectively. When more than one combination of the parties can control an arrangement collectively, joint control does not exist. Protective rights are not taken into account in determining whether or not there is joint control.

Significant influence means the power of the investor to participate in making decisions on the financial and operating policies of an investee, but the investor cannot control or jointly control with other parties over the formulation of these policies. When determining whether an investor can exercise significant influence over an investee, the effect of potential voting rights (for example, warrants, share options and convertible bonds) held by the investors or other parties that are currently exercisable or convertible be considered.

It shall be regarded as significant influence on the investee when the Company directly or indirectly through a subsidiary owns 20% (included) – 50% voting shares of the investee. However, if there is any clear evidence showing that the Company cannot participate in making decisions on production and operation activities of the investee under such a condition, constituting no significant influence.

(2) Recognition of initial investment cost

- Cost of long-term equity investment arising from business merger should be determined as follows:

A. Business merger under common control: If the merging party carries out merger consideration through cash payment, transfer of non-cash assets, assumption of liabilities, the share of the book value of the owners' equity of the merged party in the consolidated financial statements of the ultimate controlling party should be recognized as the initial investment cost of long-term equity investment on the merger date. The difference between the initial investment cost of the long-term equity investment and the paid cash, transferred non-cash assets and the

book value of assumed debts is adjusted to capital reserves. If the capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings;

B. Business merger under common control: If the merging party uses the issuance of equity securities as the merger consideration, the share of book value of the owners' equity of the merged party in the consolidated financial statements of the ultimate controlling party should be recognized as the initial investment cost of long-term equity investment on the merger date. According to the total carrying amount of the issued shares as the share capital, the difference between the initial investment cost of the long-term equity investment and the total carrying amount of the shares issued shall be adjusted to the capital reserve; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted;

C. Business merger under different control: merger cost and initial costs for long-term equity investment shall be determined based on the assets paid on the date of purchase for the right of control over the purchased party, liabilities occurred or undertaken, as well as the fair value of the issued equity securities. Any intermediary expenses such as audit, legal services, assessment and consultation and other related management expenses incurred by the merging party in the business merger are included in the current profits and losses when incurred.

- Except for the long-term equity investment formed by business merger, the investment cost of long-term equity investment acquired in other ways shall be determined in accordance with the following provisions:

A. For long-term equity investment obtained by cash payment, the actual purchase price shall be regarded as the investment cost. The initial investment cost includes expenses, taxes and other necessary fees which are directly related to acquiring the long-term equity investment.

B. For the long-term equity investment obtained by issuing equity securities, the fair value of the issued equity securities shall be taken as the initial investment cost;

C. For long-term equity investment obtained through non-monetary asset exchange, if the exchange has commercial essence and the fair value of the exchanged assets or the exchanged assets can be reliably measured, the fair value of exchanged assets and relevant taxes and fees shall be regarded as the initial investment cost, and the difference between the fair value of the

exchanged assets and the book value shall be included in the current profits and losses. If the exchange of monetary assets does not meet the above two conditions at the same time, the book value of the exchanged assets and relevant taxes and fees shall be regarded as the initial investment cost.

D. For long-term equity investments acquired through debt restructuring, the entry value should be determined according to the fair value of the debt waived, taxes generated from such assets and other costs, and the difference between the fair value and the book value of the debt waived should be included in the current profits and losses.

(3) Subsequent measurement and recognition of profit or loss

The Company adopted the cost method for accounting of the long-term equity investment implementing control over the investee and equity method for accounting of long-term equity investment in joint ventures and associates.

① Cost method

The long-term equity investment will be calculated by the cost method: Add or recover the investment to adjust the investment cost of the long-term equity. The distributed cash dividend or profit declared by the investees is recognized as investment income in the current period.

② Equity method

Long-term equity investments calculated by using equity method are generally subject to the accounting treatment as follows:

Where the investment costs of long-term equity investments exceed the share of the fair value of the investee's identifiable net assets at the time of the investment, the initial investment costs of the long-term equity investment are not adjusted; where their initial investment costs of long-term equity investments are less than the share of the fair value of the investee's identifiable net assets at the time of the investment, the balance shall be included in the current profits and losses and the costs of the long-term equity investment are adjusted accordingly.

The Company recognizes the investment income and other comprehensive income respectively according to its share of net profit or loss and other comprehensive income of the investee, and meanwhile adjusts the book value of long-term equity investments; the part of due share is calculated according to the profit distribution or cash dividends declared by the investee, and the book value of the long-term equity investments is reduced accordingly; for other changes of owners' equity in addition to the net profit or loss and other comprehensive income and profit distribution, the book value of long-term equity investments is adjusted and included in owners' equity. When determining the due share of net profit or loss of an investee, the Company shall recognize the net profit of an investee after adjustment on the basis of fair value of various identifiable assets, etc. of an investee when acquiring investment. Where there are any inconsistencies between the accounting policies and accounting period adopted by the investee and the Company, financial statements of the investee shall be adjusted according to the accounting policies and accounting period of the Company based on which the investment income and other comprehensive incomes are recognized. For transaction incurred between the Company and the associates/joint ventures, the unrealized profit or loss arising from the internal transactions amongst the Company and the investees are eliminated in proportion to the Company's equity interest in the investees, and then based on which the investment profit or loss are recognized. The internal trading losses incurred but not realized between the Company and the investees, belonging to asset impairment losses shall be recognized in full amount.

When the Company becomes capable of exercising significant influence or joint control (but not sole control) over an investee due to additional investment or other reasons, the accounting is changed to the equity method and the initial investment cost on the date of change is the sum of the fair value of the previously-held equity investment and additional investment cost. If the originally-held equity investment is classified as other equity instrument investments, the difference between its fair value and book value, and 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 accounting is changed to the equity method.

In case the Company loses the joint control of or the significant influence on the investee due to the disposal of part of the equity investment, the residual equity after the disposal shall be measured by fair value, and the balance between the fair value and the book value since the date of losing the joint control or significant influence shall be included in the current profits and losses. For other comprehensive income from original equity investment recognized by the equity method is subject to the accounting treatment on the same basis as that adopted by the investee for directly handling related assets or liabilities when the equity method is not used anymore.

(4) Equity investment held for sale

For equity investments in associates or joint ventures that are classified in whole or in part as held-for-sale assets, please refer to Notes III, 15 for relevant accounting treatment.

For the remaining equity investments not classified as Held-for-sale assets, the equity method is adopted for accounting treatment.

If the equity investments in associates or joint ventures that have been classified as held for sale no longer meet the classification conditions of held-for-sale assets, they shall be retroactively adjusted by the equity method from the date of being classified as held-for-sale assets. Financial statements classified as held for sale shall be adjusted accordingly.

(5) Impairment test method and providing methods for impairment provision

For the investments of subsidiaries, associates and joint ventures, please see Note III. 21 for the providing method of asset impairment.

16. Investment properties

Measurement model of investment properties: depreciation or amortization measured by the cost method

(1) Classification of investment properties

Investment properties mean the properties held for earning rent or capital appreciation, or both. It mainly includes the following circumstances:

- ① Rented land use rights

② Land use rights possessed and ready for transfer after appreciation

③ Rented buildings

(2) Measurement model of investment properties

The Company uses the cost model for subsequent measurement of investment properties. Refer to Note III. 21 for the providing method of asset impairment.

The Company calculates the depreciation or amortization based on the straight-line method after deducting the accumulated impairment and the net salvage value from the cost of investment properties. The category, estimated economic service life and estimated net residual rate of investment properties are as follows:

Class	Depreciation life (year)	Residual value ratio (%)	Annual depreciation rate (%)
Houses and buildings	35-40	3	2.77-2.43
Land right of use	50	—	2.00

17. Fixed assets

(1) Recognition condition

Fixed assets shall be recognized as the actual cost obtained when all the following conditions are met:

- ① Economic benefits associated with such fixed assets are likely to flow into the enterprises.
- ② The cost of such fixed assets can be measured reliably.

Subsequent expenditure related to fixed assets complying with confirmation conditions of fixed assets shall be included in cost of fixed assets and those failing to comply with confirmation conditions of fixed assets shall be included in the current profits and losses when it occurs.

(2) Depreciation method

The Company shall withdraw the depreciation according to the straight-line method from the month following the fixed assets reach the preset serviceable conditions. The depreciation life and annual depreciation rate shall be determined according to the category, estimated economic service life and estimated net residual rate of fixed assets as follows:

Class	Depreciation method	Depreciation life (year)	Residual value ratio (%)	Annual depreciation rate (%)
Houses and buildings	Straight-line method	10、35-40	0、3	2.43-2.77、10.00
Including: decoration of self-owned houses	Straight-line method	10	0	10.00
Machinery and equipment	Straight-line method	12	3	8.08
Transportation equipment	Straight-line method	7	3	13.86
Electronic equipment	Straight-line method	5-7	3	13.86-19.40
Office and other equipment	Straight-line method	7	3	13.86

For the fixed assets with the provision for impairment withdrawn, the withdrawn provision for impairment of fixed assets is deducted upon the depreciation withdrawal.

At the end of every year, the Company shall recheck the service life and expected net residual value of, as well as the depreciation methods for the fixed assets. If there is difference between estimated service life and original estimate, the service life of fixed assets shall be adjusted.

18. Construction in progress

(1) Construction in progress is checked based on category of the proposed projects.

(2) Criteria and time-point for transferring construction in progress to fixed assets

For the construction in progress, all expenditures incurred before the asset is ready for its serviceable condition will be used as the entry value of the fixed asset. Including construction costs, original prices of machinery and equipment, other necessary expenses incurred to make the construction in progress reach the working condition for its intended use, borrowing costs incurred for special borrowings of the project before the assets reach the working condition for their intended use and borrowing costs incurred for occupied general borrowings. The Company transfers the works under construction to fixed assets when the installation or construction of the works is completed and ready for the intended use. For the fixed assets constructed that have reached expected available state but haven't been settled for completion, when they reach to the expected available state, according to construction budget, cost of building or actual cost of work, they shall be converted into the fixed assets as per the estimated value; and depreciation of the fixed assets are drawn as per the Company's depreciation policies for fixed assets. After final settlement of account is completed, original estimated value shall be adjusted as per the actual cost but the depreciation amount drawn will not be adjusted.

19. Borrowing costs

(1) Recognition principles for borrowing costs capitalization and capitalization period

Where the borrowing costs incurred to the Company are directly attributable to the acquisition, construction and production of assets eligible for capitalization, the costs shall be capitalized and included into the relevant asset cost when all of the following conditions are met:

- ① The asset expenditure has already occurred;
- ② Borrowing costs are being incurred; and
- ③ Acquisition, construction or production activities necessary to bring the asset ready for its intended use are in progress.

Other interest, discount or premium on borrowings and balance arising from fluctuation in the foreign exchange rate should be included in the current profits and losses.

Where the acquisition and construction or production of the assets qualified for capitalization is interrupted abnormally for more than 3 consecutive months, the capitalization of the borrowing costs shall be suspended.

When the assets eligible for capitalization acquired, constructed or produced are available for intended use or sale, the capitalization of their borrowing costs shall be stopped, and the subsequent borrowing costs are recognized as expenses for the corresponding period of occurrence.

(2) Calculation method for borrowing costs capitalization rate and capitalized amount

As to special borrowings borrowed for acquiring and constructing or producing assets that conform to capitalization conditions, the capitalization amount of interest is determined by the balance of interest cost incurred in the current period minus interest profit gained from the unspent borrowings deposited in bank, or investment profit gained from the unspent borrowings temporarily invested, as the capitalization amount of borrowing interest expenses.

If some general borrowings are used for acquiring and constructing or producing assets that meet the capitalization conditions, the capitalization amount of interest of general borrowings shall be calculated and determined by multiplying the weighted average of the part of accumulative asset expenditures exceeding special borrowing asset expenditures by the capitalization rate of general borrowings used. The capitalization rate shall be calculated and determined based on the weighted average interest rate of the general borrowings.

20. Right-of-use assets

The right-of-use assets refer to the lessee's right to use the leased assets during the lease term.

At the commencement date of the lease term, the right-of-use assets shall be initially measured based on costs. The cost includes:

- Initial measurement amount of lease liabilities;

- Lease payments paid on or before the commencement of the lease term. The relevant amount of lease incentives enjoyed shall be deducted if such incentives exist;
- Initial direct cost of the lessee;
- Cost expected to be occurred by the lessee due to dismantling and removing the leasing asset, recovering its location or recovering it to the state agreed in the leasing terms. The Company recognizes and measures the cost according to the recognition standard and measurement method of estimated liabilities. See Note III. 25 for details. The aforesaid cost is included in the inventory cost incurred for the production of inventory.

The depreciation of the right-of-use assets is classified and accrued by the straight-line method. For fixed assets, if it can be reasonably confirmed that the ownership will be granted when the term of lease expires, the rate of depreciation shall be determined according to the category of right-of-use assets and the estimated net residual value rate within the estimated remaining service life of the leasing assets. If it is impossible to reasonably determine whether the ownership of the leasing assets will be granted upon the expiration of the lease term, the depreciation rate shall be determined according to the category of the right-of-use assets within the lease term or the remaining service life of the leasing assets, whichever is shorter.

21. Intangible assets

(1) Valuation method, useful life and impairment test

(1) Valuation method for intangible assets

They are recorded according to the actual cost when acquired.

(2) Service life and amortization of intangible assets

① Service life estimation for intangible assets with limited service life:

Item	Estimated useful life	Basis
Land right of use	50 years	Legal right to use
Computer software	5 years	Determine the service life with reference to the term that can bring economic benefits to the Company

Trademark	10 years	Determine the service life with reference to the term that can bring economic benefits to the Company
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At the end of each year, the Company shall re-check the service life and the amortization method of intangible assets with limited service life. According to the review, the useful life and amortization method of the intangible asset at the end of the current period are the same as those estimated previously.

② If the economic interest period to be brought by the intangible assets to the Company is unforeseeable, then the service life of the intangible assets shall be deemed as uncertain. For the intangible assets with uncertain service life, the Company shall check at the end of each year the service life of the intangible assets with uncertain service life. If the service life is still uncertain after such check, impairment test shall be conducted on the balance sheet date for such assets.

③ Amortization of intangible assets

For the intangible assets with limited service life, such service life shall be determined at the moment of acquisition of such assets, the amount that shall be amortized shall be systematically and reasonably amortized within the service life through straight-line method, and the amount of amortization shall be included in the current profits and losses according to the income items. The due amortization amount of intangible assets shall be the amount of its cost deducting the estimated residual value. For intangible assets with impairment provisions provided, the accumulative amount of provision for impairment of intangible assets shall also be deducted. The residual value of an intangible asset with limited service life is regarded as zero, except for the following circumstances: a third party promises to purchase the intangible asset at the end of its service life or can obtain the expected residual value information according to the active market, and the market is likely to exist at the end of its service life.

Intangible assets with uncertain service life shall not be amortized. The Company shall review the expected service life of intangible assets with uncertain service life at the end of each year. If any evidences indicate that the service life of intangible assets is limited, the service life shall be estimated and amortized properly within the expected service life.

(3) Long-term asset impairment

For long-term equity investment in subsidiaries, associates and joint ventures, investment real estate which follow-up measurement is carried out by cost pattern, fixed assets, construction in progress, intangible assets, business reputation, etc. (excluding inventory, investment properties measured by fair value pattern, deferred tax assets, financial assets), the impairment of assets shall be determined according to the following methods: The Company judges whether there is a sign of impairment to assets on the balance sheet date. If such sign exists, the Company estimates the recoverable amount and conducts the impairment test. For goodwill arising from a business merger, intangible assets with indefinite useful life and intangible assets that have not reached the usable condition are tested for impairment annually regardless of whether such indication exists.

The recoverable amount is the net amount of the fair value minus the disposal costs of the asset, or the present value of the expected future cash flow of the asset, whichever is higher. The recoverable amount is estimated of the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the asset group to which the asset belongs. The identification of the asset group is based on whether the major cash flow generated from the asset group is independent of the cash inflows from other assets or asset groups.

When the asset or asset group's recoverable amount is lower than its book value, the Company reduces its book value to its recoverable amount, the reduced amount is recorded in the current profits and losses and the provision for impairment of assets is recognized.

For tests of goodwill impairment, the book value of goodwill arising from a business merger is allocated reasonably to the relevant asset group since the acquisition date. If the book value of goodwill is unable to be allocated to an asset group, the book value of goodwill will be allocated to the portfolio of asset groups. Asset group or portfolio of asset group is asset group or portfolio of asset group which can be benefited from synergies of a business merger and is not greater than the reportable segment of the Company.

In impairment testing, if indication of impairment exists in asset group or portfolio of asset group containing allocated goodwill, impairment test is first conducted on asset group or portfolio of asset group that does not contain goodwill, and corresponding recoverable amount is estimated and any impairment loss is recognized. Then asset group or portfolio of asset group containing goodwill is conducted impairment test by comparing its book value and its recoverable amount. If the recoverable amount is less than the book value, impairment loss of goodwill is recognized.

An impairment loss once recognized not be reversed in the subsequent period.

22. Long-term asset impairment

For long-term equity investment in subsidiaries, associates and joint ventures, investment real estate which follow-up measurement is carried out by cost pattern, fixed assets, construction in progress, intangible assets, business reputation, etc. (excluding inventory, investment properties measured by fair value pattern, deferred tax assets, financial assets), the impairment of assets shall be determined according to the following methods:

The Company judges whether there is a sign of impairment to assets on the balance sheet date. If such sign exists, the Company estimates the recoverable amount and conducts the impairment test. For goodwill arising from a business merger, intangible assets with indefinite useful life and intangible assets that have not reached the usable condition are tested for impairment annually regardless of whether such indication exists.

The recoverable amount is the net amount of the fair value minus the disposal costs of the asset, or the present value of the expected future cash flow of the asset, whichever is higher. The recoverable amount is estimated of the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the asset group to which the asset belongs. The identification of the asset group is based on whether the major cash flow generated from the asset group is independent of the cash inflows from other assets or asset groups.

When the asset or asset group's recoverable amount is lower than its book value, the Company reduces its book value to its recoverable amount, the reduced amount is recorded in the current profits and losses and the provision for impairment of assets is recognized.

For tests of goodwill impairment, the book value of goodwill arising from a business merger is allocated reasonably to the relevant asset group since the acquisition date. If the book value of goodwill is unable to be allocated to an asset group, the book value of goodwill will be allocated to the portfolio of asset groups. Asset group or portfolio of asset group is asset group or portfolio of asset group which can be benefited from synergies of a business merger and is not greater than the reportable segment of the Company.

In impairment testing, if indication of impairment exists in asset group or portfolio of asset group containing allocated goodwill, impairment test is first conducted on asset group or portfolio of asset group that does not contain goodwill, and corresponding recoverable amount is estimated and any impairment loss is recognized. Then asset group or portfolio of asset group containing goodwill is conducted impairment test by comparing its book value and its recoverable amount. If the recoverable amount is less than the book value, impairment loss of goodwill is recognized.

An impairment loss once recognized not be reversed in the subsequent period.

23. Long-term deferred expenses

Long-term deferred expenses are expenses that have been incurred but should be borne by the current period and subsequent periods with an allocation period of more than one year.

The Company's long-term deferred expenses shall be subject to average amortization within the benefit period.

24. Contract liabilities

The Company presents the contract liabilities in the balance sheet in accordance with the relationship between the performance obligations and the payment by the customer. The

Company's obligations to transfer goods or services to the customer due to customer consideration received or receivable shall be presented as contract liabilities.

Contract liabilities are presented separately in the Balance Sheet. The contractual assets and contract liabilities under the same contract are presented on a net basis. If the net amount is the credit balance, it shall be presented in items of "Contractual liabilities" or "Other non-current liabilities" item according to its liquidity. Contract assets and contract liabilities under different contracts are not mutually offset.

25. Employee compensation

(1) Accounting treatment for short-term compensation

① Basic employee compensation (wages, bonuses, allowances and subsidies)

The Company recognizes, in the accounting period in which an employee provides service, short-term compensation actually incurred as liabilities, with a corresponding charge to current profits or losses or the cost of a relevant asset, otherwise than those recognized as cost of capital required or permitted by other accounting standards.

② Employee benefits

The employee benefits incurred by the Company are included in the current profits and losses or relevant asset cost according to the actual amount incurred when it is actually incurred. If the employee benefits are non-monetary, they shall be measured at fair value.

③ Medical insurance premium, industrial injury insurance premium, birth insurance premium and other social insurance premium and housing fund, labor union funds and employee education funds

For society insurance premiums such as medical insurance, industrial injury insurance and maternity insurance, as well as housing provident funds paid by the Company for the employees, and for union funds and employee education funds accrued by the Company as specified, during the accounting period when the employees work for the Company, the amount of employee

compensation relevant are calculated according to the basis and proportion of calculation and accruing as specified, to determine the corresponding liabilities, which is to be included in the current profits and losses or relevant asset cost.

④ Short-term compensated absence

When the rights of compensated absence enjoyed by the staff of the Company in the future in the provision of services are increased, the employee compensation related to the cumulative compensated absence shall be confirmed and calculated according to the expected payment amount increased due to the cumulative unexercised rights, The Company recognizes the employee compensation related to non-cumulative compensated absences in the accounting period in which the employee is actually absent.

⑤ Short-term profit sharing plan

The Company recognizes the relevant employee compensation payable, provided that the profit sharing plan also meets the following conditions:

A. The enterprise currently has legal obligation or constructive obligation to pay employee compensation as a result of past events;

B. The amount of employee compensation payable generated from the profit sharing plan can be estimated reliably.

(2) Accounting treatment of post-employment benefits

① Defined contribution plans

The company shall recognize, in the accounting period in which the staff provides service, the contribution payable to a defined contribution plan as a liability, and include it in current profits and losses or relevant asset cost.

According to the defined contribution plan, if all the deposit amounts are expected not to be paid within 12 months at the end of the annual reporting period during which the employees

provide relevant services, with reference to the corresponding discount rate, the employee compensation payable shall be measured by the Company at the discounted amount of all the deposit amounts. The discount rate is determined based on the market return on the national bonds matching with the obligations under the defined contribution plan in terms of the term and currency or based on the high-quality corporate bonds in the active market on the balance sheet date.

② Defined benefit plans

A. Determining the present value of the defined benefit plan obligation and the current service cost

According to the unbiased and consistent actuarial assumptions as per the expected accumulative projected unit credit method, the Company shall make estimates on the demographic variables and financial variables, measure obligations for defined benefit plan and recognize related obligations during the period it belongs to; The Company discounts the obligations arising from the defined benefit plan at a corresponding discount rate (determined according to the market return on national bonds or high-quality corporate bonds in the active market that match the term and currency of obligations under the defined benefit plan on the balance sheet date) to determine the present value of obligations under the defined benefit plan and the current service cost.

B. Recognition of net liabilities or net assets of defined benefit plan

If there are assets in the defined benefit plan, the deficit or surplus formed by the present value of obligations under the defined benefit plan minus the fair value of assets under a defined benefit plan shall be recognized by the Company as a net liability or a net asset under the defined benefit plan.

In case the defined benefit plan has surplus, the Company measures the net asset under defined benefit plan as per the surplus under defined benefit plan and the upper asset limit, whichever is lower.

C. Determining the amount to be included in asset cost or current profits and losses

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

Net interest of net liabilities or net assets of the defined benefit plan, including interest income of planned assets, interest expense of defined benefit plan obligations, and interest affected by asset ceiling, shall be included in the current profits and losses.;

D. Determination of the amount that should be included in other comprehensive income.

Changes arising from re-measurement of net liabilities or net assets of defined benefit plan, including:

(a) Actuarial gains or losses, i.e. the increase or decrease in the present value of defined benefit plan obligations measured previously due to actuarial assumptions and experience adjustments;

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

(c) Changes in the effect of the asset ceiling, deducting the amount included in the net interest on net liabilities or net assets of defined benefit plans.

The changes arising from the above-mentioned re-measurement of net liabilities or net assets of the defined benefit plan are directly included in other comprehensive income and are not allowed to be reversed back to profit or loss in subsequent accounting periods, but the Company can transfer these amounts recognized in other comprehensive income within the scope of equity.

(3) Accounting treatment for dismissal welfare

When dismissal welfare are provided, the employee compensation liabilities for dismissal welfare will be recognized by the Company and included in the current profits and losses, at the earlier of the following dates:

① The date when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal;

② The Company recognizes the costs or expenses related to the restructuring of dismissal welfare payment;

If it is expected that the dismissal welfare cannot be fully paid within 12 months at the end of the annual reporting period, the amount of dismissal welfare shall be discounted with reference to the corresponding discount rate (determined according to the market return on national bonds or high-quality corporate bonds in the active market that match the obligation term and currency of the defined benefit plan on the balance sheet date), and the employee compensation payable shall be measured at the discounted amount.

(4) Accounting treatment methods for other long-term employee benefits

① Qualified for defined contribution plan

For other long-term employee benefits provided by the Company to employees that meet the conditions of defined contribution plan, the employee compensation payable shall be measured at the discounted amount of all payables.

② Qualified for the defined benefit plan

At the end of the report period, the Company shall recognize the following components of employee compensation cost arising from other long-term employee benefits:

A. Service costs;

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

C. Change arising from remeasurement of other net long-term employee benefits liabilities or net assets.

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

26. Lease liabilities

Lease liabilities shall be initially measured according to the present value of lease payments that has not yet been made on the commencement date of lease term. The lease payment includes the following five items:

- For the fixed payment and substantial fixed payment, the amount related to lease incentive shall be deducted if there is lease incentive;
- The variable leasing payment which depends on index or ratio;
- The exercise price of the purchase option, provided that the lessee reasonably determines that the option will be exercised;
- The amount to be paid by the lessee for exercising the termination option, provided that the lease term reflects that the lessee will exercise the termination option;
- The payments expected to be made according to the residual value of the guarantee provided by the lessee.

In the process of calculating the present value of lease payments, the interest rate set out in the lease contract is taken as the discount rate. If such an interest rate is not available, the incremental borrowing rate shall be adopted. The difference between the lease payments and their present value is recognized as an unrecognized financing expense, and the interest expense is recognized at the discount rate of the present value of the recognized lease payments during each period of the lease term and is charged to the current profit or loss. Variable lease payments not considered in the measurement of lease liabilities are charged to the current profits and losses when actually incurred.

In case of any changes in the amount of substantive fixed payments, the amount expected to be payable for the residual guarantee, the index or rate used to determine the lease payments, or

the evaluation result or actual exercise of the call option, renewal option or termination option after the inception date of the lease term, the Company will remeasure the lease liabilities at the present value of the changed lease payments and adjust the book value of the right-of-use assets accordingly.

27. Estimated liabilities

(1) Criteria for recognition of estimated liabilities

Obligations related to contingencies, if satisfying the following conditions at the same time, will be recognized as provisions by the Company:

- ① The obligation is the current obligation of the Company;
- ② Performance of this obligation will probably cause outflow of economic interest of the Company;
- ③ The amount of such obligation can be measured reliably.

(2) Measurement method for estimated liabilities

The estimated liabilities are initially measured at the best estimate of expenditures required to perform relevant current obligations, and the risks, uncertainties, and time value of money related to contingencies are taken into comprehensive consideration. The book value of the estimated liabilities are reviewed on each balance sheet date. With conclusive evidence indicating that the book value cannot reflect the current best estimate, the book value is adjusted according to the current best estimate.

28. Revenue

(1) General principle

Revenue refers to the gross inflow of economic benefits formed during the course of ordinary activities of the Company, which may increase the shareholders' equity and is irrelevant to the invested capital of shareholders.

The Company has fulfilled its performance obligations of the Contract, which means it recognizes the revenue when the customer has acquired the control rights of the relevant goods. The acquisition of control over the relevant goods means being able to dominate the use of the goods and obtain almost all the economic benefits.

If the contract contains two or more performance obligations, the Company shall, at the beginning date of the contract, apportion the transaction price to each performance obligation according to the relative proportion of the individual selling price of the commodities or services promised by each performance obligation, and measure the revenue according to the transaction price apportioned to each performance obligation.

The transaction price is the amount of consideration that the Company is expected to be entitled to receive for the transfer of commodities or services to the customer, excluding payments received on behalf of third parties. In determining the contract transaction price, if there is a variable consideration, the Company shall determine the best estimate of the variable consideration on the basis of the expected value or the amount most likely to occur, and include it in the transaction price in an amount not exceeding the amount most likely not to be materially reversed by accumulating the recognized income when the relevant uncertainty is eliminated. If there is a significant financing component in the contract, the Company will determine the transaction price according to the amount payable in cash when the customer obtains control of the goods. The difference between the transaction price and the contract consideration is amortized by the effective interest method during the contract period. If the interval between the transfer of control and the payment by the customer does not exceed one year, the Company does not consider the financing components therein.

In case one of the following conditions is met, the Company will perform the performance obligations within a period of time. Otherwise, it will perform the performance obligations at a time point:

① The customer obtains and consumes the economic benefits brought by the performance of the contract by the Company at the same time;

② The customer can control the goods under construction during the Company's performance;

③ The goods generated during the performance of the Company are irreplaceable, and the Company is entitled to receive payment for the performance accumulated so far throughout the term of the contract.

For the performance obligations performed within a certain period of time, the Company shall recognize the income according to the performance progress within that period, except that the performance progress cannot be reasonably determined. The Company determines the progress of performance for the rendering of services using the input method (or output method). If the performance progress cannot be reasonably confirmed, and the costs incurred by the Company can be expected to be compensated, the incomes shall be recognized according to the amount of costs incurred until the performance progress can be reasonably confirmed.

For performance obligations performed at a certain time point, the Company shall confirm the revenue at the time point when the customer gains control rights of the relevant goods. In determining whether a customer has obtained the control rights of the goods or services, the Company shall take the following indications into consideration:

① The Company enjoys the current collection right in regard to such goods or services, i.e. The customers have the obligation to pay immediately with respect to the goods;

② The Company has transferred the legal ownership of the goods to the customer, i.e., The customer owns the legal ownership of the goods;

③ The Company has transferred the goods to the customer in kind, i.e. The customer has possessed the goods;

④ The Company has transferred the major risks and remuneration on the ownership of the goods to the customer, i.e., the customer has obtained the major risks and remuneration on the ownership of the goods.

- ⑤ The customer has accepted the goods.

Sales Return Terms

For any sales with a sales return clause, when the customer obtains control of the relevant goods, the Company recognizes the revenue according to the amount of consideration it is entitled to obtain due to the transfer of goods to the customer and recognizes the amount to be returned due to sales return as estimated liabilities; At the same time, according to the book value of the returned goods when they are expected to be transferred, the balance after deducting the expected cost of recovering the goods (including the impairment of the value of the returned goods) is recognized as an asset, that is, the return cost receivable, and the net amount of the above asset cost is carried forward according to the book value of the transferred goods when they are transferred. On each balance sheet date, the Company re-estimates the return of future sales and re-measures the above assets and liabilities.

Warranty obligations

According to the contract agreement, laws, and regulations, the Company provides quality assurance for the goods sold and the projects constructed. For the guarantee quality assurance ensuring that the sold goods meet the established standards, the Company conducts accounting treatment in accordance with the *Accounting Standards for Business Enterprises No. 13 - Contingencies*. For service quality assurance that provides a separate service to ensure that the provided goods meet the established standards, the Company regards it as a single fulfillment obligation. According to the relative proportion of the individual selling price of the provided goods and the service quality assurance, the transaction price is partially apportioned to part of the transaction price. The income is to be confirmed when the customer obtains service control right. When assessing whether the quality assurance provides a separate service to the client that the sold goods meet the established standards, the Company shall consider whether the quality assurance is a legal requirement, quality assurance period, and the Company's commitment to performing the task.

Principal responsible person and agent

The Company determines whether it is the principal responsible person or agent at the time of the transaction based on whether it has control of the goods or services prior to the transfer of the goods or services to the customer. If the Company is able to control the goods or services before transferring the goods or services to the customer, the Company is the main responsible person and recognizes the income according to the total consideration received or receivable. Otherwise, the Company, as an agent, shall recognize the income according to the amount of commission or service fee expected to be entitled to receive, which shall be determined according to the net amount of the total consideration received or receivable after deducting the price payable to other related parties, or according to the established amount or proportion of commission.

Consideration payable to customer

Where there is consideration payable to a customer in a contract, unless the consideration is for the purpose of obtaining other clearly distinguishable goods or services from the customer, the Company offsets the consideration payable against the transaction price and deducts the current income at a later point between the recognition of the relevant income and the payment (or committed payment) of the customer consideration.

Contractual rights not exercised by the customer

If the Company receives the payment for sales of goods or services from customers in advance, the payment is recognized as a liability first and then transferred to income when relevant performance obligations are fulfilled. When the Company's advances from customers are not required to be returned and the customer is likely to waive all or part of his/her contractual rights, where the Company is expected to be entitled to obtain the amount related to the contractual rights waived by the customer, the above amount should be recognized as revenue in proportion with a mode in which the customer exercises the contractual rights; Otherwise, the Company should only transfer the balance related to the above liabilities to revenue when the possibility of the customer requesting to perform the remaining performance obligations is extremely low.

Change contract

In case of change of the construction contract between the Company and the customer:

① If a clearly distinguishable construction service and contract price are added to the contract change, and the new contract price reflects the separate price of the new construction service, the Company will treat the contract change as a separate contract for accounting;

② If the contract change is not the above circumstance ①, and there is a clear distinction between the transferred construction services and the untransferred construction services on the contract change date, the Company will regard it as the termination of the original contract, and at the same time, combine the unperformed part of the original contract and the changed part of the contract into a new contract for accounting treatment;

③ If the contract change is not the above circumstance ①, and there is no clear distinction between the transferred construction services and the untransferred construction services on the contract change date, the Company will take the changed part of the contract as an integral part of the original contract for accounting treatment, and the current revenue will be adjusted on the contract change date for the impact on the recognized revenue arising therefrom.

(2) Specific method

Specific income recognition method of the Company is as follows:

① Commodity Sales Contract

The Commodity Sales Contract between the Company and the customer includes the performance obligation of the transferred goods, which belongs to the performance obligation at a certain time point.

The recognition of automobile sales revenue and jewelry wholesale revenue shall meet the following conditions: The Company has delivered the goods to the Customer according to the contract agreement and the Customer has accepted the goods, the payment for goods has been recovered or the receipt voucher has been obtained, the related economic benefits are likely to flow in, the major risks and rewards on the ownership of the goods have been transferred and the legal ownership of the goods has been transferred.

② Vehicle and Testing Contract

The performance obligations contained in the Vehicle Maintenance and Testing Contract between the Company and the customer belong to the performance obligations at a certain time point.

The recognition of vehicle maintenance and testing revenue shall meet the following conditions: The Company has completed vehicle maintenance and testing services according to the contract, settled all materials and man-hour expenses with the customer, and allowed the customer's vehicle to leave the Company's maintenance shop.

③ Service Contract

The service contract between the Company and the customer includes the performance obligation of services related to the lease of real estate. Since the customer obtains and consumes the economic benefits brought by the performance of the Company at the same time, the Company regards it as the performance obligation to be performed within a certain period of time, which is equally apportioned and recognized during the service provision period.

④ Real Estate Lease Contract

See Note III. 29 for the recognition method of real estate rental income of the Company.

29. Government subsidies

(1) Recognition of government subsidies

The government subsidies shall meet all of the following conditions for recognition:

- ① The Company can meet the conditions of acquisition of government subsidies;
- ② The Company can receive government subsidies.

(2) Measurement of government subsidies

Government subsidies which are monetary assets are measured at the amount received or receivable. The government subsidies considered as non-monetary assets are measured based on the fair value, or the nominal amount of RMB 1, if the fair value cannot be acquired reliably.

(3) Accounting treatment for government subsidies

① Asset-related government subsidies

The Company classifies the government subsidies acquired for establishing or forming long-term assets in other ways as asset-related government subsidies. Asset-related government subsidies shall be recognized as deferred incomes, and they shall be distributed with a reasonable and systematic method within the service life of related assets and included in the profits and losses. Government subsidies measured at the nominal amount shall be directly included in current profits and losses. When the related assets are sold, assigned, transferred or damaged before the end of service life, all the undistributed deferred incomes shall be transferred to the current profits and losses of assets disposal.

② Income-related government subsidies

Other than asset-related government subsidies, other government subsidies are income-related government subsidies. Accounting treatment shall be conducted for the income-related government subsidies as per the following provisions according to different situations:

If used to compensate for related costs or losses during future periods of the Company, it shall be recognized as deferred incomes, and shall be included in the current profits and losses at the period when it is recognized;

The amount used to compensate for the incurred related cost expenses or losses of the Company shall be included in the current profits and losses.

For the government subsidies including both assets-related government subsidies and income-related government subsidies, such two parts shall be separately provided with accounting

treatment; where such two parts cannot be distinguished, all government subsidies shall be classified as income-related government subsidies.

The government subsidies related to daily activities of the Company shall be included in other incomes based on the substance of business transactions. The government subsidies not related to daily activities of the Company shall be included in non-operating incomes and expenses.

③ Policy-based preferential loan discount

Where the finance allocates the discount fund to the lending bank and the lending bank provides a loan at the policy-based preferential interest rate for the Company, the Company includes the actually received loan amount as the entry value of the loan and counts relevant borrowing costs based on loan principal and the policy-based preferential interest rate.

Where the finance directly allocates the discount fund to the Company, the Company shall use the corresponding discount to offset relevant borrowing costs.

④ Refund of government subsidies

If a recognized government subsidy needs to be refunded, and the book value of related assets is offset when initially recognized, adjust the book value of assets; if there is related deferred income balance, offset the book balance of related deferred income, the exceeding part is included in the current profits and losses; in other cases, it shall be included in the current profits and losses directly.

30. Deferred tax assets/deferred tax liabilities

According to the temporary differences between the book value of assets and liabilities on the balance sheet date and the tax basis, the Company generally adopts the balance sheet liability method to recognize and measure the effect of taxable temporary difference or deductible temporary differences on income tax as the deferred tax liabilities or the deferred tax assets. The Company will not perform the discounting for deferred tax assets and deferred tax liabilities:

(1) Recognition of deferred tax assets

For deductible temporary differences, deductible losses and tax credits which can be transferred to future years, the effect on income tax shall be calculated as per the income tax rate during the expected reversal period, and the effect is recognized as the deferred tax assets to the extent of future taxable income the Company may obtain to deduct the deductible temporary differences, deductible losses and tax credit.

Meanwhile, the effect on income tax of deductible temporary difference incurred in initial recognition of assets or liabilities arising from transactions or events having the following characteristics are not recognized as deferred tax assets:

A. The transaction is not a business merger;

B. The transaction proceeds, which affects neither the accounting profit nor the taxable income (or deductible loss).

For the Company's deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, if the following two conditions are satisfied at the same time, the effect on income tax can is (or can be) recognized as deferred tax assets:

A. It is likely that the temporary difference will be reversed in the foreseeable future;

B. It is likely that taxable income will be available in the future for deducting the temporary differences;

At the balance sheet date, when concrete evidence show that sufficient taxable incomes can be used to offset the deductible temporary differences if they will be available in the future, the Company shall recognize the deferred tax assets that were not recognized in previous periods.

The book value of a deferred tax asset is reviewed on each balance sheet date. If it is likely that sufficient taxable profits will not be available in future periods to deduct the benefit of the deferred tax assets, the book value of the deferred tax assets is reduced. Any such write-down

shall be subsequently reversed where it becomes probable that sufficient taxable income will be available.

(2) Recognition of deferred tax liabilities

All taxable temporary differences of the Company shall be measured according to the income tax rate during the expected reversal period, and such effect shall be recognized as deferred tax liabilities, except for the following situations:

① The effect of taxable temporary difference arising from the following transactions or events on the income tax will not be recognized as deferred tax liabilities:

A. Initial recognition of goodwill;

B. Initial recognition of assets or liabilities incurred in a transaction that is not a business merger and will affect neither the accounting profit nor taxable income/deductible loss at the time of the transaction.

② The effect of taxable temporary difference related to the investment of the Company, its subsidiaries, joint ventures and associates on income tax is generally recognized as deferred tax liabilities, but the following two conditions shall be met simultaneously:

A. The Company can control the time for the reversal of the temporary difference;

B. It is unlikely that the temporary difference will be reversed in the foreseeable future;

(3) Recognition of deferred tax liabilities or assets involved in specific transactions or events

① Deferred tax liabilities or assets related to business merger

For taxable temporary differences or deductible temporary differences arising from business merger under different control, upon the recognition of deferred tax liabilities or deferred tax

assets, the goodwill recognized in the business merger is generally adjusted according to the relevant deferred tax expenses (or gains).

② Items directly recognized as the owners' equity

The current income tax and deferred tax related to the transactions or events directly included in the owners' equity will be included in the owners' equity. Transactions or events in which the effect of temporary differences on income tax is included in owners' equity are as follows: other comprehensive income generated by changes in fair value of other investment on bonds, the adjustment of retained earnings by retroactive adjustment method for changes in accounting policies or retrospective restatement method for the correction of prior (important) accounting errors, and the hybrid financial instruments simultaneously containing liability component and equity component included in the owners' equity upon the initial recognition.

③ Deductible losses and tax credits

A. Deductible losses and tax credits arising from the own operations of the Company

Deductible losses refer to the losses that are calculated and determined in accordance with the provisions of tax law and allowed to be compensated by the taxable income in the following years. Unrecovered losses (deductible losses) and tax credits that can be carried forward to the following years according to the provisions of the tax law shall be deemed as deductible temporary differences for treatment. When it is expected that sufficient taxable income can be obtained from available recoverable losses or tax credits in the future, with the possibly achieved taxable income as the limit, recognize the corresponding deferred tax assets, and reduce the income tax expenses in the current income statement.

B. Deductible but unrecovered losses of the merged enterprise generated by business merger

In the business merger, should the deductible temporary difference of the acquiree gained by the Company not meet the recognition conditions of the deferred tax assets on the acquisition date,

the Company will not recognize such difference. Where new or further information obtained within 12 months since the acquisition date reveals that relevant conditions were present at the acquisition date, and the economic benefit brought by deductible temporary difference at the acquisition date can be realized for expected acquiree, relevant deferred tax assets must be recognized, goodwill be decreased; where the goodwill is not sufficient to offset, the balance must be recognized as current profits and losses; except aforesaid conditions, deferred tax assets which are recognized to be linked with business merger must be included in the current profits and losses.

④ Temporary difference generated by consolidation and offset

In the preparation of the consolidated financial statements, if a temporary difference occurs between the book value of assets and liabilities in the consolidated balance sheet and the tax basis of the taxpayer to which the Company belongs due to the offset of unrealized internal sales profit or loss, the deferred tax assets or deferred 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, except for the deferred taxes related to transactions or events directly included in the owners' equity and business merger.

⑤ Equity-settled share-based payment

If the tax law stipulates that the expenses related to share-based payment are allowed to be deducted before tax, during the period for the recognition of cost in accordance with the accounting standards, the Company shall calculate and determine its tax basis and the temporary differences arising therefrom based on the estimated amount that is deducted before tax based on the information obtained at the end of the accounting period, and recognize the relevant deferred tax if the recognition conditions are met. If the amount that can be deducted before tax in the future is expected to exceed the cost expenses related to share-based payment recognized in accordance with the accounting standards, the excess portion shall be directly included in the owners' equity.

31. Lease

(1) Accounting for operating leases

(1) Identification of lease

On the commencement date of a contract, the Company evaluates whether the contract is a lease or includes a lease. If one party to the contract abalienates the right to control the use of one or more identified assets within a certain period of time in exchange for consideration, the contract is a lease or includes a lease. In order to determine whether one party to the contract has abalienated the right to control the use of the identified assets within a certain period of time, the Company evaluates whether the customers in the contract are entitled to obtain almost all the economic benefits arising from the use of the identified assets during the use period and to dominate the use of the identified assets during the use period.

(2) Identification of separate lease

If the contract contains multiple separate leases at the same time, the Company will split the contract and carry out accounting treatment for each separate lease. If the following conditions are met at the same time, the right to use the identified assets constitutes a separate lease in the contract: ① the lessee may benefit from the separate use of the assets or the use of the assets with other easily available resources; ② the assets are not highly dependent on or related to other assets in the contract.

(3) Accounting treatment method of the Company as the lessee

On the commencement date of the lease term, the Company recognizes leases with a lease term of not more than 12 months and without a purchase option as short-term leases and leases with a lower value when the single leased asset is a brand-new asset as leases of low-value assets. Where the Company subleases or intends to sublease the leased asset, the original lease shall not be recognized as a lease of low-value assets.

For all short-term leases and leases of low-value assets, the Company charges lease payments on a straight-line basis over the respective periods of the lease term to the cost of the related assets or to the current profits and losses.

Except for the above short-term leases and leases of low-value assets that are simplified, the Company recognizes right-of-use assets and lease liabilities for leases at the beginning of the lease term.

① Right-of-use assets

The right-of-use assets refer to the lessee's right to use the leased assets during the lease term.

At the commencement date of the lease term, the right-of-use assets shall be initially measured based on costs. The cost includes:

- Initial measurement amount of lease liabilities;
- Lease payments paid on or before the commencement of the lease term. The relevant amount of lease incentives enjoyed shall be deducted if such incentives exist;
- Initial direct cost of the lessee;
- Cost expected to be occurred by the lessee due to dismantling and removing the leasing asset, recovering its location or recovering it to the state agreed in the leasing terms. The Company recognizes and measures the cost according to the recognition standard and measurement method of estimated liabilities. See Note III. 25 for details. The aforesaid cost is included in the inventory cost incurred for the production of inventory.

The depreciation of the right-of-use assets is classified and accrued by the straight-line method. For fixed assets, if it can be reasonably confirmed that the ownership will be granted when the term of lease expires, the rate of depreciation shall be determined according to the category of right-of-use assets and the estimated net residual value rate within the estimated remaining service life of the leasing assets. If it is impossible to reasonably determine whether the ownership of the leasing assets will be granted upon the expiration of the lease term, the depreciation rate shall be determined according to the category of the right-of-use assets within the lease term or the remaining service life of the leasing assets, whichever is shorter.

② Lease liabilities

Lease liabilities shall be initially measured according to the present value of lease payments that has not yet been made on the commencement date of lease term. The lease payment includes the following five items:

- For the fixed payment and substantial fixed payment, the amount related to lease incentive shall be deducted if there is lease incentive;
- The variable leasing payment which depends on index or ratio;
- The exercise price of the purchase option, provided that the lessee reasonably determines that the option will be exercised;
- The amount to be paid by the lessee for exercising the termination option, provided that the lease term reflects that the lessee will exercise the termination option;
- The payments expected to be made according to the residual value of the guarantee provided by the lessee.

In the process of calculating the present value of lease payments, the interest rate set out in the lease contract is taken as the discount rate. If such an interest rate is not available, the incremental borrowing rate shall be adopted. The difference between the lease payments and their present value is recognized as an unrecognized financing expense, and the interest expense is recognized at the discount rate of the present value of the recognized lease payments during each period of the lease term and is charged to the current profit or loss. Variable lease payments not considered in the measurement of lease liabilities are charged to the current profits and losses when actually incurred.

In case of any changes in the amount of substantive fixed payments, the amount expected to be payable for the residual guarantee, the index or rate used to determine the lease payments, or the evaluation result or actual exercise of the call option, renewal option or termination option after the inception date of the lease term, the Company will remeasure the lease liabilities at the present value of the changed lease payments and adjust the book value of the right-of-use assets accordingly.

(4) Accounting treatment method of the Company as the lessor

On the commencement date of the lease term, the Company recognizes a lease that transfers substantially all the risks and rewards associated with the ownership of the leased asset as a finance lease, except for those that are recognized as operating leases.

① Operating leases

During each period of the lease term, the Company recognizes lease receipts as rental income on a straight-line basis, and capitalizes and apportions the initial direct costs incurred on the same basis as rental income, which shall be charged to the current profits and losses. The variable lease receipts obtained by the Company related to operating leases and not charged to the lease receipts shall be charged to the current profits and losses when actually incurred.

② Finance leases

On the commencement date of the lease, the Company recognizes finance lease receipts at the net lease investment (the sum of the unguaranteed residual value and the present value of the lease receipts not yet received on the commencement date of the lease period discounted at the interest rate of the lease) and derecognizes the finance lease assets. During each period of the lease term, the Company calculates and recognizes interest income at the interest rate of the lease.

Variable lease payments obtained by the Company but not considered in the measurement of net investment in leases are recognized in the current profits and losses when actually incurred.

(5) Accounting treatment of lease change

① Lease change is regarded as a separate lease

If the lease changes and meets the following conditions at the same time, the Company will take the lease change as a separate lease for the accounting treatment: A. the lease change expands the lease scope by increasing the right to use one or more leased assets, and B. the

increased consideration is equivalent to the amount by adjusting the separate price of the expanded lease scope according to the contract.

② Lease change is not regarded as a separate lease

A. The Company as the lessee

On the effective date of the lease change, the Company re-determines the lease term and discounts the changed lease payment with the revised discount rate to re-measure the lease liabilities. In calculating the present value of the changed lease payment, the Company adopts the interest rate implicit in lease in the remaining lease term as the discount rate. If it is impossible to determine the interest rate implicit in lease in the remaining lease term, the Company will adopt the incremental borrowing rate at the effective date of the lease change as the discount rate.

As for the impact of the above adjustment of lease liabilities, the following circumstances shall be distinguished for accounting treatment:

- If the lease scope is reduced or the lease term is shortened due to the lease change, the book value of the right-of-use asset shall be adjusted and the relevant gains or losses arising from the partial or complete termination of the lease shall be included in the current profits and losses;
- For other lease changes, the book value of the right-of-use asset shall be adjusted accordingly.

B. The Company as the lessor

In case of any change in an operating lease, the Company carries out accounting treatment as it is a new lease since the effective date of the change, and the advance receipts and receivables related to the lease before the change are deemed as the receipts of the new lease.

For change of finance lease not regarded as a separate lease for accounting treatment, the Company shall treat the changed lease under the following circumstances respectively: If the lease change takes effect on the lease commencement date and the lease will be classified as an operating lease, the Company will take it as a new lease for accounting treatment from the effective date of lease change, and take the net investment in the lease before the effective date of

lease change as the book value of the leased asset. If the lease change takes effect on the lease commencement date and the lease will be classified as a finance lease, the Company shall carry out accounting treatment in accordance with the provisions on modifying or renegotiating the contract.

(6) Leaseback

The Company assesses and determines whether the transfer of assets in the sale-leaseback transaction is a sale in accordance with the provisions of Note III. 26.

① The Company is the seller (lessee)

If the transfer of assets in the sale-leaseback transaction does not belong to sales, the Company shall continue to recognize the transferred assets, recognize a financial liability equal to the transfer income, and carry out accounting treatment for the financial liability in accordance with Note III. 10. If it is, the Company measures the right-of-use assets formed by sale-leaseback according to the part related to the right to use obtained by leaseback in the book value of the original assets, and recognizes relevant gains or losses only for the rights transferred to the lessor.

② The Company is the buyer (lessor)

If the transfer of assets in the sale-leaseback transaction is not a sale, the Company does not recognize the transferred assets, but recognizes a financial asset with an amount equal to the transferred income, and carries out accounting treatment for the financial assets according to Note III. 10. If the transfer of assets is a sale, the Company carries out accounting treatment for asset purchase and asset lease according to other applicable accounting standards for business enterprises.

(2) Accounting for finance leases

32. Changes in significant accounting policies and accounting estimates

(1) Significant accounting policy changes

Applicable Not applicable

① On December 30, 2021, the Ministry of Finance issued the Interpretation No. 15 of the Accounting Standards for Business Enterprises (CK [2021] No. 35) (hereinafter referred to as "Interpretation No. 15"), in which the contents of "Accounting treatment for external sales of products or by-products produced before the fixed assets reach the expected serviceable condition or during the R&D process" and "judgment on onerous contracts" shall be implemented from January 1, 2022. Retroactive adjustments should be made for trial sales that occurred between the beginning of the period in which the financial statements were presented and January 1, 2022. This provision shall be implemented for contracts that have not fulfilled all obligations as of January 1, 2022. The cumulative effect shall be adjusted to the retained earnings and other relevant financial statement items at the beginning of the year on the date of implementation, without adjustments to the comparative financial statement data of the previous period.

The Company will implement the above provisions from January 1, 2022, and the changes in accounting policies have no impact on the Company's financial statements.

② On November 30, 2022, the Ministry of Finance issued Interpretation No. 16 of the Accounting Standards for Business Enterprises (CK [2022] No. 31, hereinafter referred to as Interpretation No. 16), in which the contents of "Accounting treatment of exemption from initial recognition is not applicable to deferred income tax related to assets and liabilities arising from individual transactions" shall be implemented from January 1, 2023, and the contents of "Accounting treatment of income tax impact on dividends related to financial instruments classified as equity instruments by the issuer" and "Accounting treatment of changing cash-settled share-based payment to equity-settled share-based payment by enterprises" shall be implemented from the date of publication.

For financial instruments classified as equity instruments, if the recognized dividends payable occurred between January 1, 2022 and the implementation date of the provisions, involved the effect of income tax, and have not been handled in accordance with the above provisions, they shall be adjusted in accordance with the above provisions. For financial instruments classified as equity instruments, if the recognized dividends payable occurred before January 1, 2022, the relevant financial instruments have not been derecognized before January 1,

2022, the effect of income tax was involved and the treatment was not carried out in accordance with the above provisions, retroactive adjustment shall be made. For the above transactions newly made between January 1, 2022 and the implementation date of the provisions, enterprises shall adjust them in accordance with the provisions.

For the transaction of changing cash-settled share-based payment to equity-settled share-based payment before January 1, 2022, if it was not handled in accordance with the above provisions, the enterprise shall make adjustments. The cumulative effect shall be adjusted to retained earnings and other related financial statement items as of January 1, 2022, without adjustments to information for comparable periods.

Since November 30, 2022, the Company has implemented the provisions of Interpretation No. 16 "accounting treatment for the impacts of income tax on dividends related to financial instruments classified by the issuer as equity instruments" and "accounting treatment for the modification of the cash-settled share-based payment by an enterprise into equity-settled share-based payment". This change of accounting policy shall have no impact on the financial statements of the Company.

(2) Changes in material accounting estimates

Applicable Not applicable

VI. Taxes

1. Main taxes and tax rates

Tax category	Taxation basis	Tax rate
VAT	Selling goods or providing taxable services	13%, 9%, 5%, 6%, 3%
Consumption tax	Sales of goods	10%
City maintenance and construction tax	Turnover taxes payable	7%
Enterprise income tax	Taxable income	20%、25%
Property tax	For ad valorem collection, 1.2% of the remaining value after 30% of the original value of the property is deducted by lump sum; for rent-based collection, 12% of the rental income	1.2%、12%
Educational surcharge	Turnover taxes payable	3%
Local education surcharges	Turnover taxes payable	2%

Disclosure statement of taxable entities with different corporate income tax rates

Name of taxable entity	Income tax rate
Shenzhen Xinyongtong Motor Vehicle Inspection Equipment Co., Ltd.	20%
Shenzhen Huari Anxin Automobile Inspection Co., Ltd.	20%
Shenzhen Tellus Chuangying Technology Co., Ltd.	20%
Other taxable entities other than the above	25%

2. Tax preference

According to the *Notice on Implementing the Inclusive Tax Reduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No.13) issued by the State Taxation Administration, Shenzhen Xinyongtong Motor Vehicle Inspection Equipment Co., Ltd., Shenzhen Huari Anxin Automobile Inspection Co., Ltd. and Shenzhen Tellus Chuangying Technology Co., Ltd. enjoy preferential tax policies for small and micro enterprises. The enterprise income tax is calculated and paid at the rate of 20%.

VII. Notes to Consolidated Financial Statements

1. Cash at bank and on hand

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	25,673.67	36,941.24
Cash at bank	394,258,891.55	240,545,115.92
Other cash at bank and on hand	18,743,762.14	
Total	413,028,327.36	240,582,057.16

Other notes:

(1) The bank deposit of 10,665,656.00 CNY is the supervision fund of the company's development of plot 03 of the upgrading and reconstruction project of Tellus-Jimeng gold jewelry industrial park. The performance guarantee fund is 2,000,000.00 CNY. Funds of 8,955,842.00 CNY in other monetary funds is margin for futures options accounts. In addition, there is no other money with limited use and potential recovery risk due to mortgage, pledge or freezing in the monetary fund at the end of the period.

(2) The monetary funds at the end of the period increased by 71.68% compared with the beginning of the period, mainly due to the company's use of idle own funds for cash management.

2. Trading financial assets

Unit: RMB

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	176,133,569.95	412,712,843.84
Including:		
Structured deposits and financial products	176,133,569.95	412,712,843.84

Including:		
Total	176,133,569.95	412,712,843.84

Other notes:

Held-for-trading financial assets at the end of the period decreased by 57.32% compared with the beginning of the period, mainly due to the redemption of wealth management products at the end of the period.

3. Notes receivable

(1) Classified presentation of notes receivable

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	87,812,500.00	0.00
Total	87,812,500.00	0.00

Unit: RMB

If the bad debt provision for notes receivable was withdrawn in accordance with the general model of expected credit losses, information related to bad debt provision shall be disclosed by reference to the disclosure method of other receivables:

Applicable Not applicable

(2) Notes receivable endorsed or discounted by the Company at the end of the period and not yet due at the balance sheet date:

Unit: RMB

Item	Derecognized amount at end of the period	Un-derecognized amount at end of the period
Bank acceptance bill	13,900,000.00	87,812,500.00
Total	13,900,000.00	87,812,500.00

4. Accounts receivable

(1) Classified disclosure of accounts receivable

Unit: RMB

Class	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Percentage	Amount	Proportion of provision		Amount	Percentage	Amount	Proportion of provision	
Accounts receivable with provision for bad debts on a single basis	48,781,485.16	53.63%	48,781,485.16	100.00%		48,781,485.16	72.74%	48,781,485.16	100.00%	

Including:										
Accounts receivable for which provision for bad debts is made by combination	42,175,581.79	46.37%	423,402.23	1.00%	41,752,179.56	18,277,473.05	27.26%	183,413.13	1.00%	18,094,059.92
Including:										
1. Aging portfolio	41,508,602.26	45.64%	416,732.43	1.00%	41,091,869.83	18,277,473.05	27.26%	183,413.13	1.00%	18,094,059.92
2. Jewelry sales business portfolio	666,979.53	0.73%	6,669.80	1.00%	660,309.73					
Total	90,957,066.95	100.00%	49,204,887.39	54.10%	41,752,179.56	67,058,958.21	100.00%	48,964,898.29	73.02%	18,094,059.92

Provision for bad debts is accrued on an individual basis:

Unit: RMB

Name	Ending balance			
	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision
Shenzhen Jinlu Industry & Trade Co., Ltd.	9,846,607.00	9,846,607.00	100.00%	Long aging and expected to be unrecoverable
Guangdong Zhanjiang Samsung Automobile Co., Ltd.	4,060,329.44	4,060,329.44	100.00%	Long aging and expected to be unrecoverable
Wang Changlong	2,370,760.40	2,370,760.40	100.00%	Long aging and expected to be unrecoverable
Huizhou Jiandacheng Road and Bridge Engineering Co., Ltd.	2,021,657.70	2,021,657.70	100.00%	Long aging and expected to be unrecoverable
Jiangling Motors Factory	1,191,059.98	1,191,059.98	100.00%	Long aging and expected to be unrecoverable
Yangjiang Automobile Trading Co., Ltd.	1,150,000.00	1,150,000.00	100.00%	Long aging and expected to be unrecoverable
Guangdong Materials Group Corporation	1,862,000.00	1,862,000.00	100.00%	Long aging and expected to be unrecoverable
Others	26,279,070.64	26,279,070.64	100.00%	Long aging and expected to be unrecoverable
Total	48,781,485.16	48,781,485.16		

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw bad debt provision of other receivables.

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (inclusive)	42,172,221.79
Over 3 years	48,784,845.16

Over 5 years	48,784,845.16
Total	90,957,066.95

(2) Bad debt provision provided, recovered or reversed in the current period

Bad debt provision withdrawn in the reporting Period:

Unit: RMB

Class	Beginning balance	Change during the current period				Ending balance
		Provision	Recovery or reversal	Cancellation after verification	Others	
Provision for bad debts made on an individual basis	48,781,485.16					48,781,485.16
Provision for bad debts made by portfolio	183,413.13	239,989.10				423,402.23
Total	48,964,898.29	239,989.10				49,204,887.39

The significant amount of provision reversal and recovery of bad debts in the current period:

(3) Accounts receivable of the top five ending balance by the owing party

Unit: RMB

Item	Ending balance of accounts receivable	Proportion in the total ending balance of accounts receivable	Ending balance of provision for bad debts
Shenzhen Jinlu Industry & Trade Co., Ltd.	9,846,607.00	10.83%	9,846,607.00
Shenzhen Luohu Chengfa Property Management Co., Ltd.	8,227,270.72	9.05%	82,272.71
Guangdong Zhanjiang Samsung Automobile Co., Ltd.	4,060,329.44	4.46%	4,060,329.44
Shenzhen Showking Jewelry Industry Co., Ltd.	3,873,224.68	4.26%	38,732.25
Wang Changlong	2,370,760.40	2.61%	2,370,760.40
Total	28,378,192.24	31.21%	

5. Advances to suppliers

(1) Advances to suppliers presented by aging

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	8,114,727.00	99.85%	16,519,701.91	99.92%
Over 3 years	12,525.94	0.15%	12,525.94	0.08%
Total	8,127,252.94		16,532,227.85	

Explanation of reasons for delayed settlement of important advances to suppliers with aging over 1 year:

N/A

(2) Advances to suppliers with top five ending balances by the supplier

Item	Balance as at December 31, 2022	Proportion in the total ending balance of advances to suppliers (%)
FAW Toyota Motor Sales Co., Ltd.	5,913,528.53	72.76
Xiaopeng Automobile Sales Co., Ltd.	540,694.07	6.65
Shenzhen Vanda Construction Group Co., Ltd.	361,025.45	4.44
Toyota Motor (China) Investment Co., Ltd.	166,490.00	2.05
Shenzhen Hongzhuo Electromechanical Equipment Co., Ltd.	110,550.00	1.36
Total	7,092,288.05	87.26

Other notes:

The prepayment decreased by 50.84% from the beginning of the period, mainly due to the decrease in the prepaid purchase of automobiles.

6. Other receivables

Unit: RMB

Item	Ending balance	Beginning balance
Interests receivable	0.00	0.00
Dividends receivable	1,852,766.21	547,184.35
Other receivables	5,810,804.66	4,525,786.42
Total	7,663,570.87	5,072,970.77

(1) Dividends receivable

1) Category of dividends receivable

Unit: RMB

Item (or the investee)	Ending balance	Beginning balance
China Pufa Machinery Industry Co., Ltd.	1,852,766.21	547,184.35
Total	1,852,766.21	547,184.35

2) Significant dividends receivable Aged over 1 Year

Unit: RMB

Item (or the investee)	Ending balance	Aging	Reasons for non-recovery	Impairment and judgment basis
------------------------	----------------	-------	--------------------------	-------------------------------

China Pufa Machinery Industry Co., Ltd.	547,184.35	3-4 years	Not paid yet	The financial and operating conditions of the company are normal, and the dividends receivable are not impaired.
Total	547,184.35			

3) Provision for bad debts

Applicable Not applicable

(2) Other receivables

1) Classification of other receivables by nature of money

Unit: RMB

Payment nature	Ending book balance	Beginning book balance
Security deposit	1,182,793.87	598,861.89
Suspense payment receivable	57,765,312.21	55,668,855.15
Total	58,948,106.08	56,267,717.04

2) Provision for bad debts

Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit losses for the next 12 months	Expected credit loss within the whole duration (no credit impairment occurs)	Expected credit loss within the whole duration (credit impairment has occurred)	
Balance on January 1, 2022	58,951.65		51,682,978.97	51,741,930.62
Balance as at January 1, 2022 is in the current period.				
Provision in the period	-16,533.98		1,411,904.78	1,395,370.80
Balance as at December 31, 2022	42,417.67		53,094,883.75	53,137,301.42

Changes of book balance with significant amount changed of loss provision in the reporting period

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (inclusive)	4,043,874.77
1-2 years	345,930.24
2-3 years	447,871.38
Over 3 years	54,110,429.69

Over 5 years	54,110,429.69
Total	58,948,106.08

3) Other receivables of the top five ending balances by the owing party

Unit: RMB

Item	Nature	Ending balance	Aging	Proportion to ending balance of other receivables	Ending balance of provision for bad debts
China Automobile South China Automobile Sales Co., Ltd.	Current payments	9,832,956.37	Over 3 years	16.68%	9,832,956.37
Shenzhen Nanfang Industry and Trade Industrial Co., Ltd.	Current payments	7,359,060.75	Over 3 years	12.48%	7,359,060.75
Shenzhen Zhonghao (Group) Co., Ltd.	Current payments	5,000,000.00	Over 3 years	8.48%	5,000,000.00
Shenzhen Kaifeng Special Automobile Industry Co., Ltd.	Current payments	4,413,728.50	Over 3 years	7.49%	2,206,864.25
Shenzhen Jinbeili Electric Appliance Co., Ltd.	Current payments	2,706,983.51	Over 3 years	4.59%	2,706,983.51
Total		29,312,729.13		49.72%	27,105,864.88

7. Inventories

Whether the Company needs to comply with the disclosure requirements for real estate industry

No

(1) Inventory classification

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for decline in the value of inventories or impairment provisions of contract performance cost	Book value	Book balance	Provision for decline in the value of inventories or impairment provisions of contract performance cost	Book value
Raw materials	32,186,382.35	14,959,426.51	17,226,955.84	15,814,028.99	14,772,382.17	1,041,646.82
Goods in stocks	35,204,271.37	15,553,427.93	19,650,843.44	39,261,052.16	14,867,773.94	24,393,278.22
Arbitrated items	79,191,876.11		79,191,876.11			
Total	146,582,529.83	30,512,854.44	116,069,675.39	55,075,081.15	29,640,156.11	25,434,925.04

The Company shall abide by the disclosure requirements of the Guidelines of Shenzhen Stock Exchange for Self-Regulatory Supervision of Listed Companies No. 3-Industry Information Disclosure for "Jewelry-related Industry"

Among them, the amount of gold inventory is RMB 95,666,434.60, mainly composed of:

Item		December 31, 2022		
		Book balance	Provision for falling price	Book value
Gold	Raw materials	16,474,558.49	-	16,474,558.49
	Goods in stocks	-	-	-
	Arbitraged items	79,191,876.11	-	79,191,876.11
	Total	95,666,434.60	-	95,666,434.60

(2) Provision for decline in the value of inventories/contract performance cost impairment

Unit: RMB

Item	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	14,772,382.17	187,044.34				14,959,426.51
Goods in stocks	14,867,773.94	1,429,041.69		743,387.70		15,553,427.93
Total	29,640,156.11	1,616,086.03		743,387.70		30,512,854.44

8. Other current assets

Unit: RMB

Item	Ending balance	Beginning balance
Input VAT to be deducted	17,764,057.26	8,596,585.57
Taxes pre-paid	582,654.29	
Total	18,346,711.55	8,596,585.57

Other notes:

Other current assets increased by 113.42% from the beginning of the period, mainly due to the increase in input VAT to be credited due to the increase in inventory at the end of the period.

9. Long-term receivables

(1) Long-term receivables

Unit: RMB

Item	Ending balance			Beginning balance			Interval of discount rate
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	
Concerned intercour	2,179,203.68	2,179,203.68	0.00	2,179,203.68	2,179,203.68	0.00	

e funds							
Total	2,179,203.68	2,179,203.68		2,179,203.68	2,179,203.68		

Impairment of bad debt provision

Changes of book balance with significant amount changed of loss provision in the reporting period

Applicable Not applicable

10. Long-term equity investments

Unit: RMB

Investee	Beginning balance (book value)	Changes in the current period						Ending balance (book value)	Ending balance of impairment provision
		Ad dit ion al in ve st ment	Ne ga tive in ve st ment	Profit or loss on investments recognized under the equity method	Other com pre he n sive in come equ ity	Other re ce iv e s	De clar ation of cash div id end s or prof its		
I. Joint ventures									
Shenzhen Tellus-Gmond Investment Co., Ltd.	47,490,740.78			14,652,979.35			15,000,000.00		47,143,720.13
Shenzhen Telixing Investment Co.,	13,452,222.35			748,674.78					14,200,897.13

Ltd. [Note 3]									
Subtotal	60,942,963.13		15,401,654.13		15,000,000.00		61,344,617.26		
II. Associates									
Shenzhen Renfu Tellus Automobiles Service Co., Ltd.	27,367,904.34		-4,504,482.85		3,183,672.81		19,679,748.68		
Shenzhen Tellus Automobile Service Chain Co., Ltd. [Note 2]									
Shenzhen Yongtong Xinda Testing Equipment Co., Ltd. [Note 2]									
Hunan Changyang Industrial Co., Ltd. [Note 1]									1,810,540.70
Shenzhen Jiecheng Electronics Co., Ltd. [Note 1]									3,225,000.00
Shenzhen Xiandao New Materials Co., Ltd. [Note 1]									4,751,621.62
China Automotive Industry Shenzhen Trading Co., Ltd. [Note 1]									400,000.00
Shenzhen Universal Standard Parts Co., Ltd. [Note 1]									500,000.00
Shenzhen China Automobile South China Automobile Sales Co., Ltd. [Note 1]									2,250,000.00
Shenzhen Bailiyuan Power Supply Co., Ltd. [Note 1]									1,320,000.00
Shenzhen Yimin Auto Trading Co., Ltd. [Note 1]									200,001.10
Shenzhen Torch Spark Plug Industry Co., Ltd.									17,849.20
Subtotal	27,367,904.34		-4,504,482.85		3,183,672.81		19,679,748.68		14,475,012.62
Total	88,310,867.47		10,897,171.28		18,183,672.81		81,024,365.94		14,475,012.62

Other notes:

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

Note 2: After the book balance of such long-term equity investments is adjusted according to the profit and loss recognized by the equity method, the book balance is RMB 0.

Note 3: The Company holds 51% equity of such company. According to the relevant provisions of the Articles of Association of such company, the voting rights held by the Company are not sufficient to unilaterally pass the voting of the Board of Shareholders and the Board of Directors on the relevant decision-making proposals of such company, and the Company does not control such company.

The operation period of Shenzhen Hanli High Tech Ceramics Co., Ltd. is from September 21, 1993 to September 21, 1998. The operation period of Shenzhen South Automobile Maintenance Center is from July 12, 1994 to July 11, 2002. These companies have ceased their business activities for many years and have not participated in the annual industrial and commercial inspection, so their industrial and commercial registration has been revoked. The Company cannot effectively control these companies, and these companies are not included in the consolidation scope of the Company's consolidated financial statements. The book value of the Company's investment in these companies is zero.

11. Other equity instrument investments

Unit: RMB

Item	Ending balance	Beginning balance
Listed equity instruments		
Unlisted equity instruments	10,176,617.20	10,176,617.20
Total	10,176,617.20	10,176,617.20

Non-trading equity instrument investment in the Reporting Period disclosed by items

Unit: RMB

Project name	Dividend income recognized	Cumulative profits	Cumulative losses	Amount of other comprehensive income transferred to retained earnings	Reasons for being designated as being measured at fair value through other comprehensive income	Reasons for transferring other comprehensive income to retained earnings
China Pufa Machinery Industry Co., Ltd.	1,305,581.86				Strategic investments expected to be held in the long term	

12. Investment properties

(1) Investment properties measured at cost

Applicable Not applicable

Unit: RMB

Item	Houses and buildings	Land right of use	Construction in progress	Total
I. Original book value				
1. Beginning balance	645,997,222.66	49,079,520.00		695,076,742.66
2. Increase in the current period	209,039.10			209,039.10
(1) Outsourcing				
(2) Transferred from inventories, fixed assets or construction in progress				
(3) Increase from business merger				
Other increases	209,039.10			209,039.10
3. Decrease in the current period	15,696,086.82			15,696,086.82
(1) Disposal				
(2) Other transfer-out	15,696,086.82			15,696,086.82
4. Ending balance	630,510,174.94	49,079,520.00		679,589,694.94
II. Accumulated depreciation and accumulated amortization				
1. Beginning balance	140,347,117.08	3,346,331.04		143,693,448.12
2. Increase in the current period	18,431,173.77	1,115,252.11		19,546,425.88
(1) Provision or amortization	18,431,173.77	1,115,252.11		19,546,425.88
3. Decrease in the current period	10,318.51			10,318.51
(1) Disposal				
(2) Other transfer-out	10,318.51			10,318.51
4. Ending balance	158,767,972.34	4,461,583.15		163,229,555.49
III. Provision for impairment				
1. Beginning balance				
2. Increase in the current period				
(1) Provision				

3. Decrease in the current period				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance				
IV. Book value				
1. Ending book value	471,742,202.60	44,617,936.85		516,360,139.45
2. Beginning book value	505,650,105.58	45,733,188.96		551,383,294.54

(2) Investment properties whose property certificates are not obtained

Unit: RMB

Item	Book value	Reason(s) for the failure to transact the certificate of title
CNNC office building	4,184,307.33	The property ownership certificate has not been handled due to historical reasons.
Building 12, Sungang	10,136.21	The property ownership certificate has not been handled due to historical reasons.
Shops in Building 12, Sungang	31,040.31	The property ownership certificate has not been handled due to historical reasons.
Total	4,225,483.85	

13. Fixed assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	102,689,546.42	109,438,198.23
Total	102,689,546.42	109,438,198.23

(1) Details of fixed assets

Unit: RMB

Item	Houses and buildings	Machinery and equipment	Transportation equipment	Electronic equipment	Office and other equipment	Total
I. Original book value:						
1. Beginning balance	274,856,177.01	22,226,232.29	5,835,922.65	12,344,805.36	7,850,954.29	323,114,091.60
2. Increase in the current period	9,213,606.16	125,994.69	155,178.10	654,198.82	160,333.22	10,309,310.99
(1) Purchase	9,213,606.16	125,994.69	155,178.10	654,198.82	160,333.22	10,309,310.99

(2) Transfer to construction in progress						
(3) Increase from business merger						
3. Decrease in the current period		54,067.58	515,733.46	635,628.80	36,825.00	1,242,254.84
(1) Disposal or retirement		54,067.58	515,733.46	635,628.80	36,825.00	1,242,254.84
4. Ending balance	284,069,783.17	22,298,159.40	5,475,367.29	12,363,375.38	7,974,462.51	332,181,147.75
II. Accumulated depreciation						
1. Beginning balance	184,795,722.04	9,720,537.85	3,555,622.71	8,426,565.35	2,931,992.36	209,430,440.31
2. Increase in the current period	13,120,354.98	1,236,716.02	476,857.37	880,974.56	913,014.57	16,627,917.50
(1) Provision	13,120,354.98	1,236,716.02	476,857.37	880,974.56	913,014.57	16,627,917.50
3. Decrease in the current period		48,660.93	237,030.34	614,053.08	35,865.45	935,609.80
(1) Disposal or retirement		48,660.93	237,030.34	614,053.08	35,865.45	935,609.80
4. Ending balance	197,916,077.02	10,908,592.94	3,795,449.74	8,693,486.83	3,809,141.48	225,122,748.01
III. Provision for impairment						
1. Beginning balance	3,836,768.43	319,675.11	6,165.00	17,984.71	64,859.81	4,245,453.06
2. Increase in the current period		91,460.11		31,940.15		123,400.26
(1) Provision						
3. Decrease in the current period						
(1) Disposal or retirement						
4. Ending balance	3,836,768.43	411,135.22	6,165.00	49,924.86	64,859.81	4,368,853.32

IV. Book value						
1. Ending book value	82,316,937.72	10,978,431.24	1,673,752.55	3,619,963.69	4,100,461.22	102,689,546.42
2. Beginning book value	86,223,686.54	12,186,019.33	2,274,134.94	3,900,255.30	4,854,102.12	109,438,198.23

(2) Fixed assets leased out by operating lease

Unit: RMB

Item	Ending book value
Houses and buildings	59,642,369.26

(3) Fixed assets whose property certificates are not obtained

Unit: RMB

Item	Book value	Reasons for failure to accomplish certification of property
Yongtong Building	25,292,054.35	The property ownership certificate has not been handled due to historical reasons.
Automobile Building	13,691,687.29	The property ownership certificate has not been handled due to historical reasons.
Underground Parking Lot of Tellus Building	7,964,538.92	The property ownership certificate of the parking lot cannot be handled.
Floor 3-5, Plant 1#, 2# and 3#, Taoyuan Road	3,009,316.27	The property ownership certificate has not been handled due to historical reasons.
Transfer floor of Tellus Building	1,314,600.92	Property ownership certificate unavailable
Building 16, Taohuayuan	1,129,541.70	The property ownership certificate has not been handled due to historical reasons.
Shuibe Zhongtian Complex Building	708,932.34	The property ownership certificate has not been handled due to historical reasons.
First Floor of Bao'an Commercial and Residential Building	749,167.16	The property ownership certificate has not been handled due to historical reasons.
Warehouse	751,254.13	The property ownership certificate has not been handled due to historical reasons.
Warehouse of Trade Department	56,473.57	The property ownership certificate has not been handled due to historical reasons.
Songquan Apartment (mixed)	10,086.79	The property ownership certificate has not been handled due to historical reasons.
Guest House in Renmin North Road	5,902.41	The property ownership certificate has not been handled due to historical reasons.
Total	54,683,555.85	

14. Construction in progress

Unit: RMB

Item	Ending balance	Beginning balance
Construction in progress	409,933,559.27	210,197,546.72
Total	409,933,559.27	210,197,546.72

(1) Information of construction in progress

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Tellus Jinzuan Trading Building	409,808,714.95		409,808,714.95	210,072,702.40		210,072,702.40
Other works	124,844.32		124,844.32	124,844.32		124,844.32
Total	409,933,559.27		409,933,559.27	210,197,546.72		210,197,546.72

(2) Changes in major construction-in-progress projects in the current period

Unit: RMB

Project name	Budget	Beginning balance	Increase in the current period	Fixed assets transferred in the current period	Other decreases in the current period	Ending balance	Proportion of accumulated investment in constructions to budget	Construction progress	Accumulated amount of capitalized interest	Including: Amount of capitalized interest in the current period	Capitalization rate for current interest	Source of funds
Tellus Jinzuan Trading Building	491,060,000.00	210,072,702.40	199,736,012.55			409,808,714.95	83.45%	83.45%	6,908,297.83	5,052,840.98	4.08%	Others
Total	491,060,000.00	210,072,702.40	199,736,012.55			409,808,714.95			6,908,297.83	5,052,840.98	4.08%	

15. Right-of-use assets

Unit: RMB

Item	Houses and buildings	Total

I. Original book value		
1. Beginning balance	10,313,192.96	10,313,192.96
2. Increase in the current period		
3. Decrease in the current period	163,469.13	163,469.13
4. Ending balance	10,149,723.83	10,149,723.83
II. Accumulated depreciation		
1. Beginning balance	2,976,277.13	2,976,277.13
2. Increase in the current period	2,992,203.84	2,992,203.84
(1) Provision		
3. Decrease in the current period		
(1) Disposal		
4. Ending balance	5,968,480.97	5,968,480.97
III. Provision for impairment		
1. Beginning balance		
2. Increase in the current period		
(1) Provision		
3. Decrease in the current period		
(1) Disposal		
4. Ending balance		
IV. Book value		
1. Ending book value	4,181,242.86	4,181,242.86
2. Beginning book value	7,336,915.83	7,336,915.83

16. Intangible assets

(1) Intangible assets

Unit: RMB

Item	Land right of use	Patent rights	Non-patented technologies	Trademark	Software	Total
I. Original book value						
1. Beginning balance	50,661,450.00			128,500.00	5,470,373.66	56,260,323.66
2. Increase in the current period					1,510,846.54	1,510,846.54
(1) Purchase					1,510,846.54	1,510,846.54
(2)						

Internal R&D						
(3) Increase from business merger						
3. Decrease in the current period						
(1) Disposal						
4. Ending balance	50,661,450.00			128,500.00	6,981,220.20	57,771,170.20
II. Accumulated amortization						
1. Beginning balance	2,867,902.16			99,042.56	3,703,880.66	6,670,825.38
2. Increase in the current period	1,077,443.16			5,349.96	209,535.98	1,292,329.10
(1) Provision	1,077,443.16			5,349.96	209,535.98	1,292,329.10
3. Decrease in the current period						
(1) Disposal						
4. Ending balance	3,945,345.32			104,392.52	3,913,416.64	7,963,154.48
III. Provision for impairment						
1. Beginning balance						
2. Increase in the current period						
(1) Provision						
3. Decrease in the current period						
(1) Disposal						

4. Ending balance						
IV. Book value						
1. Ending book value	46,716,104.68			24,107.48	3,067,803.56	49,808,015.72
2. Beginning book value	47,793,547.84			29,457.44	1,766,493.00	49,589,498.28

The proportion of intangible assets formed from the internal R&D of the Company at the Period-end to the ending balance of intangible assets was 0.00%.

Other notes:

As of December 31, 2022, the Company's land use right with a book value of RMB 45,447,359.01 has been mortgaged to the Bank of China as collateral for bank loans.

17. Long-term deferred expenses

Unit: RMB

Item	Beginning balance	Increase in the current period	Amortization in the current period	Other decreases	Ending balance
Renovation costs	28,682,636.66	2,338,889.55	5,145,426.72		25,876,099.49
Total	28,682,636.66	2,338,889.55	5,145,426.72		25,876,099.49

18. Deferred tax assets/deferred tax liabilities

(1) Un-offset deferred tax assets

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for credit impairments	34,072,935.08	8,518,233.77	33,998,204.09	8,499,551.03
Total	34,072,935.08	8,518,233.77	33,998,204.09	8,499,551.03

(2) Un-offset deferred tax liabilities

Unit: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Taxable temporary difference	4,540,124.44	1,135,031.11	3,852,181.96	963,045.49
Total	4,540,124.44	1,135,031.11	3,852,181.96	963,045.49

(3) Deferred tax assets or liabilities presented in net amount after being offset

Unit: RMB

Item	Ending mutual offset amount between deferred tax assets and liabilities	Ending balance of deferred tax assets or liabilities after offset	Mutual set-off amount of deferred tax assets and liabilities at the period-begin	Beginning balance of deferred tax assets or liabilities after off-set
Deferred tax assets		8,518,233.77		8,499,551.03
Deferred tax liabilities		1,135,031.11		963,045.49

(4) Breakdown of unrecognized deferred tax assets

Unit: RMB

Item	Ending balance	Beginning balance
Deductible temporary difference	128,561,177.79	126,073,843.71
Deductible losses	23,458,252.21	19,228,072.00
Total	152,019,430.00	145,301,915.71

(5) Deductible losses of unrecognized deferred tax assets will become mature and due in the following years

Unit: RMB

Year	Ending amount	Beginning amount	Remarks
Year 2022		330,146.48	
Year 2023		401,294.00	
Year 2024	113,396.51	497,832.28	
Year 2025	9,002,510.80	9,182,475.07	
Year 2026	8,816,324.17	8,816,324.17	
Year 2027	5,526,020.73		
Total	23,458,252.21	19,228,072.00	

19. Other non-current assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepaid amount for engineering and equipment	49,631,706.19		49,631,706.19	56,169,049.73		56,169,049.73
Reclassification of VAT debit balance	8,572,664.86		8,572,664.86	12,204,839.26		12,204,839.26
Fixed deposits and interest over one year	96,322,575.78		96,322,575.78			
Others				100,000.00		100,000.00
Total	154,526,946.83		154,526,946.83	68,473,888.99		68,473,888.99

Other notes:

Other non-current assets increased by 125.67% from the beginning of the period, mainly due to the company's plan to hold time deposits with higher interest income at maturity for more than one year and the increase in interest.

20. Short-term borrowings

(1) Classification of short-term borrowing

Unit: RMB

Item	Ending balance	Beginning balance
Discounted borrowings of notes receivable not derecognized	20,000,000.00	0.00
Total	20,000,000.00	0.00

21. Trading financial liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Trading financial liabilities	18,572,684.91	
Including:		
Gold leasing	18,572,684.91	
Including:		
Total	18,572,684.91	0.00

Other notes:

Note: The financial liabilities at fair value through profit or loss are the physical gold leasing business of the Company from banks. The Company rents gold from the bank, and buys gold of the same quantity and specification through Shanghai Gold Exchange on the maturity date to repay the bank and pay the agreed rental interest. The lease term is within 1 year. As of December 31, 2022, the cost of the financial liability was RMB 17,685,000.00, the change in fair value was a loss of RMB 787,050.00, and the rent payable was RMB 100,634.91.

22. Derivative financial liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Derivative financial liabilities with designated hedging relationship	489,360.00	0.00
Total	489,360.00	0.00

Other notes:

The increase in derivative financial liabilities from the beginning of the period was due to the increase in the floating loss amount of the commodity futures contracts and T+D contracts at the end of the period.

23. Accounts payable

(1) Presentation of accounts payables

Unit: RMB

Item	Ending balance	Beginning balance
Purchase payment for goods and services	5,397,040.27	4,068,460.06
Payment for engineering equipment	119,319,760.44	63,339,302.97
Total	124,716,800.71	67,407,763.03

(2) Significant accounts payable with the ageing over 1 year

Unit: RMB

Item	Ending balance	Reasons for not repaying or carrying forward
Shenzhen Yinglong Jian'an (Group) Co., Ltd.	28,869,883.28	Outstanding engineering
Shenzhen SDG Real Estate Co., Ltd.	6,054,855.46	Outstanding by related companies
Shenzhen Yinuo Construction Engineering Co., Ltd.	3,555,095.22	Outstanding engineering
Shenzhen Cuilu Jewelry Co., Ltd.	1,120,000.00	Outstanding
Total	39,599,833.96	

Other notes:

Accounts payable increased by 85.02% from the beginning of the period, mainly due to the provisional estimate of the construction amount according to the progress of the Teli diamond trading building.

24. Advances from customers

(1) Presentation of advances from customers

Unit: RMB

Item	Ending balance	Beginning balance
Rent	6,119,377.90	1,827,827.28
Total	6,119,377.90	1,827,827.28

25. Contract liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Goods fees receivable in advance	4,581,999.11	17,959,187.61
Services fees receivable in advance	4,677,659.32	3,100,123.57
Total	9,259,658.43	21,059,311.18

Amount and reasons for significant changes in book value during the reporting period

26. Employee compensation payable

(1) Presentation of employee compensation

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
I. Short-term employee benefits	38,893,597.75	69,340,733.64	69,684,149.69	38,550,181.70
II. Post-employment benefits-defined contribution plans		5,867,008.31	5,867,008.31	
III. Termination benefits		1,024,409.53	1,024,409.53	
Total	38,893,597.75	76,232,151.48	76,575,567.53	38,550,181.70

(2) Presentation of short-term remuneration

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Wages, bonuses, allowances and subsidies	38,284,893.23	59,272,066.16	59,848,935.95	37,708,023.44
2. Employee benefits	410,244.25	1,831,714.87	1,675,259.12	566,700.00
3. Social insurance premiums		2,637,860.26	2,637,860.26	
Including: medical insurance premiums		2,393,957.62	2,393,957.62	
Work-related injury insurance premiums		56,094.48	56,094.48	
Maternity insurance premiums		183,596.16	183,596.16	
Other insurance expenses		4,212.00	4,212.00	
4. Housing accumulation fund		4,037,136.94	4,037,136.94	
5. Trade union funds and staff education funds	198,460.27	1,337,968.33	1,260,970.34	275,458.26
8. Non-monetary welfare		223,987.08	223,987.08	
Total	38,893,597.75	69,340,733.64	69,684,149.69	38,550,181.70

(3) Presentation of defined contribution plan

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Basic endowment insurance		5,808,296.23	5,808,296.23	
2. Unemployment insurance		58,712.08	58,712.08	
Total		5,867,008.31	5,867,008.31	

27. Taxes and dues payable

Unit: RMB

Item	Ending balance	Beginning balance
VAT	3,220,124.57	808,520.40
Consumption tax	7,964.60	7,964.60
Enterprise income tax	6,942,460.17	41,276,334.18
Individual income tax	1,895,926.96	512,260.46
City maintenance and construction tax	178,605.67	105,706.61
Educational surcharge	86,070.40	47,558.24
Local education surcharges	57,380.27	31,705.50
Land appreciation tax	5,362,682.64	5,362,682.64

Land use tax	40,949.07	26,459.98
Others	1,099,628.49	342,907.84
Total	18,891,792.84	48,522,100.45

Other notes:

The tax payable decreased by 61.07% compared with the beginning of the period, mainly due to the payment of enterprise income tax payable on the income from the transfer of equity in the previous year.

28. Other payables

Unit: RMB

Item	Ending balance	Beginning balance
Other payables	105,180,279.00	112,617,963.65
Total	105,180,279.00	112,617,963.65

(1) Other payables

1) Other payables are presented by nature of payment

Unit: RMB

Item	Ending balance	Beginning balance
Security deposit	42,765,478.88	41,657,964.73
Current accounts associated	18,990,738.98	24,146,524.51
Withholdings	11,499,312.36	15,417,939.62
Temporary receipts payable	31,924,748.78	31,395,534.79
Total	105,180,279.00	112,617,963.65

2) Other important payables at aging of more than 1 year

Unit: RMB

Item	Ending balance	Reasons for not repaying or carrying forward
Shenzhen Special Economic Zone Development Group Co., Ltd.	12,345,594.94	Outstanding by related companies
Hongkong Yujia Investment Limited	2,164,650.90	Outstanding by related companies
Total	14,510,245.84	

29. Current portion of non-current liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Current portion of lease liabilities	2,009,819.15	3,021,452.25
Total	2,009,819.15	3,021,452.25

30. Other current liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Taxes of items to be written off	548,507.70	2,367,994.70

Notes receivable not derecognized	67,812,500.00	
Total	68,361,007.70	2,367,994.70

Other notes:

The larger increase in other current liabilities from the beginning of the period was mainly due to the increase in the sales scale of the company's jewelry business, the increase in the amount of notes settled by the use of notes and the increase in the number of notes receivable that have not been derecognized by endorsements.

31. Long-term borrowings

(1) Classification of long-term borrowing

Unit: RMB

Item	Ending balance	Beginning balance
Mortgage loans	144,820,511.42	86,875,874.39
Total	144,820,511.42	86,875,874.39

Notes for classifications of long-term borrowings:

The long-term loan at the end of the period is the fixed asset loan of the Tellus Jinzuan Trading Building, with a loan term of 15 years.

32. Lease liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Lease liabilities	2,926,184.93	4,474,543.09
Total	2,926,184.93	4,474,543.09

33. Long-term payables

Unit: RMB

Item	Ending balance	Beginning balance
Long-term payables	3,920,160.36	3,920,160.36
Total	3,920,160.36	3,920,160.36

(1) Long-term payables by nature of payment

Unit: RMB

Item	Ending balance	Beginning balance
Employee housing deposit	3,908,848.40	3,908,848.40
Grants for technology innovation projects	11,311.96	11,311.96
Subtotal	3,920,160.36	3,920,160.36
Less: Current portion of long-term payables		
Total	3,920,160.36	3,920,160.36

34. Estimated liabilities

Unit: RMB

Item	Ending balance	Beginning balance	Reason
Pending litigation	268,414.80	268,414.80	
Total	268,414.80	268,414.80	

35. Deferred income

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Reason
Government subsidies	10,235,331.21	1,833,090.00	1,488,875.50	10,579,545.71	Asset-related
Total	10,235,331.21	1,833,090.00	1,488,875.50	10,579,545.71	--

Items related to government subsidies:

Unit: RMB

Liability item	Beginning balance	Increase in subsidies for the period	Amount charged to non-operating revenue for the period	Amount charged to other income for the period	The amount of costs written down in the current period	Other changes	Ending balance	Asset-related / Revenue-related
Elevator renovation subsidy funds for old elevator renovation and reconstruction working group in Futian District	111,188.09			19,914.29			91,273.80	Asset-related
Special Funds for Industrial Transformation and Upgrading in Luohu District in 2021 - Industrial Service Platform Project	3,511,821.20			442,348.68			3,069,472.52	Asset-related

Special Funds for Industrial Transformation and Upgrading in Luohu District in 2021 - Green Building Support Subsidy	2,364,130.45			585,957.48			1,778,172.97	Asset-related
Subsidy Income from Projects for Promoting Consumption and Improving Support of Commerce Bureau of Shenzhen Municipal in 2020	4,248,191.47			326,086.92			3,922,104.55	Asset-related
Special Funds for Green Innovation and Development in the Field of Engineering Construction of Shenzhen Municipal Housing and Urban-rural Development Bureau		1,833,090.00		114,568.13			1,718,521.87	Asset-related
Total	10,235,331.21	1,833,090.00		1,488,875.50			10,579,545.71	

36. Share capital

Unit: RMB

	Beginning balance	Increase or decrease (+,-)					Ending balance
		Issuance of new shares	Bonus shares	Conversion of the reserve funds into shares	Others	Subtotal	

Total shares	431,058,320.00						431,058,320.00
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37. Capital reserves

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Capital premium (share premium)	425,768,053.35			425,768,053.35
Other capital reserves	5,681,501.16			5,681,501.16
Total	431,449,554.51			431,449,554.51

38. Other comprehensive income

Unit: RMB

Item	Beginning balance	Amount in the current period						Ending balance
		Amount incurred before income tax in the current period	Less: Amount included in other comprehensive income in the previous period and transferred to profit and loss in the current period	Less: Amount included in other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: income tax expenses	Attributable to the parent company - net of income tax	Attributable to the minority shareholders - net of income tax	
II. Other comprehensive income to be subsequently reclassified into profit or loss	26,422.00							26,422.00
Including: Other comprehensive income to be reclassified into profit or loss by the equity method	26,422.00							26,422.00
Total other	26,422.00							26,422.00

comprehensive income								
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39. Surplus reserves

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserve	26,546,480.09	25,952,692.04		52,499,172.13
Total	26,546,480.09	25,952,692.04		52,499,172.13

40. Undistributed profit

Unit: RMB

Item	Current period	Previous period
Undistributed profits at the end of the previous period before adjustment	543,843,496.85	424,141,893.34
Undistributed profits at the beginning of the period after adjustment	543,843,496.85	424,141,893.34
Add: Net profit attributable to owners of the parent company during the period	83,496,135.61	131,020,764.38
Less: Statutory surplus reserves appropriated	25,952,692.04	2,697,994.47
Ordinary share dividends payable	10,781,545.75	8,621,166.40
Undistributed profits at the end of the period	590,605,394.67	543,843,496.85

Breakdown of adjustments to undistributed profits at the beginning of the period

- 1) Due to retroactive adjustment of Accounting Standards for Business Enterprises and its relevant new regulations, the affected retained earning at the beginning of the period is RMB 0.00.
- 2). Due to changes in accounting policies, the affected undistributed profit at the beginning of the period is RMB 0.00.
- 3) Due to correction of major accounting error, the affected retained earnings at the beginning of the period are RMB 0.00.
- 4) The amount that will affect the undistributed profit at the beginning of the year due to change of consolidation scope as a result of common control is RMB 0.00.
- 5) Amount of the undistributed profit at the beginning of the year that will be affected due to total of other adjustments is RMB 0.00.

41. Operating revenue and operating cost

Unit: RMB

Item	Amount in the current period		Amount incurred in the previous period	
	Revenue	Costs	Revenue	Costs
Main business	830,367,312.21	693,409,590.68	498,882,949.81	350,429,078.94
Other business	7,288,962.30	6,879,652.74	9,637,076.37	2,500,636.87
Total	837,656,274.51	700,289,243.42	508,520,026.18	352,929,715.81

Audited net profit before and after deducting non-recurring gains and losses (whichever is lower, negative value or not)

Yes No

Relevant information of revenue:

Unit: RMB

Classification of contract	Segment 1	Segment 2	Revenue	Total
By type of product				
Including:				
Automobile sales			196,357,649.27	196,357,649.27
Automobile maintenance and testing			43,747,865.09	43,747,865.09
Leasing and services			168,778,477.27	168,778,477.27
Jewelry sales and services			421,483,320.58	421,483,320.58
By operating regions				
Including:				
South China			830,367,312.21	830,367,312.21
Type of market or customer				
Including:				
Contract type				
Including:				
By time of transfer of goods				
Including:				
Goods (transferred at a certain time point)			651,723,017.06	651,723,017.06
Services (provided within a certain period of time)			178,644,295.15	178,644,295.15
Classification of contract term				
Including:				
Classification by sales channel				
Including:				
Direct sales			830,367,312.21	830,367,312.21
Agency factor				
Total				

Information related to transaction value assigned to residual performance obligations:

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet is RMB 0.00 at the period-end, among which RMB is expected to be recognized in the year, RMB in the year and RMB in the year.

42. Taxes and surcharges

Unit: RMB

Item	Amount in the current period	Amount incurred in the previous period
City maintenance and construction tax	673,134.05	882,815.10
Educational surcharge	489,636.17	618,340.17
Property tax	4,699,229.57	4,644,257.53
Land use tax	255,483.11	358,823.13
Vehicle and vessel use tax	5,447.92	5,772.92
Stamp duty	1,211,281.94	434,087.33
Total	7,334,212.76	6,944,096.18

43. Selling expenses

Unit: RMB

Item	Amount in the current period	Amount incurred in the previous period
Employee compensation	11,309,494.91	13,380,126.45
Advertising marketing expenses	1,452,543.07	2,129,375.71
Depreciation and amortization	4,461,473.09	4,745,548.04
Water and electricity charges	911,189.85	1,052,593.95
Material consumption	131,482.51	149,556.88
Office expenses	386,796.03	460,348.34
Hospitality expenses	369,463.33	437,073.34
Others	3,012,269.69	4,823,552.32
Total	22,034,712.48	27,178,175.03

44. Administrative expenses

Unit: RMB

Item	Amount in the current period	Amount incurred in the previous period
Employee compensation	36,915,969.42	34,350,624.60
Consulting and service fees	2,371,263.21	5,599,656.73
Depreciation and amortization	3,380,339.87	3,658,728.08
Office expenses	501,941.40	534,671.21
Hospitality expenses	227,403.28	411,497.26
Advertising expenses	233,491.72	206,020.49
Transport and travel expenses	156,715.15	107,532.98
Others	3,290,555.94	2,282,585.34
Total	47,077,679.99	47,151,316.69

45. Research and development expenses

Unit: RMB

Item	Amount in the current period	Amount incurred in the previous period
Wages, welfare, social security, etc.	517,100.50	
Direct input	268,755.28	
Depreciation and amortization	16,898.02	
Total	802,753.80	0.00

46. Finance costs

Unit: RMB

Item	Amount in the current period	Amount incurred in the previous period
Interest expenses	338,730.75	2,253,915.94
Interest income	-5,472,748.37	-6,538,484.64
Profit or loss on exchange	842,578.74	-236,196.60
Others	254,785.53	249,883.56
Total	-4,036,653.35	-4,270,881.74

47. Other incomes

Unit: RMB

Sources of other incomes	Amount in the current period	Amount incurred in the previous period
I. Government subsidies included in other income	6,575,043.88	2,923,779.58
Including: government subsidy related to deferred income	1,488,875.50	1,985,771.17
Government subsidies charged to the current profits and losses	5,086,168.38	938,008.41
II. Other items related to daily activities and included in other incomes	49,829.40	46,275.77
Including: service fee for individual income tax withholding	49,829.40	46,275.77
Total	6,624,873.28	2,970,055.35

48. Investment income

Unit: RMB

Item	Amount in the current period	Amount incurred in the previous period
Income from long-term equity investments calculated by the equity method	10,897,171.28	17,874,805.32
Investment income from the disposal of long-term equity investments	8,785,410.47	66,495,901.16
Investment income from holding trading financial assets	12,132,798.02	9,409,600.29
Dividend income from investments in other equity instruments during the holding period	1,305,581.86	
Closing income from commodity futures contracts and T+D contracts (hedging)	-26,164.18	
Closing income from commodity futures contracts and T+D contracts (no hedging specified)	277,302.12	
Total	33,372,099.57	93,780,306.77

49. Income from changes in fair value

Unit: RMB

Source of gain from changes in fair value	Amount in the current period	Amount incurred in the previous period
Trading financial assets	-860,218.33	663,932.88

Including: gains from changes in fair values arising from derivative financial instruments	-860,218.33	663,932.88
Trading financial liabilities	-787,050.00	
Derivative instruments of effective hedges	54,518.09	
Total	-1,592,750.24	663,932.88

50. Credit impairment loss

Unit: RMB

Item	Amount in the current period	Amount incurred in the previous period
Loss on bad debts of other receivables	-1,428,507.19	15,171.74
Loss on bad debts of accounts receivable	-206,852.71	22,957.54
Total	-1,635,359.90	38,129.28

51. Asset impairment loss

Unit: RMB

Item	Amount in the current period	Amount incurred in the previous period
II. Loss on diminution in value of inventories and impairment loss on contract performance cost	-1,616,086.03	-812,607.69
V. Impairment loss of fixed assets	-123,400.26	
XIII. Miscellaneous	-100,000.00	
Total	-1,839,486.29	-812,607.69

52. Income from disposal of assets

Unit: RMB

Sources of income from asset disposal	Amount in the current period	Amount incurred in the previous period
Profits and losses from disposal of fixed assets, construction in progress, bearer biological assets and intangible assets not identified to held-for-sale assets	40,765.92	158,228.49
Including: fixed assets	40,765.92	158,228.49
Total	40,765.92	158,228.49

53. Non-operating revenues

Unit: RMB

Item	Amount in the current period	Amount incurred in the previous period	Amount included in non-recurring profits and losses of the current period
Gains from destruction and retirement of non-current assets		132.74	
Gains from unpayable payments	2,031,600.42		2,031,600.42

Others	2,103,054.01	767,922.91	2,103,054.01
Total	4,134,654.43	768,055.65	4,134,654.43

54. Non-operating expenses

Unit: RMB

Item	Amount in the current period	Amount incurred in the previous period	Amount included in non-recurring profits and losses of the current period
Inventory loss of fixed assets	344.92		344.92
Loss of retirement of non-current assets	26,698.77	15,256.30	26,698.77
Penalty and liquidated damages expenditure	35.56	22,246.85	35.56
Others	389,383.00		389,383.00
Total	416,462.25	37,503.15	416,462.25

55. Income tax expenses

(1) Income tax expense sheet

Unit: RMB

Item	Amount in the current period	Amount incurred in the previous period
Current income tax expenses	24,608,522.78	44,415,716.95
Deferred tax expenses	153,302.88	962,316.56
Income tax in earlier period	-3,238,629.58	-1,314,362.80
Total	21,523,196.08	44,063,670.71

(2) Accounting profit and income tax expense adjustment process

Unit: RMB

Item	Amount in the current period
Total profit	102,842,659.93
Income tax expenses based on statutory/applicable tax rate	25,710,664.98
Effects of different tax rates applied to subsidiaries	-141,699.39
Impact of income tax in previous periods before adjustment	-3,238,629.58
Impact of non-taxable income	-2,724,292.82
Impact of non-deductible costs, expenses and losses	2,778,544.65
Impact of using deductible losses of unrecognized deferred tax assets in the previous period	-323,960.13
Impact of deductible temporary difference or deductible losses on unrecognized deferred tax assets in the current period	2,134,397.43
Others	-2,671,829.06
Income costs	21,523,196.08

Other notes:

See Note V. 38 Other Comprehensive Income for details of items of other comprehensive income and its income tax impact, the status of profit and loss of transfer-ins, and the adjustment of each item of other comprehensive income.

56. Other comprehensive income

See notes for details.

57. Items in the statement of cash flow

(1) Other cash received related to operating activities

Unit: RMB

Item	Amount in the current period	Amount incurred in the previous period
Security deposit	1,107,514.15	4,054,933.66
Interest income	1,871,273.53	3,827,201.61
Government subsidies received	1,833,090.00	13,028,008.41
Other income received	5,005,273.60	46,275.77
Current accounts and others	13,503,115.65	3,026,161.94
Total	23,320,266.93	23,982,581.39

(2) Other cash paid related to operating activities

Unit: RMB

Item	Amount in the current period	Amount incurred in the previous period
Out-of-pocket expenses	13,437,173.48	18,020,425.99
Security deposit	583,931.98	121,671.39
Penalty for breach of contract	389,418.56	22,246.85
Current accounts and others	4,408,405.00	
Total	18,818,929.02	18,164,344.23

(3) Other cash received related to investment activities

Unit: RMB

Item	Amount in the current period	Amount incurred in the previous period
Recovery of regulatory funds	15,998,484.00	
Others		1,931,753.79
Total	15,998,484.00	1,931,753.79

(4) Other cash paid related to investment activities

Unit: RMB

Item	Amount in the current period	Amount incurred in the previous period
Security deposit for hedging instruments	8,955,842.00	
Total	8,955,842.00	0.00

(5) Other cash paid related to financing activities

Unit: RMB

Item	Amount in the current period	Amount incurred in the previous period
Refund of minority shareholders' capital*		50,000,000.00
Interest on performance bond for equity transfer		2,893,150.68
Payment of the principal and interest of lease liabilities	2,874,145.90	3,380,669.67
Total	2,874,145.90	56,273,820.35

58. Supplementary information of statement of cash flow

(1) Supplementary information on cash flow statement

Unit: RMB

Supplementary information	Amount in the current period	Amount in the previous period
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	81,319,463.85	132,052,531.08
Add: provision for impairment of assets	3,474,846.19	774,478.41
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	36,135,739.82	30,459,581.08
Depreciation of right-of-use assets	2,992,203.84	2,976,277.13
Amortization of intangible assets	318,457.10	2,377,422.39
Amortization of long-term deferred expenses	5,145,426.72	7,323,714.29
Losses on the disposal of fixed assets, intangible assets and other long-term assets (gain denoted by "-")	-14,067.15	-143,104.93
Losses from retirement of fixed assets (gains to be listed with "-")	344.92	
Losses from changes in fair value (gains to be listed with "-")	1,592,750.24	-663,932.88
Financial expenses (gains to be listed with "-")	-2,420,165.35	-693,563.69
Investment losses (gain to be listed with "-")	-33,372,099.57	-93,780,306.77
Decrease in deferred tax assets (increase to be listed with "-")	-18,682.74	-728.93
Increases in deferred tax liabilities (decrease to be listed with "-")	171,985.62	963,045.49
Decrease in inventories (increase to be listed with "-")	-91,706,958.29	-4,167,852.80
Decrease in operating receivables	-109,076,820.34	-12,856,907.71

(increase to be listed with "-")		
Increase in operating items payable (decrease to be listed with "-")	53,489,810.85	61,991,082.74
Others		
Net cash flows from operating activities	-51,967,764.29	126,611,734.90
2. Major investment and financing activities not relating to cash deposit and withdrawal		
Conversion of debt into capital		
Current portion of convertible corporate bonds		
Financing leased fixed assets		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	391,406,829.36	211,655,585.86
Less: beginning balance of cash	211,655,585.86	208,462,656.63
Add: Ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	179,751,243.50	3,192,929.23

(2) Composition of cash and cash equivalents

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	391,406,829.36	211,655,585.86
Including: cash on hand	25,673.67	36,941.24
Cash at bank available for payments at any time	381,593,235.55	211,618,644.62
Other cash at bank and on hand available for payment at any time	9,787,920.14	
III. Closing balance of cash and cash equivalents	391,406,829.36	211,655,585.86

59. Assets with restricted ownership or use right

Unit: RMB

Item	Ending book value	Reasons for restriction
Cash at bank and on hand	21,621,498.00	See Note V. 1 for details
Intangible assets	45,447,359.01	Bank borrowing mortgage
Total	67,068,857.01	

60. Foreign currency monetary items

(1) Monetary items in foreign currency

Unit: RMB

Item	Ending foreign currency balance	Conversion exchange rate	Ending balance of converted RMB
Cash at bank and on hand			
Including: USD	69,194.70	6.9646	481,913.41
EUR			
HKD	22,016.80	0.89327	19,666.95
Total	91,211.50		501,580.36
Accounts receivable			
Including: USD			
EUR			
HKD			
Long-term borrowings			
Including: USD			
EUR			
HKD			

(2) The description of overseas operating entities, including main premises abroad, bookkeeping base currency and selection basis to be disclosed for the important overseas operating entities; reasons shall also be disclosed for the changed bookkeeping base currency.

Applicable Not applicable

61. Government subsidies

(1) Basic information about government subsidies

Unit: RMB

Type	Amount	Item presented	Amount charged to the current profits and losses
Asset-related government subsidies	13,071,694.37	Deferred income	1,488,875.50
Income-related government subsidies	7,006,674.80	N/A	5,086,168.38
Total	20,078,369.17		6,575,043.88

(2) Refund of government subsidies

Applicable Not applicable

VIII. Changes in Consolidation Scope

1. Changes in consolidation scope for other reasons

Changes in the scope of consolidation due to other reasons (such as establishing new subsidiaries, liquidating subsidiaries) and related information:

Newly established subsidiaries in the current period

Company name	Date of company establishment	Amount of contribution	Proportion of contribution (%)
Guorun Gold Shenzhen Co., Ltd.	June 2022	82,000,000.00	41

IX. Equity in Other Entities

1. Interests in subsidiaries

(1) Composition of enterprise groups

Subsidiary name	Principal place of business	Place of registration	Business nature	Shareholding proportion		Acquisition method
				Direct	Indirect	
Shenzhen Tellus Xinyongtong Automobile Development Co., Ltd.	Shenzhen	Shenzhen	Commerce	5.00%	95.00%	Establishment
Shenzhen Bao'an Shiquan Industry Co., Ltd.	Shenzhen	Shenzhen	Commerce	0.00%	100.00%	Establishment
Shenzhen SDG Tellus Real Estate Co., Ltd.	Shenzhen	Shenzhen	Commerce	100.00%	0.00%	Establishment
Shenzhen Tellus Chuangying Technology Co., Ltd.	Shenzhen	Shenzhen	Commerce	100.00%	0.00%	Establishment
Shenzhen Xinyongtong Motor Vehicle Inspection Equipment Co., Ltd.	Shenzhen	Shenzhen	Commerce	51.00%	0.00%	Establishment
Shenzhen Automobile Industry and Trade Co., Ltd.	Shenzhen	Shenzhen	Commerce	100.00%	0.00%	Establishment
Shenzhen Automobile Industry Supply and Marketing Company	Shenzhen	Shenzhen	Commerce	0.00%	100.00%	Establishment
Shenzhen SDG Huari Automobile Enterprise Co., Ltd.	Shenzhen	Shenzhen	Commerce	60.00%	0.00%	Establishment
Shenzhen Huari Anxin Automobile Inspection Co., Ltd.	Shenzhen	Shenzhen	Commerce	0.00%	100.00%	Establishment
Shenzhen Zhongtian Industry Co., Ltd.	Shenzhen	Shenzhen	Commerce	100.00%	0.00%	Establishment

Shenzhen Huari Toyota Sales & Service Co., Ltd.	Shenzhen	Shenzhen	Commerce	60.00%	0.00%	Establishment
Shenzhen Tellus Treasury Supply Chain Tech Co., Ltd.	Shenzhen	Shenzhen	Commerce	100.00%	0.00%	Establishment
Shenzhen Jewelry Industry Service Co., Ltd.	Shenzhen	Shenzhen	Commerce	65.00%	0.00%	Establishment
Shanghai Fanyue Diamond Co., Ltd.	Shanghai	Shanghai	Commerce	0.00%	100.00%	Establishment
Guorun Gold Shenzhen Co., Ltd.	Shenzhen	Shenzhen	Commerce	36.00%	5.00%	Establishment

Explanation of the fact that the shareholding percentage is different from proportion of votes in subsidiaries:

The shareholding proportion in Guorun Gold Shenzhen Co., Ltd. is different from the proportion of voting rights, and the basis for holding half or less of the voting rights but still controlling the investee:

In June 2022, the Company cooperated with its subsidiaries Shenzhen Jewelry Industry Service Co., Ltd., Shenzhen HTI Group Co., Ltd., Chow Tai Fook Jewellery Park (Wuhan) Co., Ltd., Chow Tai Seng Jewelry Co., Ltd., Beijing Caishikou Department Store Co., Ltd. and Shenzhen ZHL Industrial Co., Ltd. to jointly invest in the establishment of Guorun Gold Shenzhen Co., Ltd. Among them, the Company contributed RMB 72 million, with a shareholding ratio of 36%; Shenzhen Jewelry Industry Service Co., Ltd., a subsidiary of the Company, contributed RMB 10 million, with a shareholding ratio of 5%; Shenzhen HTI Group Co., Ltd. held 10%, and other shareholders held 49% in total. The Company signed a concerted action agreement with Shenzhen HTI Group Co., Ltd., stipulating that Shenzhen Hi-tech Investment Group Co., Ltd. shall maintain a consensus with the Company when voting at the shareholders' meeting and the board of directors of Guorun Gold Shenzhen Co., Ltd. Therefore, the Company and its subsidiaries actually hold 51% of the voting rights of Guorun Gold Shenzhen Co., Ltd., and have control over Guorun Gold Shenzhen Co., Ltd.

The basis for the Company's control over the investee when holding half or less of the voting rights and the Company's control over the investee when holding more than half of the voting rights:

N/A

Basis for control over the important structured entities incorporated in consolidated scope:

N/A

Basis to determine the company is the agent or the principal:

N/A

(2) Important non-wholly-owned subsidiaries

Unit: RMB

Subsidiary name	Shareholding percentage of minority shareholders	Profit or loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in the current period	Balance of minority interests at the end of the period
Shenzhen Huari Toyota Sales & Service Co., Ltd.	40.00%	-93,038.94		4,380,731.56
Shenzhen SDG Huari Automobile Enterprise Co., Ltd.	40.00%	-778,375.16		11,822,422.99
Guorun Gold Shenzhen Co., Ltd.	60.75%	-339,505.43		117,660,494.57

Notes on the difference between the shareholding percentage of minority shareholders of subsidiaries and the voting rights ratio:

N/A

(3) Main financial information of important non-wholly-owned subsidiaries

Unit: RMB

Subsidiary name	Ending balance						Beginning 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 Sales & Service Co., Ltd.	64,370,96 9.91	2,808,69 8.79	67,179,6 68.70	56,227,8 39.79		56,227,83 9.79	85,290,0 18.33	5,005,912. 12	90,295,93 0.45	79,111,504.1 8		79,111,504. 18
Shenzhen SDG Huari Automobile Enterprise Co., Ltd.	62,124,49 1.13	12,983,1 05.53	75,107,5 96.66	45,551,5 39.19		45,551,53 9.19	61,681,9 38.58	20,655,893 .78	82,337,83 2.36	50,835,836.9 9		50,835,836. 99
Guorun Gold Shenzhen Co., Ltd.	308,524,7 05.19	3,459,49 1.14	311,984, 196.33	110,466, 340.68		110,466,3 40.68						

Unit: RMB

Subsidiary name	Amount in the current period				Amount incurred in the previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Shenzhen Huari Toyota Sales & Service Co., Ltd.	239,554,992.87	-232,597.36	-232,597.36	6,742,295.97	245,772,043.22	914,408.79	914,408.79	-11,521,597.56
Shenzhen SDG Huari Automobile Enterprise Co., Ltd.	35,733,198.93	-1,945,937.90	-1,945,937.90	-4,073,241.16	39,729,074.81	3,964,557.97	3,964,557.97	7,232,060.46
Guorun Gold Shenzhen Co.,	328,034,404.58	-558,856.67	-558,856.67	-107,590,934.59				

Ltd.								
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2. Equities in joint ventures or associates

(1) Important associates and joint ventures

Name of joint venture or associate	Principal place of business	Place of registration	Business nature	Shareholding proportion		Accounting methods for the investment in joint ventures or associates
				Direct	Indirect	
Joint ventures:						
Shenzhen Tellus-Gmond Investment Co., Ltd.	Shenzhen	Shenzhen	Investing in the establishment of industries	50.00%		Equity method
Associates:						
Shenzhen Renfu Tellus Automobiles Service Co., Ltd.	Shenzhen	Shenzhen	Mercedes-Benz Auto Sales	35.00%		Equity method

Explanation of the fact that the shareholding percentage is different from the proportion of voting rights in joint ventures or associates:

N/A

Basis for determining a shareholder holding less than 20% of the voting rights has significant influence, or a shareholder holding 20% or more of the voting rights does not have significant influence:

(2) Main financial information of important joint ventures

Unit: RMB

	Ending balance / Amount incurred in the current period	Beginning balance / Amount in the previous period
	Shenzhen Tellus-Gmond Investment Co., Ltd.	Shenzhen Tellus-Gmond Investment Co., Ltd.
Current assets	44,368,420.83	45,816,920.84
Including: cash and cash equivalents	42,326,853.66	41,913,040.87
Non-current assets	346,703,460.52	366,402,308.03
Total assets	391,071,881.35	412,219,228.87
Current liabilities	37,674,441.11	39,971,747.31
Non-current liabilities	259,110,000.00	277,266,000.00
Total liabilities	296,784,441.11	317,237,747.31
Minority interests		
Equity attributable to shareholders of the parent company	94,287,440.24	94,981,481.56
Shares of net assets at the shareholding percentage	47,143,720.12	47,490,740.78
Adjustments		

--Goodwill		
--Unrealized profit of internal transaction		
--Others		
Book value of equity investments to joint ventures	47,143,720.13	47,490,740.78
Fair value of equity investment in joint ventures with public offer		
Operating revenue	102,987,695.69	94,989,415.30
Financial expenses	14,200,209.90	15,467,775.34
Income costs	10,548,286.43	6,647,599.75
Net profit	29,305,958.68	19,647,999.36
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	29,305,958.68	19,647,999.36
Dividends received from joint ventures in the current year	15,000,000.00	

(3) Major financial information of important associates

Unit: RMB

	Ending balance / Amount incurred in the current period	Beginning balance / Amount in the previous period
	Shenzhen Renfu Tellus Automobiles Service Co., Ltd.	Shenzhen Renfu Tellus Automobiles Service Co., Ltd.
Current assets	206,438,043.83	134,921,582.03
Non-current assets	31,677,397.21	33,583,787.31
Total assets	238,115,441.04	168,505,369.34
Current liabilities	167,288,864.40	80,369,170.77
Non-current liabilities	14,598,723.35	9,942,186.16
Total liabilities	181,887,587.75	90,311,356.93
Minority interests		
Equity attributable to shareholders of the parent company	56,227,853.29	78,194,012.41
Shares of net assets at the shareholding percentage	19,679,748.68	27,367,904.34
Adjustments		
--Goodwill		
--Unrealized profit of internal transaction		
--Others		
Book value of equity investments in associates	19,679,748.68	27,367,904.34
Fair value of equity investments in associates with a public offer		
Operating revenue	1,088,150,561.97	1,196,335,565.98

Net profit	-18,782,486.31	26,521,546.61
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	-18,782,486.31	26,521,546.61
Dividends received from associates in the current year	3,183,672.81	14,000,000.00

(4) Summary of financial information of unimportant joint ventures and associates

Unit: RMB

	Ending balance / Amount incurred in the current period	Beginning balance / Amount in the previous period
Joint ventures:		
Total book value of investments	14,200,897.13	13,452,222.35
Total amount of the following items at the shareholding percentage		
-- Net profit	748,674.78	1,174,566.00
-- Total comprehensive income	748,674.78	1,174,566.00
Associates:		
Total amount of the following items at the shareholding percentage		

(5) Excess losses incurred to joint ventures or associates

Unit: RMB

Name of joint venture or associate	Unrecognized loss accumulated in the previous period	Unrecognized loss in the current period (or net profit shared in the current period)	Unrecognized loss accumulated at the end of the current period
Shenzhen Tellus Automobile Service Chain Co., Ltd.	98,865.26		98,865.26
Shenzhen Yongtong Xinda Testing Equipment Co., Ltd.	1,176,212.73		1,176,212.73

X. Risks Related to Financial Instruments

The risks related to financial instruments of the Company originate from 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 risks related to financial instruments of the Company. The management is responsible for daily risk management through functional departments (for example, the Credit Management Department of the Company reviews the credit sales business of the Company one by one). The

internal audit department of the Company supervises the implementation of the Company's risk management policies and procedures on a daily basis, and reports relevant findings to the Audit Committee of the Company in a timely manner.

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

1. Credit risks

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligations, resulting in financial losses to the other party. The credit risk of the Company mainly arises from cash at bank and on hand, notes receivable, accounts receivable, receivables financing, other receivables, contract assets, creditor's rights investment and long-term receivables. The credit risk of these financial assets comes from the default of the counterparty, and the maximum risk exposure is equal to the book amount of these instruments.

The Company's cash at bank and on hand are mainly deposited in commercial banks and other financial institutions. The Company believes that these commercial banks have high reputation and asset status and have low credit risk.

For notes receivable, accounts receivable, receivables financing, other receivables, contract assets, creditor's rights investment and long-term receivables, the Company sets relevant policies to control credit risk exposure. The Company evaluates clients' credit rating and sets the credit period based on their financial conditions, possibility of obtaining security from third party, credit record and other factors, such as current market situation. The Company will monitor the credit record of the customer periodically. For customers with poor credit record, measures such as written collection, shortening credit period or canceling the credit period will be adopted by the Company, to ensure the overall credit risk being in the controllable scope.

(1) Criteria for judging a significant increase in credit risk

The Company assesses whether the credit risk of the relevant financial instrument has increased significantly since the initial recognition on each balance sheet date. In determining whether the credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information that can be obtained without unnecessary additional costs or efforts, including the Company's qualitative and quantitative analysis based on historical data, external credit risk ratings and forward-looking information. Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the Company determines the changes in the risk of default of the financial instrument during the expected life of the instrument by comparing the risk of default on the financial instrument on the balance sheet date with that on the date of initial recognition.

When one or more of the following quantitative and qualitative criteria are triggered, the Company believes that the credit risk of financial instruments has increased significantly. The quantitative criteria are mainly that the probability of default in the remaining duration at the reporting date increases by more than a certain proportion compared with that at initial recognition. The qualitative criteria are significant adverse changes in the operation or financial situation of the main debtor, warning list of customer, etc.

(2) Definition of assets with credit impairment

In order to determine whether credit impairment occurs, the definition criteria adopted by the Company are consistent with the internal credit risk management objectives for relevant financial instruments, taking consideration into quantitative and qualitative indicators at the same time.

The Company mainly considers the following factors when assessing whether the debtor has credit impairment: The issuer or the debtor has major financial difficulties; the debtor violates the contract, such as default or overdue payment of interest or principal; the creditor makes the concession that the debtor will not make under any other circumstances due to the economic or contractual considerations related to the debtor's financial difficulties; the debtor is likely to go bankrupt or undergo other financial restructuring; the financial difficulties of the issuer or debtor

cause the disappearance of the active market of financial assets; a financial asset is purchased or generated at a substantial discount which reflects the fact that the credit losses have occurred.

Credit impairment of financial assets may be caused by the joint action of multiple events, not necessarily by individually identifiable events.

(3) Parameters of expected credit loss measurement

According to whether the credit risk has increased significantly and whether the credit impairment has occurred, the Company measures the provision for impairment for different assets with the expected credit loss of 12 months or the whole duration respectively. The key parameters of ECL measurement include probabilities of default (PD), losses given default (LGD) and exposures at default (EAD). The Company takes into account the quantitative analysis of historical statistics (such as ratings of the counterparty, manners of guarantees and types of collateral, and repayments) and forward-looking information in order to establish a model of PD, LGD and EAD.

Relevant definitions are as follows:

Default probability refers to the possibility that the debtor will not be able to fulfill its repayment obligations in the next 12 months or the whole remaining duration.

Loss given default refers to the Company's expectation of the degree of loss in exposure at default. According to the type of counterparty, the way and priority of recourse, and the difference of collaterals, loss given default is also different. Loss given default refers to the percentage of risk exposure loss at the time of default, which is calculated based on the next 12 months or the whole duration;

Default risk exposure refers to the amount that the Company should be reimbursed when default occurs in the next 12 months or the whole remaining duration. Evaluation on significant increase of forward-looking information credit risk and calculation of expected credit losses both involve forward-looking information. Through historical data analysis, the Company has

identified key economic indicators that affect credit risks and expected credit losses of various business types.

The maximum credit risk exposure tolerable by the Company is the book amount of each of the financial assets in the balance sheet. The Company does not provide any other guarantee that allows the Company to accept credit risk.

1. Liquidity risks

Liquidity risk refers to the risk of capital shortage in performing obligation of settling accounts by cash payment or other financial assets. The Company is responsible for the overall management of cash of all subsidiaries in the Company, including short-term investment of cash surplus and raising loans to meet the estimated cash requirements. It is the policy of the Company to regularly monitor short-term and long-term liquidity requirements and compliance with the provisions of the loan agreement to ensure sufficient cash reserves and readily realizable securities.

As of December 31, 2022, the maturity periods of the Company's financial liabilities are as follows:

Project name	December 31, 2022			
	Within 1 year	1-2 years	2-3 years	Over 3 years
Accounts payable	124,716,800.71			
Other payables	105,180,279.00			
Current portion of non-current liabilities	2,009,819.15			
Long-term borrowings	6,948,649.17	9,070,099.98	10,241,847.84	183,567,105.37
Long-term payables	3,920,160.36			
Lease liabilities	268,414.80			
Total	243,044,123.19	9,070,099.98	10,241,847.84	183,567,105.37

(Continued)

Project name	December 31, 2021
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	Within 1 year	1-2 years	2-3 years	Over 3 years
Accounts payable	67,407,763.03			
Other payables	112,617,963.65			
Current portion of non-current liabilities	3,021,452.25			
Long-term borrowings	3,644,467.25	4,609,457.14	5,967,792.71	118,790,550.21
Long-term payables	3,920,160.36			
Lease liabilities		1,829,520.13	1,684,781.03	960,241.93
Total	190,611,806.54	6,438,977.27	7,652,573.74	119,750,792.14

1. Market risks

(1) Exchange rate risk

The exchange rate risk of the Company mainly comes from foreign currency assets and liabilities held by the Company and its subsidiaries that are not denominated in their bookkeeping base currency. The Company operates in mainland China. The main activities are counted in RMB. Therefore, the market risk of foreign exchange changes borne by the Company is not significant.

On the balance sheet date, the Company's foreign currency monetary assets and liabilities are detailed in Note V. 56 to the Financial Statement.

(2) Interest rate risk

Interest rate risks faced by the Company are mainly incurred from long-term bank borrowings. Due to financial liabilities with floating interest rate, the Company faces cash flow interest rate risk; due to financial liabilities with fixed interest rate, the Company faces fair value interest rate risk. The Company decides the relative proportion of the fixed interest rate and floating interest rate contracts in accordance with the current market environment.

The financial department of the Company's headquarters continuously supervises the Company's interest rate level. Rising interest rates will increase the cost of new interest-bearing debt and the interest expense of the Company's outstanding interest-bearing debt with floating

interest rates, and adversely affect the Company's financial performance. Management will make timely adjustments according to the latest market conditions.

XI. Disclosure of Fair Value

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

Unit: RMB

Item	Ending fair value			
	Level 1 measurement at fair value	Level 2 measurement at fair value	Level 3 measurement at fair value	Total
I. Continuous fair value measurement	--	--	--	--
(I) Trading financial assets			176,133,569.95	176,133,569.95
1. Financial assets at fair value through profit or loss			176,133,569.95	176,133,569.95
(4) Structured deposits and financial products			176,133,569.95	176,133,569.95
(III) Other equity instrument investments			10,176,617.20	10,176,617.20
(VI) Arbitrated items	79,191,876.11			79,191,876.11
Total assets continuously measured at fair value	79,191,876.11		186,310,187.15	265,502,063.26
(VI) Trading financial liabilities	19,062,044.91			19,062,044.91
Derivative financial liabilities	489,360.00			489,360.00
(VII) Financial liabilities at fair value through profit or loss designated	18,572,684.91			18,572,684.91
(1) Gold leasing	18,572,684.91			18,572,684.91
Total amount of liabilities continuously measured at fair value	19,062,044.91			19,062,044.91
II. Non-continuous fair value measurement	--	--	--	--

2. Basis for determining the market price of items subject to continuous and non-continuous level 1 fair value measurement

The hedged items of the Company are gold product inventory, and the hedging instruments are liabilities arising from changes in the fair value of gold futures contracts and gold spot deferred settlement contracts held by the Company. The Company determines the fair value based

on the public quotations of gold spot transactions and futures transactions of Shanghai Gold Exchange and Shanghai Futures Exchange.

The Company's gold leasing is a liability formed by borrowing gold in kind from banking financial institutions, and the fair value is determined based on the public quotation of gold spot transaction of Shanghai Gold Exchange.

3. Valuation techniques and qualitative and quantitative information about key parameters of items subject to continuous and non-continuous level 3 fair value measurement

The trading financial assets are the purchased structured deposits and financial products. The expected rate of return is used to predict the future cash flow, and the unobservable estimate is the expected rate of return. Other equity instrument investments are measured by the Company based on the investment cost as a reasonable estimate of the fair value, because the operating environment, operating conditions and financial conditions of the investee China PUFA Machinery Industry Co., Ltd. have not changed significantly.

XII. Related Parties and Related Party Transactions

1. Parent company

Name of parent company	Place of registration	Business nature	Registered capital	Shareholding proportion of the parent company to the Company	Votes proportion of the parent company to the Company
Shenzhen Special Economic Zone Development Group Co., Ltd.	Shenzhen	Real estate development and operation, domestic commerce	RMB 4,582,820,000	49.09%	47.51%

Information of the parent company

Shenzhen Special Economic Zone Development Group Co., Ltd.(hereinafter referred to as "SDG Group") was established on August 1, 1981 with the investment of the State-owned Assets Supervision and Management Commission of Shenzhen Municipal People's Government. The Company now holds a business license with a unified social credit code of 91440300192194195C, and a registered capital of RMB 4,582,820,000.

The reason for the inconsistency between the proportion of voting rights and the shareholding ratio of SDG Group in the Company is that SDG Group has carried out the refinancing securities lending business.

The ultimate controlling party of the Company: The State-owned Assets Supervision and Management Commission of Shenzhen Municipal People's Government.

The ultimate controlling party of the Company is the State-owned Assets Supervision and Management Commission of Shenzhen Municipal People's Government.

2. Subsidiaries of the Company

For details of the Company's subsidiaries, please refer to Note VII.

3. Joint ventures and associates of the Company

The important joint ventures or associates of the Company are detailed in Note VII.

The information on other joint ventures or associates that produced balance by conducting related-party transactions with the Company in the current period or in the earlier period is shown as follows:

Name of joint ventures or associates	Relationship with the Company
Shenzhen Tellus Xinyongtong Automobile Service Co., Ltd.	Associates
Shenzhen Tellus Automobile Service Chain Co., Ltd.	Associates
Shenzhen Yongtong Xinda Testing Equipment Co., Ltd.	Associates
Shenzhen Xiandao New Materials Co., Ltd.	Associates
Shenzhen Telixing Investment Co., Ltd.	Joint ventures

4. Other related parties

Name of other related parties	Relationship between other related parties and the Company
Shenzhen SDG Microfinance Co., Ltd.	Controlled subsidiary of parent company
Shenzhen SDG Tiane Industrial Co., Ltd.	Controlled subsidiary of parent company
Shenzhen Machinery & Equipment Import & Export Co., Ltd.	Controlled subsidiary of parent company
Shenzhen SDG Real Estate Co., Ltd.	Wholly-owned subsidiary of parent company
Hongkong Yujia Investment Limited	Controlled subsidiary of parent company
Shenzhen SDG Engineering Management Co., Ltd.	Controlled subsidiary of parent company
Shenzhen Tellus Yangchun Real Estate Co., Ltd.	Controlled subsidiary of parent company
Shenzhen Longgang Tellus Real Estate Co., Ltd.	Controlled subsidiary of parent company
Shenzhen SDG Tellus Property Management Co., Ltd.	Controlled subsidiary of parent company
Shenzhen SDG Service Co., Ltd. Jewelry Park Branch	Controlled subsidiary of parent company
Shenzhen Wahlai Decoration & Furniture Co., Ltd.	Joint venture of parent company
Gu Zhiming	Key management personnel
Shenzhen Zhigu Jinyun Technology Co., Ltd.	Enterprises subject to significant impact by key management personnel
Shenzhen ZHL Industrial Co., Ltd.	Minority shareholders of significant subsidiaries
Shenzhen Nubisi Jewelry Trading Co., Ltd.	Companies controlled by minority shareholders of significant subsidiaries
Shenzhen Yuepengjin Jewelry & Gold Co., Ltd.	Companies controlled by minority shareholders of significant subsidiaries
Shenzhen Yuepengjin e-commerce Co., Ltd.	Companies controlled by minority shareholders of significant subsidiaries

5. Transactions with related parties

(1) Related party transactions of purchase/sales of commodities and rendering/receiving of labor services

Purchase of goods / receipt of services

Unit: RMB

Related parties	Content of related party transaction	Amount in the current period	Approved transaction amount	Exceeding the transaction amount or not	Amount incurred in the previous period
Shenzhen SDG Engineering Management Co., Ltd.	Receiving services	2,384,060.38	2,000,000.00	Yes	1,976,807.29
Shenzhen SDG Tellus Property Management Co., Ltd.	Receiving services	3,148,143.25	3,000,000.00	Yes	10,137,230.33
Shenzhen SDG Service Co., Ltd.	Receiving services	10,354,683.50	7,400,000.00	Yes	5,131,692.41
Shenzhen Wahlai Decoration & Furniture Co., Ltd.	Receiving services	224,049.69			3,094,128.99
Shenzhen Zhigu Jinyun Technology Co., Ltd.	Purchasing goods	16,814.16			
Shenzhen ZHL Industrial Co., Ltd.	Receiving of services	1,032,213.33			
Shenzhen Yuepengjin Jewelry & Gold Co., Ltd.	Receiving of services	631,540.56			

Sale of goods and provision of services

Unit: RMB

Related parties	Content of related party transaction	Amount in the current period	Amount incurred in the previous period
Shenzhen SDG Microfinance Co., Ltd.	Rendering of labor services	202,126.23	207,640.32
Shenzhen SDG Service Co., Ltd.	Rendering of labor services	8,500.10	6,693.06
Shenzhen Special Economic Zone Development Group Co., Ltd.	Rendering of labor services	41,061.00	45,592.00
Shenzhen SDG Tellus Property Management Co., Ltd.	Rendering of labor services	6,600.00	1,876.11
Shenzhen Nubisi Jewelry Trading Co., Ltd.	Rendering of services	1,309,102.16	
Shenzhen Yuepengjin e-commerce Co., Ltd.	Sales of goods	26,848,858.40	

(2) Related party leases

The Company as the lessor:

Unit: RMB

Name of lessee	Type of asset leased	Lease income recognized in	Lease income recognized in
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		the current period	the previous period
Shenzhen Renfu Tellus Automobiles Service Co., Ltd.	Lease of houses	5,190,476.19	5,250,031.70
Shenzhen Xinyongtong Automobile Service Co., Ltd.	Lease of houses		717,300.00
Shenzhen SDG Microfinance Co., Ltd.	Lease of houses	1,069,279.56	1,103,104.38
Shenzhen SDG Tellus Property Management Co., Ltd.	Lease of houses	38,262.91	75,897.40
Shenzhen SDG Service Co., Ltd.	Lease of houses	1,962,815.40	2,095,266.10
Shenzhen Yongtong Xinda Testing Equipment Co., Ltd.	Lease of houses	16,000.00	32,061.90

The Company as the lessee:

Unit: RMB

(3) Remuneration of key management personnel

Unit: RMB

Item	Amount in the current period	Amount incurred in the previous period
Remuneration of key management personnel	9,844,700.00	9,035,700.00

6. Receivables and payables by related parties

(1) Receivables

Unit: RMB

Project name	Related parties	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Shenzhen SDG Service Co., Ltd.			9,167.57	91.68
Accounts receivable	Shenzhen SDG Microfinance Co., Ltd.	355,565.61	3,555.66	17,791.06	177.91
Accounts receivable	Shenzhen SDG Tellus Property Management Co., Ltd.	5,362.00	53.62		
Accounts receivable	Shenzhen Nubisi Jewelry Trading Co., Ltd.	666,979.53	6,669.80		
	Total	1,027,907.14	10,279.08	26,958.63	269.59
Advances to suppliers	Shenzhen Wahlai Decoration & Furniture Co., Ltd.	106,696.30			
Advances to suppliers	Shenzhen SDG Engineering Management Co., Ltd.	6,900.00			
	Total	113,596.30			

Other receivables	Shenzhen Tellus Automobile Service Chain Co., Ltd.	1,359,297.00	1,359,297.00	1,359,297.00	1,359,297.00
Other receivables	Shenzhen Yongtong Xinda Testing Equipment Co., Ltd.	531,882.24	531,882.24	531,882.24	531,882.24
Other receivables	Shenzhen Xiandao New Materials Co., Ltd.	660,790.09	660,790.09	660,790.09	660,790.09
Other receivables	Shenzhen Telixing Investment Co., Ltd.	37,608.61	376.09		
Other receivables	Shenzhen SDG Tellus Property Management Co., Ltd.	16,959.19	409.59	12,829.59	128.30
Other receivables	Shenzhen ZHL Industrial Co., Ltd.	10,000.00	100.00		
	Total	2,616,537.13	2,552,855.01	2,564,798.92	2,552,097.63
Long-term receivables	Shenzhen Tellus Automobile Service Chain Co., Ltd.	2,179,203.68	2,179,203.68	2,179,203.68	2,179,203.68
	Total	2,179,203.68	2,179,203.68	2,179,203.68	2,179,203.68

(2) Payables

Unit: RMB

Project name	Related parties	Ending book balance	Beginning book balance
Accounts payable	Shenzhen SDG Real Estate Co., Ltd.	6,054,855.46	6,054,855.46
Accounts payable	Shenzhen Machinery & Equipment Import & Export Co., Ltd.	45,300.00	45,300.00
Accounts payable	Shenzhen SDG Service Co., Ltd.	1,654,014.40	
Accounts payable	Shenzhen SDG Engineering Management Co., Ltd.	2,568,038.46	150,005.66
Accounts payable	Shenzhen SDG Tellus Property Management Co., Ltd.	336,533.57	1,708,125.16
Accounts payable	Shenzhen Wahlai Decoration & Furniture Co., Ltd.	432,712.27	1,042,036.18
Accounts payable	Shenzhen ZHL Industrial Co., Ltd.	235,873.17	
Accounts payable	Shenzhen Yuepengjin Jewelry & Gold Co., Ltd.	31,300.00	
	Total	11,358,627.33	9,000,322.46
Advances from customers	Shenzhen SDG Tellus Property Management Co., Ltd.	5,234.34	
	Total	5,234.34	
Other payables	Hongkong Yujia Investment Limited	2,164,650.90	1,961,673.06
Other payables	Shenzhen SDG Tiane Industrial Co., Ltd.	28,766.05	28,766.05
Other payables	Shenzhen Machinery & Equipment Import & Export Co., Ltd.	1,575,452.52	1,575,452.52
Other payables	Shenzhen Special Economic Zone Development Group Co., Ltd.	12,345,594.94	17,383,655.94
Other payables	Shenzhen Longgang Tellus Real Estate Co., Ltd.	1,095,742.50	1,095,742.50
Other payables	Shenzhen Tellus Yangchun Real Estate Co., Ltd.	476,217.49	476,217.49
Other payables	Shenzhen Telixing Investment Co., Ltd.		167,470.29
Other payables	Shenzhen Yongtong Xinda Testing Equipment Co., Ltd.	5,602.99	5,600.00

Other payables	Shenzhen SDG Tellus Property Management Co., Ltd.	145,043.21	122,141.49
Other payables	Shenzhen SDG Service Co., Ltd.	25,596.00	35,110.00
Other payables	Shenzhen Renfu Tellus Automobiles Service Co., Ltd.	833,334.00	833,334.00
Other payables	Shenzhen SDG Microfinance Co., Ltd.	237,804.66	237,804.66
Other payables	Shenzhen SDG Engineering Management Co., Ltd.	40,000.00	56,600.00
Other payables	Shenzhen Wahlai Decoration & Furniture Co., Ltd.	16,933.72	166,956.51
	Total	18,990,738.98	24,146,524.51

XIII. Commitments and Contingencies

1. Important commitments

Important commitments existing on the balance sheet date

(1) Capital commitment

Capital commitments contracted but not yet recognized in the financial statements	December 31, 2022	December 31, 2021
Large-amount contract (unit: RMB)	70,136,870.42	153,763,306.33

2. Contingencies

(1) Important contingencies existing at the balance sheet date

N/A

XIV. Events after the Balance Sheet Date

1. Profit distribution

Unit: RMB

Profit or dividend to be distributed	12,069,632.96
Profit or dividend declared after approval through deliberation	12,069,632.96
Profit distribution scheme	According to the 2022 profit distribution plan reviewed and approved by the 7th formal meeting of the 10th Board of Directors of the Company on April 25, 2023, the Company plans to distribute cash dividends of RMB 0.28 (tax inclusive) for every 10 shares to all shareholders based on the total share capital of 431,058,320 shares as of December 31, 2022. A total of RMB 12,069,632.96 will be distributed, without bonus shares or transfer to paid-in capital. The above profit distribution plan has yet to be reviewed and approved by the General Meeting of Shareholders of the Company.

2. Descriptions for other events after the balance sheet date

Shenzhen SDG Huari Automobile Enterprise Co., Ltd. (hereinafter referred to as SDG Huari), a subsidiary of the Company, is a Sino-Japanese joint venture, with an operating period expired on March 13, 2022. Before and after the expiration of the business term, the Company communicated with Japanese shareholders for many times on the extension of the business term, equity trading, dissolution and liquidation of SDG Huari, but failed to reach an agreement. If the business term of SDG Huari has expired, and the Company and Japanese shareholders cannot establish a liquidation team to carry out liquidation within fifteen days from the expiration date of the business term of SDG Huari, the Company, as a shareholder holding 60% of the equity of SDG Huari, shall apply to the People's Court of Shenzhen Qianhai Cooperation Zone for compulsory liquidation of SDG Huari according to the relevant provisions of the Company Law. In January 2023, the Company received a civil ruling (2022) Y0391 Qingshen No.9 from the Court of Qianhai Cooperation Zone, accepting the Company's application for liquidation of SDG Huari. On March 21, 2023, the Company received the *Decision on Appointing a Liquidation Team* ([2023] Y0391 QQ No. 4) served by the People's Court of Shenzhen Qianhai Cooperation Zone, which designated King & Wood Mallesons, Beijing Office as the SDG Huari Liquidation Team.

Since the business premises of Shenzhen Huari Toyota Sales & Service Co., Ltd. (hereinafter referred to as Huari Toyota), a holding subsidiary of the Company, are the property owned by SDG Huari, if SDG Huari enters liquidation, Huari Toyota may face the situation of no business premises, and the Board of Directors of Huari Toyota decides to adjust the 2023 annual business plan, authorize the management team of Huari Toyota to decide whether to purchase new vehicles and replenish the inventory of spare parts according to the liquidation progress, market situation and own inventory of Huari Toyota from February 1, 2023, and authorize the management team of Huari Toyota to hire personnel to deal with the inventory.

XV. Other Significant Events

1. Segment information

(1) Determination basis and accounting policy of reporting segments

The Company determines the reporting segment based on its internal organizational structure, management requirements and internal reporting system and takes the industry segment as the basis to determine the reporting segment. The business performance of automobile sales, automobile maintenance and testing, leasing and service, jewelry sales and service, etc. are assessed respectively. Assets and liabilities commonly used in all segments are distributed among different segments according to the scale.

(2) Financial information of reporting segments

Unit: RMB

Item	Automobile sales	Vehicle maintenance and test	Leasing and services	Jewelry sales and services	Inter-segment offset	Total
Revenue from principal businesses	196,357,649.27	71,673,738.14	181,128,461.73	421,483,320.58	-40,275,857.51	830,367,312.21
Cost of principal businesses	189,054,253.07	62,233,188.43	68,980,662.26	414,655,011.77	-41,513,524.85	693,409,590.68
Total assets	31,486,182.43	125,253,028.30	2,837,018,012.40	418,992,553.34	-1,180,721,221.90	2,232,028,554.57

(3) Where the Company has no reportable segment or cannot disclose total assets and total liabilities of reportable segments, the reasons shall be explained

N/A

(4) Other notes

N/A

XVI. Notes to Major Items of the Company's Financial Statements

1. Accounts receivable

(1) Classified disclosure of accounts receivable

Unit: RMB

Class	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Percentage	Amount	Proportion of provision		Amount	Percentage	Amount	Proportion of provision	
Accounts receivable with provision for bad debts on a single basis	484,803.08	76.33%	484,803.08	100.00%		484,803.08	80.04%	484,803.08	100.00%	
Including:										
Accounts receivable for which provision for bad debts is made by combination	150,350.82	23.67%	3,149.91	2.10%	147,200.91	120,861.42	19.96%	1,847.01	1.53%	119,014.41
Including:										
1. Aging portfolio	150,350.82	23.67%	3,149.91	2.10%	147,200.91	120,861.42	19.96%	1,847.01	1.53%	119,014.41
Total	635,153.90	100.00%	487,952.99	76.82%	147,200.91	605,664.50	100.00%	486,650.09	80.35%	119,014.41

Provision for bad debts is accrued on an individual basis:

Unit: RMB

Name	Ending balance			
	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision
Shenzhen Bijiashan Entertainment Co., Ltd.	172,000.00	172,000.00	100.00%	
Gong Yanqing	97,806.64	97,806.64	100.00%	
Guangzhou Lemin Computer Center	86,940.00	86,940.00	100.00%	
Others	128,056.44	128,056.44	100.00%	
Total	484,803.08	484,803.08		

Bad debt provision made as per portfolio:

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
1. Aging portfolio	150,350.82	3,149.91	2.10%
Total	150,350.82	3,149.91	

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general

mode of expected credit loss to withdraw bad debt provision of other receivables.

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (inclusive)	146,990.82
Over 3 years	488,163.08
3-4 years	3,360.00
Over 5 years	484,803.08
Total	635,153.90

(2) Bad debt provision provided, recovered or reversed in the current period

Bad debt provision withdrawn in the reporting Period:

Unit: RMB

Class	Beginning balance	Change during the current period				Ending balance
		Provision	Recovery or reversal	Cancellation after verification	Others	
Provision for bad debts made on an individual basis	484,803.08					484,803.08
Provision for bad debts made by portfolio	1,847.01	1,302.90				3,149.91
Total	486,650.09	1,302.90				487,952.99

The significant amount of provision reversal and recovery of bad debts in the current period:

(3) Accounts receivable of the top five ending balance by the owing party

Unit: RMB

Item	Ending balance of accounts receivable	Proportion in the total ending balance of accounts receivable	Ending balance of provision for bad debts
Shenzhen Bijiashan Entertainment Co., Ltd.	172,000.00	27.08%	172,000.00
Gong Yanqing	97,806.64	15.40%	97,806.64
Guangzhou Lemin Computer Center	86,940.00	13.69%	86,940.00
Shenzhen Jincheng Yinyu Jewelry Co., Ltd.	77,741.87	12.24%	777.42
Chen Junlin	46,618.00	7.34%	466.18
Total	481,106.51	75.75%	

2. Other receivables

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

Dividends receivable	1,852,766.21	547,184.35
Other receivables	3,114,221.75	89,854,408.23
Total	4,966,987.96	90,401,592.58

(1) Dividends receivable

1) Category of dividends receivable

Unit: RMB

Item (or the investee)	Ending balance	Beginning balance
China Pufa Machinery Industry Co., Ltd.	1,852,766.21	547,184.35
Total	1,852,766.21	547,184.35

2) Significant dividends receivable Aged over 1 Year

Unit: RMB

Item (or the investee)	Ending balance	Aging	Reasons for non-recovery	Impairment and judgment basis
China Pufa Machinery Industry Co., Ltd.	547,184.35	3-4 years	Not paid yet	The financial and operating conditions of the company are normal, and the dividends receivable are not impaired.
Total	547,184.35			

3) Provision for bad debts

Applicable Not applicable

(2) Other receivables

1) Classification of other receivables by nature of money

Unit: RMB

Payment nature	Ending book balance	Beginning book balance
Other temporary payments of receivables	14,295,706.79	13,776,179.52
Concerned intercourse funds within the consolidation scope of receivables	2,480,126.85	89,671,979.41
Total	16,775,833.64	103,448,158.93

2) Provision for bad debts

Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit losses for the next 12 months	Expected credit loss within the whole duration (no credit impairment occurs)	Expected credit loss within the whole duration (credit impairment has	

			occurred)	
Balance on January 1, 2022	10,804.96		13,582,945.74	13,593,750.70
Balance as at January 1, 2022 is in the current period.				
Provision in the period	-3,776.83		71,638.02	67,861.19
Balance as at December 31, 2022	7,028.13		13,654,583.76	13,661,611.89

Changes of book balance with significant amount changed of loss provision in the reporting period

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (inclusive)	3,076,641.18
1-2 years	21,259.70
Over 3 years	13,677,932.76
3-4 years	46,698.00
Over 5 years	13,631,234.76
Total	16,775,833.64

3) Other receivables of the top five ending balances by the owing party

Unit: RMB

Item	Nature	Ending balance	Aging	Proportion to ending balance of other receivables	Ending balance of provision for bad debts
Shenzhen Zhonghao (Group) Co., Ltd.	Current payments	5,000,000.00	Over 5 years	29.80%	5,000,000.00
Shenzhen Jinbeili Electric Appliance Co., Ltd.	Current payments	2,706,983.51	Over 5 years	16.14%	2,706,983.51
Shenzhen Jewelry Industry Service Co., Ltd.	Current accounts within the Group	1,925,588.67	Within 1 year	11.48%	
Shenzhen Petrochemical Group	Current payments	1,919,733.45	Over 5 years	11.44%	1,919,733.45
Creditor's rights for of debt repayment of Huatong Packaging	Current payments	1,212,373.79	Over 5 years	7.23%	1,212,373.79
Total		12,764,679.42		76.09%	10,839,090.75

3. Long-term equity investment

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

Investment in subsidiaries	786,245,472.73	1,956,000.00	784,289,472.73	694,745,472.73	1,956,000.00	692,789,472.73
Investment in associates and joint ventures	90,811,528.26	9,787,162.32	81,024,365.94	98,098,029.79	9,787,162.32	88,310,867.47
Total	877,057,000.99	11,743,162.32	865,313,838.67	792,843,502.52	11,743,162.32	781,100,340.20

(1) Investment in subsidiaries

Unit: RMB

Investee	Beginning balance (book value)	Changes in the current period				Ending balance (book value)	Ending balance of impairment provision
		Additional investment	Negative investmen t	Provision for impairme nt	Others		
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 Industry Co., Ltd.	369,680,522.90					369,680,522.90	
Shenzhen Automobile Industry and Trade Co., Ltd.	126,251,071.57					126,251,071.57	
Shenzhen SDG Huari Automobile Enterprise Co., Ltd.	19,224,692.65					19,224,692.65	
Shenzhen Huari Toyota Sales & Service Co., Ltd.	1,807,411.52					1,807,411.52	
Shenzhen Xinyongtong Motor Vehicle Inspection Equipment	10,000,000.00					10,000,000.00	

Co., Ltd.							
Shenzhen Tellus Treasury Supply Chain Tech Co., Ltd.	50,000,000.00					50,000,000.00	
Shenzhen Hanli High Tech Ceramics Co., Ltd.							1,956,000.00
Shenzhen Jewelry Industry Service Co., Ltd.	13,000,000.00	19,500,000.00				32,500,000.00	
Guorun Gold Shenzhen Co., Ltd.		72,000,000.00				72,000,000.00	
Total	692,789,472.73	91,500,000.00				784,289,472.73	1,956,000.00

(2) Investment in associates and joint ventures

Unit: RMB

Investor	Beginning balance (book value)	Changes in the current period							Ending balance (book value)	Ending balance of impairment provision	
		Additions	Net investment	Profit or loss on investments recognized under the equity method	Other comprehensive income adjustments	Other equity	Declaration of cash dividends or profits	Provision for impairment			Others
I. Joint ventures											
Shenzhen Tellus-Gmond Investment Co., Ltd.	47,490,740.78			14,652,979.35			15,000,000.00			47,143,720.13	
Shenzhen Telixing Investment	13,452,222.35			748,674.78						14,200,897.13	

Co., Ltd.									
Subtotal	60,942,963.13		15,401,654.13		15,000,000.00			61,344,617.26	
II. Associates									
Shenzhen Renfu Tellus Automobiles Service Co., Ltd.	27,367,904.34		-4,504,482.85		3,183,672.81			19,679,748.68	
Hunan Changyang Industrial Co., Ltd.									1,810,540.70
Shenzhen Jiecheng Electronics Co., Ltd.									3,225,000.00
Shenzhen Xiandao New Materials Co., Ltd.									4,751,621.62
Subtotal	27,367,904.34		-4,504,482.85		3,183,672.81			19,679,748.68	9,787,162.32
Total	88,310,867.47		10,897,171.28		18,183,672.81			81,024,365.94	9,787,162.32

4. Operating revenue and operating cost

Unit: RMB

Item	Amount in the current period		Amount incurred in the previous period	
	Revenue	Costs	Revenue	Costs
Main business	39,568,530.33	10,680,130.69	50,382,988.38	15,225,250.76
Total	39,568,530.33	10,680,130.69	50,382,988.38	15,225,250.76

Relevant information of revenue:

Information related to transaction value assigned to residual performance obligations:

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet is RMB0.00 at the period-end, among which RMB0.00 is expected to be recognized in the year, RMB0.00 in the year and RMB0.00 in the year.

5. Investment income

Unit: RMB

Item	Amount in the current period	Amount incurred in the previous period
Income from long-term equity investments calculated by the cost method	244,000,000.00	
Income from long-term equity investments calculated by the equity method	10,897,171.28	18,339,555.32
Investment income from the disposal of long-term equity investments		3,777,307.13
Investment income from holding trading financial assets	10,967,191.55	6,070,326.25

Dividend income from investments in other equity instruments during the holding period	1,305,581.86	
Total	267,169,944.69	28,187,188.70

XVII. Supplementary information

1. Breakdown of non-recurring profit or loss of the current period

Applicable Not applicable

Unit: RMB

Item	Amount	Description
Profit or loss from disposal of non-current assets	8,826,176.39	
Government subsidies included in the current profit or loss (excluding those closely related to the normal business of the Company and granted under the national policies and continuously enjoyed according to a certain quota of amount or volume)	6,575,043.88	
Except for the effective hedging activities related to the Company's ordinary activities, profit or loss arising from changes in fair value of trading financial assets and financial liabilities, and investment income from disposal of trading financial assets and financial liabilities and available-for-sale financial assets	10,762,831.81	
Other non-operating revenues and expenses other than the above	3,718,192.18	
Other profit or loss conforming to the definition of non-recurring profit or loss	49,829.40	
Less: effect on income tax	6,628,391.02	
Effect on minority interests	3,076,349.55	
Total	20,227,333.09	--

Specific conditions of other profit or loss conforming to the definition of non-recurring profit or loss:

Applicable Not applicable

The Company has no other profit or loss conforming to the definition of non-recurring profit or loss.

Explanation on defining the non-recurring profits and losses set out in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to the Public - Non-Recurring Profit or Loss as recurring profits and losses

Applicable Not applicable

2. Return on net profits and earnings per share

Profit during the Reporting Period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share	Diluted earnings per share

		(RMB/share)	(RMB/share)
Net profit attributed to ordinary shareholders of the Company	5.69%	0.1937	0.1937
Net profit attributed to ordinary shareholders of the Company after deducting non-recurring profits and losses	4.31%	0.1468	0.1468

3. Difference in accounting data under domestic and foreign accounting rules

(1) Differences in net profits and net assets in the financial reports disclosed simultaneously according to the International Accounting Standards and the Accounting Standards of the People's Republic of China

Applicable Not applicable

(2) Differences in net profits and net assets in the financial reports disclosed simultaneously according to the foreign accounting standards and the Accounting Standards of the People's Republic of China

Applicable Not applicable

(3) Specify the reasons for differences in accounting data under domestic and foreign accounting standards (if any); if the adjustment is made to data audited by the overseas audit firm, specify the name of such audit firm

N/A