

Shenzhen Tellus Holding Co., Ltd.

Semi-annual Report 2023

August 2023

Section I Important Notice, Contents and Interpretations

The Board of Directors, the Board of Supervisors, and directors, supervisors and senior executives of the Company guarantee that the present semi-annual report is true, accurate, and complete without false records, misleading statements, or major omissions, and undertake the joint and several legal liabilities arising therefrom.

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

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

The Company has described the potential risks in detail in this report. Investors are hereby kindly requested to pay attention to and read "X. Risks Faced by the Company and Countermeasures" of "Section III Management Discussion and Analysis" within this report.

The Company has no plans to distribute cash dividends, issue bonus shares and transfer from capital surplus to share capital.

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List of Documents for Future Reference

- I. Accounting statements signed and sealed by the legal representative, the person in charge of accounting, and the person in charge of the accounting firm.

- II. Originals of all company documents and announcements that have been publicly disclosed during the reporting period.

- III. The above documents for future reference shall be kept at the Secretariat Office of the Board of Directors of the Company.

Interpretations

| Term | refers to | Interpretation |
|---|-----------|--|
| CSRC | refers to | China Securities Regulatory Commission |
| SZSE | refers to | Shenzhen Stock Exchange |
| CSDC Shenzhen Branch | refers to | China Securities Depository and Clearing Corporation Limited Shenzhen Branch |
| Company, the Company, and Tellus Holding | refers to | Shenzhen Tellus Holding Co., Ltd. |
| Reporting Period, This Reporting Period | refers to | FH 2023 |
| Shenzhen SASAC | refers to | State-owned Assets Supervision and Management Commission of Shenzhen Municipal People's Government |
| SDG, SDG Group and controlling shareholder | refers 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 | refers to | Guorun Gold Shenzhen Co., Ltd. |
| Treasury Supply Chain Company and Tellus Treasury | refers to | Shenzhen Tellus Treasury Supply Chain Tech Co., Ltd. |
| Shanghai Fanyue and Fanyue | refers 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. |
| Tellus Jewelry Building, Jewelry Building | refers to | Tellus Shui Bei Jewelry Building |
| Tellus Jinzuan Building, Jinzuan Building | refers to | Tellus Jinzuan Trading Building |
| Comprehensive trade platform | refers to | Shenzhen International Jewelry and Jade Comprehensive Trade Platform |

Section II Company Profile and Major Financial Indicators

I. Company Profile

| | | | |
|---|-----------------------------------|------------|-------------------|
| 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 (if any) | 特力 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 | | |

II. Contact Person and Contact Information

| | Secretary of the Board of Directors | Securities representative |
|---------|--|--|
| Name | Qi Peng | Liu Menglei |
| Address | 3F, Tellus Building, 2nd Shuibe Road, Luohu District, Shenzhen | 3F, Tellus Building, 2nd Shuibe Road, Luohu District, Shenzhen |
| Tel. | (0755) 83989390 | (0755) 88394183 |
| Fax | (0755) 83989386 | (0755) 83989386 |
| E-mail | ir@tellus.cn | liuml@tellus.cn |

III. Other Information

1. Contact information

Whether the Company's registered address, office address and postal code, company website, e-mail, etc. have changed during the reporting period

Applicable Not applicable

There was no change in the Company's registered address, office address and postal code, website, e-mail, etc. during the reporting period. Please refer to the 2022 Annual Report for details.

2. Information disclosure and keeping location

Whether the information disclosure and keeping location have changed during the reporting period

Applicable Not applicable

| | |
|--|---|
| Website of the stock exchange for the Company to disclose its semi-annual report | Shenzhen Stock Exchange (http://www.szse.cn) |
| Name and website of the newspapers for the Company to | Securities Times and CNINFO (http://www.cninfo.com.cn) |

| | |
|--|-------------------------------------|
| disclose its semi-annual report | |
| Location for keeping semi-annual report of the Company | Secretary of the Board of Directors |

3. Other relevant information

Whether other relevant information has changed during the reporting period

Applicable Not applicable

IV. Major Accounting Data and Financial Indicators

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

Yes No

| | Reporting period | Same period of the previous year | Increase/decrease in the reporting period over the same period of the previous year |
|--|-----------------------------|----------------------------------|--|
| Operating revenue (RMB) | 704,836,410.94 | 250,015,152.23 | 181.92% |
| Net profit attributable to shareholders of the listed company (RMB) | 44,139,962.93 | 43,480,236.19 | 1.52% |
| Net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss (RMB) | 37,650,680.93 | 31,023,156.36 | 21.36% |
| Net cash flows from operating activities (RMB) | -10,241,941.90 | -11,318,295.41 | 9.51% |
| Basic earnings per share (RMB/share) | 0.1024 | 0.1009 | 1.49% |
| Diluted earnings per share (RMB/share) | 0.1024 | 0.1009 | 1.49% |
| Weighted average return on net assets | 2.89% | 3.00% | -0.11% |
| | End of the reporting period | End of the previous year | Increase/decrease at the end of the reporting period as compared with the end of the previous year |
| Total assets (RMB) | 2,512,971,777.36 | 2,232,028,554.57 | 12.59% |
| Net assets attributable to shareholders of the listed company (RMB) | 1,537,709,193.28 | 1,505,638,863.31 | 2.13% |

V. Discrepancy of Accounting Data under the Domestic and Foreign Accounting Standards

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

VI. Non-recurring Profit or Loss Items and Amounts

Applicable Not applicable

Unit: RMB

| Item | Amount | Note |
|--|--------------|--|
| Government subsidies included in the current profits and losses (except those closely related to the Company's normal operations, conforming to the state policies and regulations and enjoyed persistently in line with certain standard ratings or rations) | 4,475,465.94 | Government subsidies |
| Except for the effective hedging activities related to the Company's ordinary activities, profit or loss arising from changes in fair value from holding 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 | 3,220,569.71 | Wealth management income |
| Other non-operating revenue and expenses other than the above | 297,499.01 | Mainly due to the early surrender of lease and payment of liquidated damages for house leasing |
| Less: effect on income tax | 1,998,431.62 | |
| Effect on minority equity (after-tax) | -494,178.96 | |
| Total | 6,489,282.00 | |

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 profit or loss 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 profit or loss

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 profit or loss during the reporting period.

Section III Management Discussion and Analysis

I. Main Business of the Company during the Reporting Period

I. The main businesses of the Company during the reporting period are jewelry service business and commercial operation and management.

1. Jewelry service business: Shenzhen Jewelry Company carried out its business steadily and orderly in H1 this year. It proactively expanded into new categories and services while hosting a total of 9 exhibitions. The cumulative value of import and export goods reached RMB 1,167 million, indicating a YoY growth of 240%. The domestic sales revenue amounted to RMB 75.89 million, reflecting a YoY increase of 35.3%. Guorun Gold's main businesses include investment gold bar sales, gold recovery, gold purification/exchange services, etc. During the reporting period, it continued to carry out business innovation, including using intelligent recycling machines to expand its C-end recycling business, online and offline sales of investment products, and building the cooperative exhibition hall and shared exhibition hall for gold ornaments to broaden the content of third-party services, and it is planned to gradually integrate resources from all parties to jointly build a sound industrial ecology. The comprehensive trade platform with establishment led by the Company is one of the five major trading platforms in Shenzhen. The Company held special promotion conferences held in Hangzhou and Nanjing respectively for its nationwide promotion, effectively promoting cooperation with clients in the relevant regions and further enhancing the Company's industry influence. During the reporting period, the Company actively carried out operation management improvement planning for industrial digitalization and was committed to empowering its business development and efficiency improvement through digital transformation for improving quality, reducing costs, and increasing efficiency.

2. Commercial operation and management: The agglomeration effect of Tellus-Gmond Industrial Park and its attraction to merchants at other locations in the Shuibei area have gradually increased. Additionally, customer traffic in shopping malls in the industrial park has significantly increased compared with last year. The Tellus Jewelry Building vigorously promotes the adjustment and value enhancement of the commercial layout of the podium building and increases the external influence of the industrial park by planning the lottery for island freezers in the underground area and bidding for shops. At present, Tellus Jinzuan Building is preparing for its opening in an orderly manner. The effect of the investment promotion efforts exceeds expectations and well-known domestic jewelry enterprises have been introduced to preliminarily build the podium building into a professional jewelry market.

(II) Description of main business models of the jewelry business

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 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, and safe deposit box leasing. The sales revenue composition of the jewelry business in H1 2023 is as follows:

| Sales mode | Amount of operating revenue (RMB 10,000) | Operating cost amount (RMB 10,000) | Gross margin in H1 2023 |
|----------------|---|---------------------------------------|-------------------------|
| Wholesale | 52,769.88 | 51,462.11 | 2.48% |
| Other services | 967.17 | 590.02 | 39.00% |
| Total | 53,737.05 | 52,052.13 | 3.14% |

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 H1 2023 is as follows:

| Production mode | Amount (RMB 10,000) | Proportion |
|----------------------|---------------------|------------|
| Consigned processing | 53,212.12 | 100.00% |
| Total | 53,212.12 | 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 procurement model in H1 2023 is as follows:

| Procurement mode | Raw materials | Procurement quantity (kg, ct) | Procurement amount (RMB 10,000) |
|----------------------|---------------|----------------------------------|------------------------------------|
| Spot trading | Gold | 1,861.40KG | 52,676.95 |
| Spot trading | Diamonds | 469.89CT | 934.56 |
| Gold rental business | Gold | 66.00KG | 2,634.75 |
| Total | | | 56,246.26 |

4. Operation of physical stores during the reporting period

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

5. Online sales during the reporting period

During the reporting period, the Company has not carried out online sales.

6. Inventory of jewelry business during the reporting period

As of June 30, 2023, the inventory balance of the Company's jewelry business was RMB 41,513,394.65, of which the amount measured at fair value was RMB 41,506,358.65, corresponding to hedged items with commodity futures contracts and T+D contracts as hedging instruments and the value of gold leased from China Everbright Bank.

II. Analysis of Core Competitiveness

1. Deepening of industrial distribution, continuously enhancing third-party comprehensive jewelry service capabilities

Relying on the physical platform resources in the Shuibei area known for its jewelry industry cluster, the Company has given 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 and focused on building five centers: bonded commodity exhibition center, bonded processing and manufacturing center, bonded R&D and design center, bonded commodity appraisal center, and bonded financial service center, creating a comprehensive bonded service platform integrating warehousing, logistics, insurance, import and export agency, settlement, and other supporting services to provide customers with convenient and efficient cross-border

bonded exhibitions and comprehensive trading services. The Shenzhen Jewelry Project was established and operated with the approval of the government and customs, which has strong credibility. On December 23, 2022, the platform was approved to be upgraded and listed as "Shenzhen International Jewelry and Jade Comprehensive Trade Platform". In 2021, Shanghai Fanyue was set up, achieving a closed loop from bonded exhibitions to general trade import of diamonds. In 2022, Guorun Gold was set up to build a comprehensive service platform for gold circulation, further consolidating the overall layout of the jewelry industry and gradually establishing the Company's competitive advantages.

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

The Company is 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, with a high occupancy rate. The construction of the Tellus Jinzuan Trading Building is promoted according to the working plan and is planned to be officially opened in 2023. At the same time, the Company plans 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 holds 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 revenue 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. From the perspective of management promotion and operation, the Company has 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.

III. Analysis of Main Business

Overview

See "I. Main Business of the Company during the Reporting Period" for relevant contents.

YoY changes in main financial data

Unit: RMB

| | Reporting period | Same period of the previous year | Year-on-year increase/decrease | Reason of change |
|-------------------------|------------------|----------------------------------|--------------------------------|---|
| Operating revenue | 704,836,410.94 | 250,015,152.23 | 181.92% | Increase in gold business during the reporting period |
| Operating cost | 608,604,638.40 | 188,344,177.55 | 223.13% | Increasing with the introduction of the gold business |
| Selling expenses | 11,963,099.01 | 10,947,318.15 | 9.28% | |
| Administrative expenses | 28,817,829.38 | 19,832,917.21 | 45.30% | Mainly due to the increase in management costs as a result of the increase in |

| | | | | |
|---|-----------------|----------------|----------|--|
| | | | | the gold business compared with the same period last year during the reporting period; Secondly, due to the transformation of the Tellus Jinzuan Building into fixed assets, with the subsequent portion of the expenditure being charged to administrative expenses |
| Financial expenses | 1,391,732.79 | -2,701,556.39 | 151.52% | Mainly due to the increase in the interest expenditures on gold financing and the expensed interest expenditures after the transformation of the Tellus Jinzuan Building into fixed assets |
| Income tax expenses | 12,466,659.92 | 10,808,747.89 | 15.34% | |
| Net cash flow from operating activities | -10,241,941.90 | -11,318,295.41 | 9.51% | |
| Net cash flow from investing activities | -272,561,687.30 | -29,463,885.19 | -825.07% | Mainly due to the fact that the purchased bank financial products have not yet expired |
| Net cash flows from financing activities | 152,917,899.92 | 18,016,923.17 | 748.75% | Mainly due to new loans from Guorun Gold |
| Net increase in cash and cash equivalents | -129,885,729.28 | -22,764,976.83 | -470.55% | Mainly due to the year-on-year decrease in the redemption of wealth management products during the reporting period |

Significant changes in the Company's profit composition or source during the reporting period

Applicable Not applicable

There are no significant changes in the Company's profit composition or source during the reporting period.

Operating revenue composition

Unit: RMB

| | Reporting period | | Same period of the previous year | | Year-on-year increase/decrease |
|---------------------------------|------------------|---------------------------------|----------------------------------|---------------------------------|--------------------------------|
| | Amount | Proportion in operating revenue | Amount | Proportion in operating revenue | |
| Total operating revenue | 704,836,410.94 | 100% | 250,015,152.23 | 100% | 181.92% |
| By segment | | | | | |
| Wholesale and retail of jewelry | 536,696,671.25 | 76.14% | 48,246,045.45 | 19.30% | 1,012.42% |
| Property lease and | 115,235,431.84 | 16.35% | 89,143,718.75 | 35.66% | 29.27% |

| | | | | | |
|---|----------------|---------|----------------|---------|-----------|
| service | | | | | |
| Automobile sales | 41,890,016.34 | 5.94% | 90,748,050.16 | 36.30% | -53.84% |
| Automobile inspection and maintenance and spare parts sales | 11,014,291.51 | 1.56% | 21,877,337.87 | 8.75% | -49.65% |
| 分产品 | | | | | |
| Wholesale and retail of jewelry | 536,696,671.25 | 76.14% | 48,246,045.45 | 19.30% | 1,012.42% |
| Property lease and service | 115,235,431.84 | 16.35% | 89,143,718.75 | 35.66% | 29.27% |
| Automobile sales | 41,890,016.34 | 5.94% | 90,748,050.16 | 36.30% | -53.84% |
| Automobile inspection and maintenance and spare parts sales | 11,014,291.51 | 1.56% | 21,877,337.87 | 8.75% | -49.65% |
| By region | | | | | |
| Shenzhen | 704,836,410.94 | 100.00% | 250,015,152.23 | 100.00% | 181.92% |

Industries, products or regions with operating revenues or operating profits 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 | | | | | | |
| Wholesale and retail of jewelry | 536,696,671.25 | 521,308,410.69 | 2.87% | 1,012.42% | 907.59% | 10.11% |
| Property lease and service | 115,235,431.84 | 38,610,978.43 | 66.49% | 29.27% | 30.08% | -0.21% |
| Automobile sales | 41,890,016.34 | 38,325,556.22 | 8.51% | -53.84% | -56.94% | 6.59% |
| Automobile inspection and maintenance and spare parts sales | 11,014,291.51 | 10,359,693.06 | 5.94% | -49.65% | -42.17% | -12.18% |
| By product | | | | | | |
| Wholesale and retail of jewelry | 536,696,671.25 | 521,308,410.69 | 2.87% | 1,012.42% | 907.59% | 10.11% |
| Property lease and service | 115,235,431.84 | 38,610,978.43 | 66.49% | 29.27% | 30.08% | -0.21% |
| Automobile sales | 41,890,016.34 | 38,325,556.22 | 8.51% | -53.84% | -56.94% | 6.59% |
| Automobile inspection and maintenance and spare parts sales | 11,014,291.51 | 10,359,693.06 | 5.94% | -49.65% | -42.17% | -12.18% |
| By region | | | | | | |
| Shenzhen | 704,836,410.94 | 608,604,638.40 | 13.65% | 181.92% | 223.13% | -11.01% |

The main business data adjusted at the end of the reporting period will be taken for the recent one period if the Company's statistical caliber of main business data is adjusted during the reporting period

Applicable Not applicable

IV. Analysis of Non-main Business

Applicable Not applicable

Unit: RMB

| | Amount | Proportion to total profits | Reasons | Sustainable or not |
|--|---------------|-----------------------------|--|--------------------|
| Investment income | 8,923,017.80 | 15.50% | Wealth management income and investment income by the recognition of the equity method of shareholding enterprises | Yes |
| Profits or losses from changes in fair value | -5,265,810.16 | -9.15% | Changes in fair value of unexpired wealth management products and gold leasing business | No |
| Impairment of assets | -3,700.50 | -0.01% | Provision for impairment loss on inventory | No |
| Non-operating revenue | 417,182.13 | 0.72% | Gains from damage and scrapping of non-current assets, and gains from unpayable payments | No |
| Non-operating expenses | 119,683.12 | 0.21% | Non-current assets retirement losses and liquidated damages expenses | No |

V. Analysis of Assets and Liabilities

1. Major changes in asset composition

Unit: RMB

| | End of the reporting period | | As of the end of the previous year | | Proportion increase/decrease | Explanation on major changes |
|-----------------------------|-----------------------------|----------------------------|------------------------------------|----------------------------|------------------------------|------------------------------|
| | Amount | Proportion to total assets | Amount | Proportion to total assets | | |
| Cash at bank and on hand | 272,420,241.88 | 10.84% | 413,028,327.36 | 18.50% | -7.66% | |
| Accounts receivable | 182,214,051.47 | 7.25% | 41,752,179.56 | 1.87% | 5.38% | |
| Contract asset | | 0.00% | 0.00 | 0.00% | 0.00% | |
| Inventories | 41,770,590.06 | 1.66% | 116,069,675.39 | 5.20% | -3.54% | |
| Investment properties | 1,031,138,405.32 | 41.03% | 516,360,139.45 | 23.13% | 17.90% | |
| Long-term equity investment | 69,035,977.23 | 2.75% | 81,024,365.94 | 3.63% | -0.88% | |
| Fixed assets | 84,382,315.00 | 3.36% | 102,689,546.42 | 4.60% | -1.24% | |
| Projects under construction | 6,860,682.96 | 0.27% | 409,933,559.27 | 18.37% | -18.10% | |
| Right-of-use assets | 74,582,096.36 | 2.97% | 4,181,242.86 | 0.19% | 2.78% | |
| Short-term | 170,000,000.00 | 6.76% | 20,000,000.00 | 0.90% | 5.86% | |

| | | | | | | |
|----------------------|----------------|-------|----------------|-------|-------|--|
| borrowings | | | | | | |
| Contract liabilities | 37,702,112.40 | 1.50% | 9,259,658.43 | 0.41% | 1.09% | |
| Long-term borrowings | 168,005,447.69 | 6.69% | 144,820,511.42 | 6.49% | 0.20% | |
| Lease liabilities | 73,155,478.11 | 2.91% | 2,926,184.93 | 0.13% | 2.78% | |

2. Primary foreign assets

Applicable Not applicable

3. Assets and liabilities at fair value

Applicable Not applicable

Unit: RMB

| 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) | 176,133,569.95 | -2,783,204.51 | 0.00 | 0.00 | 320,000,000.00 | 200,000,000.00 | | 293,350,365.44 |
| 2. Derivative financial assets | 0.00 | 1,760.00 | 0.00 | | | | | 1,760.00 |
| 4. Other equity instrument investments | 10,176,617.20 | | | | | | 19,224,692.65 | 29,401,309.85 |
| Sub-total of financial assets | 186,310,187.15 | -2,781,444.51 | 0.00 | 0.00 | 320,000,000.00 | 200,000,000.00 | 19,224,692.65 | 322,753,435.29 |
| Hedged item | 79,191,876.11 | -19,895.65 | | | 370,719,256.67 | 449,058,493.52 | | 898,501.98 |
| Total of the above | 265,502,063.26 | -2,801,340.16 | 0.00 | 0.00 | 690,719,256.67 | 649,058,493.52 | 19,224,692.65 | 323,651,937.27 |
| Financial liabilities | 19,062,044.91 | -2,464,470.00 | | | 8,662,500.00 | | | 30,104,994.27 |

Other changes

Shenzhen SDG Huari Automobile Enterprise Co., Ltd. has entered the stage of compulsory liquidation. The Company has lost control over it and has transferred its investment into financial assets.

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

Yes No

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

Unit: RMB

| Item | Book value on June 30, 2023 | Reasons for restriction |
|--------------------------|-----------------------------|-----------------------------------|
| Cash at bank and on hand | 10,899,141.80 | See the description in this table |
| Intangible assets | 44,960,423.01 | Bank borrowing mortgage |
| Total | 55,859,564.81 | - |

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 233,485.80 is the futures option account deposit. In addition, there are 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.

VI. 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 |
|--|--|--------------|
| 81,253,722.19 | 50,926,786.82 | 59.55% |

2. Significant equity investment acquired in the reporting period

Applicable Not applicable

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) Investment in derivatives

☑Applicable ☐ Not applicable

1) Investment in derivatives for hedging purposes during the reporting period

☑Applicable ☐ Not applicable

Unit: RMB 10,000

| Type of investment in derivatives | Initial investment amount | Gains or losses from changes in fair value | Cumulative change in fair value included in equity | Buying amount during the reporting period | Selling amount during the reporting period | Ending amount | Proportion of the ending investment amount to the ending net assets of the Company |
|--|---|--|--|---|--|---------------|--|
| Futures (via account at Everbright Futures) | 38.2 | 0.18 | 0 | 4,410.92 | 4,954.37 | 23.35 | 0.01% |
| Futures (via account at Ping An Futures) | 77.6 | 0 | 0 | 198.55 | 549.21 | 0 | 0.00% |
| Total | 115.8 | 0.18 | 0 | 4,609.47 | 5,503.58 | 23.35 | 0.01% |
| Accounting policies and specific principles of accounting for hedging transactions during the reporting period and whether there is any significant change in them compared to the previous reporting period | No | | | | | | |
| Actual gains and loss during the reporting period | Due to the rise in gold price, the actual loss of futures account hedging was RMB 2,556,800 during the reporting period. | | | | | | |
| Hedge effectiveness | Measurement method of hedge effectiveness: hedge effectiveness = change in price of hedging futures position /change in the price of hedged spot position. A value closer to 100% indicates a higher level of hedge effectiveness. According to the Accounting Standards for Business Enterprises of China promulgated in 2006, a hedge is considered highly effective when its effectiveness ranges from 80% to 125%. The Company sustained a loss of RMB 2.55 million due to futures price fluctuations, which was offset by a gain of RMB 2.57 million resulting from a rise in the spot price during the reporting period. The hedge effectiveness was above 99%, which demonstrates that the Company's hedge was highly effective. | | | | | | |
| Source of funds for investment in | Own funds | | | | | | |

| | |
|--|---|
| derivatives | |
| Risk analysis and control measures for positions in derivatives during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, and legal risk) | The Company's hedging transactions follow the following basic principles: The value change and contract quantity of the futures products are approximately equivalent to the spot positions; the futures positions are taken in the opposite direction of the spot positions; and the holding period of the futures positions matches the risk exposure period in the spot market. The main risks of positions in gold futures include basis risk, forced liquidation risk, and operational error risk. To manage basis risk, the Company utilizes leased gold as inventory when the basis is narrowed, and builds less or no self-owned inventory. For forced liquidation risk, the Company establishes risk early warnings and advance funding plans to maintain sufficient margins if gold prices fluctuate violently. In case of forced liquidation emergencies, Management is notified immediately, and hedging positions are replenished in a timely manner. To control operational error risk, the Company implements a trader training program, ensures trading and reviews adhere to system and workflow requirements, and requires daily reporting. The Company has established a scientific and effective hedging management system, which is implemented through four key aspects: organizational structure design, planning systems, management and evaluation procedures, and dynamic risk monitoring.. |
| Changes in market price or product fair value during the reporting period of invested derivatives (the analysis of the fair value of derivatives should disclose the specific valuation methodologies utilized and the related assumptions and parameter inputs) | During the reporting period, the fair value change of the futures contracts held for hedging purposes was RMB 1,800. The Company determined the fair value using the closing price on June 30, 2023 of the futures contracts held on the Shanghai Gold Exchange, with the floating gain and loss representing the change in fair value. |
| Involvement in litigation (if applicable) | N/A. |
| Special opinions of independent directors on investment in derivatives and risk control of the Company | <ol style="list-style-type: none"> 1. The Company utilizes its own funds to establish gold stock and uses instruments such as gold futures to hedge the Company's own gold stock. The Company utilizes its own funds to engage in hedging transactions while ensuring normal production and operations. This hedging strategy allows the Company to lock in expected profits on products, control operational risks, and improve resilience against market fluctuations, without damaging the interests of the Company and all shareholders. 2. The Company has established robust governance for its hedging transactions during the reporting period, including organizational structure, business operation processes, approval procedures, and Hedging Transaction Management Guidelines. 3. The approval procedures followed by the Company to utilize its own funds for hedging transactions comply with relevant national laws, regulations, and the Company's Articles of Association. |

2) Investment in derivatives for speculative purposes during the reporting period

Applicable Not applicable

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

5. Usage of raised funds

Applicable Not applicable

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

VII. 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

VIII. 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 | Property lease | RMB 58.96 million | 272,373,401.17 | 226,659,209.87 | 17,559,481.99 | 13,001,845.80 | 10,355,120.22 |
| Shenzhen Zhongtian Industry Co., Ltd. | Subsidiary | Property lease | RMB 366.2219 million | 630,522,286.17 | 486,520,504.50 | 56,271,928.30 | 32,800,482.62 | 24,967,176.90 |
| Shenzhen Huari Toyota Sales & Service Co., Ltd. | Subsidiary | Automobile sales | RMB 2 million | 35,929,794.62 | 11,503,618.31 | 52,130,699.28 | 1,150,338.09 | 551,789.40 |
| Shenzhen Xinyongtong Motor Vehicle Inspection Equipment Co., Ltd. | Subsidiary | Property lease | RMB 9.61 million | 9,917,007.25 | 4,226,869.84 | 3,541,502.48 | 1,843,838.36 | 1,749,540.15 |
| Shenzhen Tellus Xinyongtong Automobile Development Co., Ltd. | Subsidiary | Property lease | RMB 32.9 million | 100,665,136.60 | 81,213,393.19 | 5,908,138.33 | 4,571,598.90 | 3,428,699.17 |
| Shenzhen Tellus | Subsidiary | Property lease | RMB 14 million | 20,779,637.82 | 19,589,391.90 | 4,516,886.30 | 2,090,302.26 | 2,090,302.27 |

| | | | | | | | | |
|--|------------|--|----------------------|----------------|----------------|----------------|---------------|-------------------------|
| Chuangying Technology Co., Ltd. | | | | | | | | |
| 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 | 69,289,324.18 | 44,706,277.91 | 1,488,251.63 | 1,389,765.99 | - - 1,389,765.99 |
| Shenzhen Jewelry Industry Service Co., Ltd. | Subsidiary | Jewelry fair planning, jewelry consignment, exhibition planning, conference services, marketing planning | RMB 100 million | 59,011,438.92 | 31,381,947.51 | 7,623,229.61 | 281,397.10 | 281,397.10 |
| Guorun Gold Shenzhen Co., Ltd. | Subsidiary | Sales of gold bar for investment, gold recycling, gold purification /exchange services | RMB 200 million | 405,692,363.60 | 198,648,260.22 | 520,277,948.63 | 740,865.07 | - - 792,883.11 |
| Shenzhen Renfu Tellus Automobiles Service Co., Ltd. | Subsidiary | Automobile sales and maintenance | RMB 30 million | 158,387,794.94 | 41,936,395.97 | 529,459,351.87 | 15,787,654.04 | - - 14,291,457.36 |
| Shenzhen Tellus-Gmond Investment Co., Ltd. | Subsidiary | Investment in industrial, property management and leasing | RMB 53.70496 million | 375,842,885.70 | 81,056,767.28 | 54,145,037.15 | 22,398,380.87 | 16,769,327.00 |

Acquisition and disposal of subsidiaries during the reporting period

 Applicable Not applicable

Description of main holding and joint-stock companies

IX. Structured Entities Controlled by the Company

Applicable Not applicable

X. Risks Faced by the Company and Countermeasures

(1) Risk 1: risks caused by market fluctuations

Affected by the international situation and other factors, the domestic economic growth slows down, the pressure on industrial restructuring increases, and the overall economic environment has 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, strengthen a diligent and hard-working style of work, and enhance cohesion and execution to ensure the stability of enterprise transformation.

Section IV Corporate Governance

I. Annual General Meeting of Shareholders and Extraordinary General Meetings of Shareholders 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 | Meeting resolution |
|---|---|------------------------------------|-------------------|-------------------|---|
| 2022 Annual General Meeting of Shareholders | Annual General Meeting of Shareholders | 55.92% | May 18, 2023 | May 19, 2023 | For details, please refer to the <i>Announcement on Resolutions of 2022 Annual General Meeting of Shareholders</i> (Announcement No.: 2023-025) of Securities Times and CNINFO (www.cninfo.com.cn). |
| The First Extraordinary General Meeting of Shareholders in 2023 | Extraordinary General Meeting of Shareholders | 56.30% | February 21, 2023 | February 22, 2023 | For details, please refer to the <i>Announcement on Resolutions of the First Extraordinary General Meeting of Shareholders in 2023</i> (Announcement No.: 2023-009) of Securities Times and CNINFO (www.cninfo.com.cn). |

2. Preferred shareholders with resumed voting rights request to convene an Extraordinary General Meeting of Shareholders

Applicable Not applicable

II. Change in the Directors, the Supervisors and the Senior Executives of the Company

Applicable Not applicable

| Name | Position | Type | Date | Reason |
|--------------|------------|----------|----------------|--|
| Zhang Baojun | Supervisor | Resigned | April 20, 2023 | Resign from the position due to work arrangements. |
| Zeng Xingyu | Supervisor | Resigned | April 20, 2023 | Resign from the position due to work arrangements. |
| Dai Zhiwei | Supervisor | Elected | May 18, 2023 | He was elected as a supervisor of the 10th Board of Supervisors at the 7th Meeting of the 10th Board of Supervisors and the 2022 Annual General Meeting of Shareholders. |
| Ye Cao | Supervisor | Elected | May 18, 2023 | He was elected as a supervisor of the 10th Board of Supervisors at the 7th Meeting of the 10th Board of Supervisors and the 2022 Annual General Meeting of Shareholders. |

III. Profit Distribution and Capital Reserves Converted to Share Capital in the Reporting Period

Applicable Not applicable

The Company plans to not distribute cash dividends, issue bonus shares, or transfer share capital from capital reserve in the half year.

IV. 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.

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 |
|-------------------------------|-----------------------|------------|---------|--|---------------------------------------|
| None | None | None | None | None | None |

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 failure to disclose other environmental information

Reasons for failure to disclose 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 has always taken repaying shareholders, achieving employees, and giving back to society as its own responsibility. Adhering to the principle of fairness, the Company actively safeguards the legitimate rights and interests of shareholders. It advocates the realization of self-value while achieving enterprise value, creating a corporate atmosphere that cares for employees, fosters their love for the Company, and promotes harmonious mutual development. Firstly, the Party Committee of Tellus Holding actively responded to the arrangements and deployments of the superior party organization in implementing the national rural revitalization plan. In 2021, one outstanding party member was selected and sent to Shangyan Village, Chengtian Town, Shantou City for a period of two years, providing assistance to the rural revitalization work. Secondly, the registered members of Tellus Holding's volunteer service team totaled 180 people, and the total duration of volunteer activities reached 5,800 hours. During the reporting period, four volunteer activities were organized with the participation of 85 volunteers.

Section VI Important Matters

I. Commitments that have been fulfilled by the actual controllers, shareholders, related parties, purchasers and other relevant parties of the Company during the reporting period and have not yet been fulfilled as of the end of the reporting period

Applicable Not applicable

| Commitment cause | Committed party | Commitment type | Commitment content | Commitment time | Commitment period | Performance |
|--|---------------------------------------|---|--|-------------------|---|----------------|
| Commitment made in acquisition report or report of equity change | Shenzhen Investment Holding Co., Ltd. | Ensure the independence of listed companies | <p>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.</p> <p>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> | 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 Holding Co., Ltd. | Avoid horizontal competition | <p>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 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 indirect controlling shareholder of Tellus and during Tellus's 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 minority shareholders;</p> <p>4. The Company promises not to assist any 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> | December 30, 2022 | During the period of being the indirect controlling shareholder of Tellus Holding, a listed company | In performance |

| | | | | | | |
|--|---------------------------------------|---|--|-------------------|---|----------------|
| | | | 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. | | | |
| Commitment made in acquisition report or report of equity change | Shenzhen Investment Holding Co., Ltd. | Reduce and standardize related party transactions | <p>1. The Company and the companies, enterprises and economic organizations controlled or actually controlled by the Company (excluding enterprises controlled by listed companies, 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 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.</p> <p>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> | December 30, 2022 | During the period of being the indirect controlling shareholder of Tellus Holding, a listed company | In performance |
| Commitment made | Shenzhen Tellus Holding | Others | In the future, the Company will disclose relevant information regarding the progress of its new businesses in a timely, accurate and | October 17, 2014 | Long term | In performance |

| | | | | | | |
|---|--|------------------------|--|----------------|-------------------|----------------|
| during the initial public offering or refinancing | Co., Ltd. | | sufficient manner in accordance with relevant requirements. | | | |
| Other commitments made for minority shareholders of the Company | Shenzhen Special Economic Zone Development Group Co., Ltd. | Horizontal competition | <p>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 commitments are as follows:</p> <p>1. The Company and other enterprises controlled by the Company other than Tellus Holding are not engaged in businesses that are in substantial 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 the Company 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 the Company 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> | May 26, 2014 | Long term | In performance |
| Other commitments made for minority shareholders of the Company | Shenzhen Tellus Holding Co., Ltd. | Dividend commitment | <p>From 2023 to 2025, 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 Shareholder Return Plan for the Next Three Years (2023-2025) disclosed on www.cninfo.com.cn on April 27, 2023.</p> | April 27, 2023 | December 31, 2025 | In performance |
| Whether the commitments are duly performed | Yes | | | | | |
| If the commitment is not fulfilled after the time limit, | N/A | | | | | |

| | |
|---|--|
| the specific reasons for the failure of fulfillment and the next work plan shall be specified | |
|---|--|

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

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. Employment and Dismissal of Accounting Firms

Whether the Semi-Annual Financial Report has been audited

Yes No

The Semi-Annual Report of the Company is unaudited.

V. Description of the Board of Directors and the Board of Supervisors on the "Non-Standard Auditor's Report" Issued by the Accounting Firm during the Reporting Period

Applicable Not applicable

VI. Description of the Board of Directors on the "Non-Standard Auditor's Report" of the Previous Year

Applicable Not applicable

VII. Matters Relating to Bankruptcy Reorganization

Applicable Not applicable

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

VIII. Lawsuit Proceedings

Major litigation and arbitration matters

Applicable Not applicable

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

Other lawsuit proceedings

Applicable Not applicable

| Basic information of litigation (arbitration) | Amount involved (RMB 10,000) | Estimated accrual of liabilities | Progress of litigation (arbitration) | Litigation (arbitration) trial results and impacts | Execution of litigation (arbitration) judgment | Disclosure date | Disclosure index |
|--|------------------------------|----------------------------------|--|--|--|-----------------|--|
| Land Lease Contract Dispute (Automobile Industry and Trade Company v. Shenzhen Dongfeng Company) | 1,403.76 | No | The first instance was held on March 15, 2023, but the first instance judgment has not yet been received | Pending | None | | |
| Shareholder Qualification Confirmation Dispute | 19.84 | No | Closed | The appeal after judgment of the second instance is dismissed and the original judgment is affirmed. | - | July 7, 2023 | <i>Announcement on the Progress of Lawsuit Proceedings of Holding Subsidiaries (Announcement No.: 2023-030) of Securities Times and CNINFO (www.cninfo.com.cn)</i> |

IX. Punishment and Rectification

 Applicable Not applicable

X. Integrity Situation of the Company and its Controlling Shareholder and Actual Controllers

 Applicable Not applicable

XI. Major Related Party Transactions

1. Related party transactions concerning daily operations

 Applicable Not applicable

| Related transaction 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 (RMB 10,000) | Amount of related party transaction (RMB 10,000) | Proportion to transaction amount of the same kind | Approved transaction amount (RMB 10,000) | Whether exceeding the approved limit | Settlement methods of related party transaction | Market price of available similar transaction (RMB 10,000) | Disclosure date | Disclosure index |
|-----------------------------|---------------------------------|------------------------------------|--------------------------------------|--|---|--|---|--|--------------------------------------|---|--|-----------------|------------------|
|-----------------------------|---------------------------------|------------------------------------|--------------------------------------|--|---|--|---|--|--------------------------------------|---|--|-----------------|------------------|

| | | | | | | | | | | | 0) | | |
|--|---|----------------------------------|--|---------------------------|--------|--------|-------|-----|----|---|--------|----------------|--|
| Shenzhen Renfu Tellus Automobiles Service Co., Ltd. | A Director of the Company concurrently serves as its Director | Daily related party transactions | Provide property leasing services | Refer to the market price | 272.50 | 272.5 | 2.36% | 545 | No | According to the contract amount or agreement | 272.50 | April 27, 2023 | Announcement on Daily Related Party Transactions in 2023 (Announcement No.: 2023-018) of Securities Times and CNINFO (www.cninfo.com.cn) |
| Shenzhen SDG Tellus Property Management Co., Ltd. | Subsidiary of controlling shareholder | Daily related party transactions | Provide property leasing services | Refer to the market price | 6.90 | 6.9 | 0.06% | 21 | No | According to the contract amount or agreement | 6.90 | | |
| Shenzhen SDG Microfinance Co., Ltd. | Subsidiary of controlling shareholder | Daily related party transactions | Provide property leasing and management services | Refer to the market price | 63.47 | 63.47 | 0.55% | 150 | No | According to the contract amount or agreement | 63.47 | | |
| Shenzhen SDG Service Co., Ltd. and its branches | Subsidiary of controlling shareholder | Daily related party transactions | Provide property leasing services | Refer to the market price | 120.87 | 120.87 | 1.05% | 510 | No | According to the contract amount or agreement | 120.87 | | |
| Shenzhen Special Economic Zone Development Group Co., Ltd. | Controlling shareholder | Daily related party transactions | Provide vehicle maintenance and testing services | Refer to the market price | 0.82 | 0.82 | 0.08% | 3 | No | According to the contract amount or agreement | 0.82 | | |
| Shenz | Subsid | Daily | Prov | Refer | 0.13 | 0.13 | 0.01% | 2 | No | Accor | 0.13 | | |

| | | | | | | | | | | | | | |
|--|---------------------------------------|----------------------------------|--|---------------------------|--------|----------|---------|-------|----|---|--------|----|----|
| Shenzhen SDG Tellus Property Management Co., Ltd. | Subsidiary of controlling shareholder | related party transactions | vehicle maintenance and testing services | to the market price | | | | | | According to the contract amount or agreement | | | |
| Shenzhen SDG Engineering Management Co., Ltd. | Subsidiary of controlling shareholder | Daily related party transactions | Accept engineering supervision services | Refer to the market price | 68.98 | 68.98 | 100.00% | 200 | No | According to the contract amount or agreement | 68.98 | | |
| Shenzhen SDG Service Co., Ltd. and its branches | Subsidiary of controlling shareholder | Daily related party transactions | Accept property management services | Refer to the market price | 698.37 | 698.37 | 73.87% | 1,816 | No | According to the contract amount or agreement | 698.37 | | |
| Shenzhen SDG Tellus Property Management Co., Ltd. | Subsidiary of controlling shareholder | Daily related party transactions | Accept property management services | Refer to the market price | 188.42 | 188.42 | 19.93% | 340 | No | According to the contract amount or agreement | 188.42 | | |
| Total | | | | -- | -- | 1,420.46 | -- | 3,587 | -- | -- | -- | -- | -- |
| Details of large sales return | | | | None | | | | | | | | | |
| The actual performance during the reporting period (if any) if the total amount of daily related party transactions occurring in the current period is estimated by category | | | | Normal performance | | | | | | | | | |
| 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 from 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. Transaction related to credit and debt

Applicable Not applicable

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

Yes No

During the reporting period, the Company has no transactions 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 party transactions.

XII. 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) Leasing

Applicable Not applicable

During the reporting period, the Company has no leasing.

2. Significant guarantees

Applicable Not applicable

Unit: RMB 10,000

| External guarantees of the Company and its subsidiaries (excluding the guarantees to subsidiaries) | | | | | | | | | | |
|--|--|------------------|---------------------------|--|-------------------|---------------------|----------------------------|---|-------------------------|---|
| Name of guaranteed party | 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 fulfilled | Whether it is provided to related parties |
| Shenzhen Renfu Tellus Automobiles Service Co., Ltd. | September 30, 2014 | 3,500 | March 15, 2022 | 1,277.5 | Pledge | No | No | Until the expiry date of the Joint Venture Contract | No | Yes |
| Total external guarantee amount approved in the reporting period (A1) | | 0 | | Total actual external guarantee amount in the reporting period (A2) | | 1,277.5 | | | | |
| Total external guarantee amount approved at the end of the reporting period (A3) | | 3,500 | | Total external guarantee balance at the end of reporting period (A4) | | 3,500 | | | | |
| Guarantee to subsidiaries | | | | | | | | | | |
| Name of guaranteed party | 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 fulfilled | Whether it is provided to related parties |
| Guarantee between subsidiaries | | | | | | | | | | |
| Name of guaranteed party | 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 fulfilled | Whether it is provided to related parties |
| 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) | | 1,277.5 | | | | |

| | | | |
|--|-------|--|-------|
| 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 | 2.28% | | |
| Where: | | | |
| The balance of guarantees provided for the shareholder, actual controller, and related parties (D) | 0 | | |
| The balance of debt guarantees provided directly or indirectly for guaranteed parties with an asset-liability ratio of more than 70% (E) | 0 | | |
| The portion of total guarantee amount which exceeds 50% of the net assets (F) | 0 | | |
| Total of above three guarantee amounts (D+E+F) | 0 | | |
| For guarantee contracts that remained unexpired, disclose whether any guarantee obligations were incurred or whether there was evidence indicating the possible assumption of joint and several repayment obligations during the reporting period (if any) | None | | |
| External guarantees provided in violation of prescribed procedures (if any) | None | | |

Specific composite guarantees

3. Entrusted financial management

Applicable Not applicable

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 | Own funds | 59,000 | 43,000 | 0 | 0 |
| Total | | 59,000 | 43,000 | 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

4. Other major contracts

Applicable Not applicable

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

XIII. Clarification on Other Major Matters

Applicable Not applicable

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

XIV. Major Matters of the Company's Subsidiaries

Applicable Not applicable

1. 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. At present, all work is being carried out according to 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.

2. Since the business premises of Huari Toyota were properties owned by SDG Huari, after a long period of exploration, Huari Toyota still faced the situation of having no business premises. Additionally, the economic benefits and strategic significance of Huari Toyota were not prominent enough. In view of this, the Company decided to dissolve Huari Toyota. For details, please refer to the Company's *Announcement on the Dissolution of a Holding Subsidiary* (Announcement No.: 2023-034) and other relevant contents.

Section VII Changes in Shares and Shareholders

I. Change in Shares

1. Changes in shares

Unit: share

| | Before the change | | Increase (+)/decrease (-) in this change | | | | | After the change | |
|---|-------------------|------------|--|--------------|---|--------|----------|------------------|------------|
| | Quantity | Proportion | Issuance of new shares | Bonus shares | Conversion of the reserve funds into shares | Others | Subtotal | Quantity | Proportion |
| 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 | 0 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |

| | | | | | | | | | |
|-------------------------------------|-------------|---------|---|---|---|---|---|-------------|---------|
| legal person shareholding | | | | | | | | | |
| 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

Progress in the implementation of share repurchase

Applicable Not applicable

Progress in the implementation of share repurchase reduction through centralized bidding

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 the 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**□ Applicable Not applicable**III. Number of shareholders of the Company and their shareholding conditions**

Unit: share

| Total number of ordinary shareholders as of the end of the reporting period | | 62,735 | | Total number of preferred shareholders (if any) resuming voting rights at the end of the reporting period (see Note 8) | | 0 | | |
|---|---------------------------------------|-------------------------|---|--|--|---|----------------------------------|----------|
| Ordinary shareholders holding more than 5% shares of the Company or ordinary shareholdings of the top 10 shareholders | | | | | | | | |
| Name of shareholder | Nature of shareholder | Shareholding proportion | Number of ordinary shares held at the end of the reporting period | Increase/decrease during the reporting period | Number of ordinary shareholdings with trading limited conditions | Number of ordinary shareholdings without trading limited conditions | Pledged, marked or frozen shares | |
| | | | | | | | Status of shares | Quantity |
| Shenzhen Special Economic Zone Development Group Co., Ltd. | State-owned legal person | 46.98% | 202,524,621.00 | -2,274,000.00 | 0 | 202,524,621.00 | | 0 |
| Shenzhen Capital Fortune Jewelry Industry Investment Enterprise (Limited Partnership) | Domestic non-state-owned legal person | 6.13% | 26,439,453.00 | -10,173,479.00 | 0 | 26,439,453.00 | | 0 |
| Li Xiaoming | Domestic natural person | 0.71% | 3,069,500.00 | 177,800.00 | 0 | 3,069,500.00 | | 0 |
| China Merchants Securities Co., Ltd. | State-owned legal person | 0.48% | 2,050,216.00 | 1,147,738.00 | 0 | 2,050,216.00 | | 0 |
| GUOTAIJUN ANSECURITIES (HONGKONG) LIMITED | Overseas legal person | 0.40% | 1,741,491.00 | 0 | 0 | 1,741,491.00 | | 0 |
| Industrial and | Others | 0.30% | 1,279,975.00 | 442,500.00 | 0 | 1,279,975.00 | | 0 |

| | | | | | | | | |
|--|--|-------|--------------|--------------|---|--------------|--|---|
| Commercial Bank of China Limited—Southern CSI All Index Real Estate ETF | | | | | | | | |
| Ningbo Meishan Bonded Port Area Lingding Investment Management Co., Ltd.—Lingding Wangyue No. 27 Private Securities Investment Fund | Others | 0.29% | 1,250,000.00 | 1,250,000.00 | 0 | 1,250,000.00 | | 0 |
| Shanghai V-Invest Co., Ltd.—V-Invest Cornerstone No. 15 Private Securities Investment Fund | Others | 0.23% | 1,000,000.00 | 1,000,000.00 | 0 | 1,000,000.00 | | 0 |
| Hong Kong Securities Clearing Company Limited | Overseas legal person | 0.17% | 748,865.00 | 748,865.00 | 0 | 748,865.00 | | 0 |
| Chen Yun | Domestic natural person | 0.15% | 636,617.00 | 236,607.00 | 0 | 636,617.00 | | 0 |
| Status of the strategic investor or general legal person becoming one of the top 10 ordinary shareholders due to equity offering (if any) (see Note 3) | None | | | | | | | |
| 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 <i>Measures for the Administration of the Takeover of Listed Companies</i> . It was unknown whether other shareholders of tradable shares were persons acting in concert. | | | | | | | |
| Description of the above-mentioned shareholders' involvement in entrusting/being entrusted with the right to vote and giving up the right. | N/A | | | | | | | |
| Special description of repurchase special account among the top 10 shareholders (if any) (see | None | | | | | | | |

| Note 11) | | | |
|---|---|--------------------------------|----------------|
| Shareholding of top 10 ordinary shareholders without trading limited conditions | | | |
| Name of shareholder | Number of shareholdings without trading limited conditions as of the end of the reporting period | Type | |
| | | Type | Quantity |
| Shenzhen Special Economic Zone Development Group Co., Ltd. | 202,524,621.00 | RMB ordinary shares | 202,524,621.00 |
| Shenzhen Capital Fortune Jewelry Industry Investment Enterprise (Limited Partnership) | 26,439,453.00 | RMB ordinary shares | 26,439,453.00 |
| Li Xiaoming | 3,069,500.00 | RMB ordinary shares | 3,069,500.00 |
| China Merchants Securities Co., Ltd. | 2,050,216.00 | RMB ordinary shares | 2,050,216.00 |
| GUOTAIJUNANSECURITIES (HONGKONG) LIMITED | 1,741,491.00 | Domestic listed foreign shares | 1,741,491.00 |
| Industrial and Commercial Bank of China Limited—Southern CSI All Index Real Estate ETF | 1,279,975.00 | RMB ordinary shares | 1,279,975.00 |
| Ningbo Meishan Bonded Port Area Lingding Investment Management Co., Ltd.—Lingding Wangyue No. 27 Private Securities Investment Fund | 1,250,000.00 | RMB ordinary shares | 1,250,000.00 |
| Shanghai V-Invest Co., Ltd.—V-Invest Cornerstone No. 15 Private Securities Investment Fund | 1,000,000.00 | RMB ordinary shares | 1,000,000.00 |
| Hong Kong Securities Clearing Company Limited | 748,865.00 | RMB ordinary shares | 748,865.00 |
| Chen Yun | 636,617.00 | RMB ordinary shares | 636,617.00 |
| Explanations of the related relationship or acting in concert among the top 10 ordinary shareholders without trading limited conditions, and between the top 10 ordinary shareholders without trading limited conditions and the top 10 ordinary 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 of participation of the top ten ordinary shareholders in securities margin trading (if any) (see Note 4) | <p>1. The controlling shareholder of the Company, Shenzhen Special Economic Zone Development Group Co., Ltd. (SDG Group) was engaged in refinancing business. The number of shares held at the end of this reporting period decreased by 2,274,000 compared to the end of 2022. This decrease in the number of shares held was caused by the lending of shares by SDG Group, and the ownership of the lent shares would not be transferred.</p> <p>2. The shareholder Ningbo Meishan Bonded Port Area Lingding Investment Management Co., Ltd.—Lingding Wangyue No. 27 Private Securities Investment Fund held 1,250,000 shares of the Company through guaranteed credit accounts and 0 shares of the Company through ordinary securities accounts, holding a total of 1,250,000 shares.</p> <p>3. The shareholder Shanghai V-Invest Co., Ltd.—V-Invest Cornerstone No. 15 Private Securities</p> | | |

| | |
|--|--|
| | Investment Fund held 1,000,000 shares of the Company through guaranteed credit accounts and 0 shares of the Company through ordinary securities accounts, holding a total of 1,000,000 shares. 4. The shareholder Chen Yun held 636,617 shares of the Company through guaranteed credit accounts and 0 shares of the Company through ordinary securities accounts, holding a total of 636,617 shares. |
|--|--|

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

IV. Changes in Shareholding of Directors, Supervisors, and Senior Executives

Applicable Not applicable

There was no change in the shareholding of directors, supervisors and senior executives during the reporting period. Please refer to the 2022 Annual Report for details.

V. Change of the Controlling Shareholder or Actual Controllers

Change in controlling shareholder in the reporting period

Applicable Not applicable

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

Change in actual controller during the reporting period

Applicable Not applicable

During the reporting period, the Company had no change in the actual controller.

Section VIII Preferred Shares

Applicable Not applicable

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

Section IX Relevant Information of Corporate Bonds

Applicable Not applicable

Section X Financial Report

I. Auditor's Report

Whether the Semi-Annual Report has been audited

Yes No

The Semi-Annual Financial Report of the Company is unaudited.

II. Financial Statements

All amounts are in RMB

1. Consolidated Balance Sheet

Prepared by: Shenzhen Tellus Holding Co., Ltd.

June 30, 2023

Unit: RMB

| Item | June 30, 2023 | January 1, 2023 |
|---|----------------|-----------------|
| Current assets: | | |
| Cash at bank and on hand | 272,420,241.88 | 413,028,327.36 |
| Settlement reserves | | |
| Loans to banks and other financial institutions | | |
| Trading financial assets | 293,350,365.44 | 176,133,569.95 |
| Derivative financial assets | 1,760.00 | |
| Notes receivable | 20,000,000.00 | 87,812,500.00 |
| Accounts receivable | 182,214,051.47 | 41,752,179.56 |
| Receivables financing | | |
| Advances to suppliers | 53,601,354.65 | 8,127,252.94 |
| Premiums receivable | 0.00 | |
| Reinsurance premium receivable | | |
| Reinsurance contract provision receivable | | |
| Other receivables | 23,916,989.20 | 7,663,570.87 |
| Including: interest receivable | | |
| Dividends receivable | 1,852,766.21 | 1,852,766.21 |
| Financial assets purchased under agreements to resell | | |
| Inventories | 41,770,590.06 | 116,069,675.39 |
| Contract asset | | |
| Held-for-sale assets | | |
| Current portion of non-current assets | | |
| Other current assets | 119,139,175.51 | 18,346,711.55 |

| | | |
|--|------------------|------------------|
| Total current assets | 1,006,414,528.21 | 868,933,787.62 |
| Non-current assets: | | |
| Disbursement of loans and advances to customers | | |
| Creditor's rights investment | | |
| Other creditor's right investments | | |
| Long-term receivables | | |
| Long-term equity investment | 69,035,977.23 | 81,024,365.94 |
| Other equity instrument investments | 29,401,309.85 | 10,176,617.20 |
| Other non-current financial assets | | |
| Investment properties | 1,031,138,405.32 | 516,360,139.45 |
| Fixed assets | 84,382,315.00 | 102,689,546.42 |
| Projects under construction | 6,860,682.96 | 409,933,559.27 |
| Productive biological assets | | |
| Oil and gas assets | | |
| Right-of-use assets | 74,582,096.36 | 4,181,242.86 |
| Intangible assets | 4,836,199.49 | 49,808,015.72 |
| Development expenditures | | |
| Goodwill | | |
| Long-term deferred expenses | 29,477,828.69 | 25,876,099.49 |
| Deferred tax assets | 8,771,445.01 | 8,518,233.77 |
| Other non-current assets | 168,070,989.24 | 154,526,946.83 |
| Total non-current assets | 1,506,557,249.15 | 1,363,094,766.95 |
| Total assets | 2,512,971,777.36 | 2,232,028,554.57 |
| Current liabilities: | | |
| Short-term borrowings | 170,000,000.00 | 20,000,000.00 |
| Borrowings from the central bank | | |
| Borrowings from banks and other financial institutions | | |
| Trading financial liabilities | 30,104,994.27 | 18,572,684.91 |
| Derivative financial liabilities | | 489,360.00 |
| Notes payable | | |
| Accounts payable | 168,223,689.80 | 124,716,800.71 |
| Advances from customers | 11,644,915.56 | 6,119,377.90 |
| Contract liabilities | 37,702,112.40 | 9,259,658.43 |
| Financial assets sold under agreements to repurchase | | |
| Deposits from banks and other financial institutions | | |
| Customer brokerage deposits | | |
| Securities underwriting brokerage deposits | | |
| Employee compensation payable | 37,615,719.86 | 38,550,181.70 |
| Taxes payable | 14,278,675.79 | 18,891,792.84 |

| | | |
|---|------------------|------------------|
| Other payables | 111,852,691.67 | 105,180,279.00 |
| Including: interest payable | | |
| Dividends payable | 12,069,632.96 | |
| Handling charges and commission payable | | |
| Reinsurance premium payable | | |
| Held-for-sale liabilities | | |
| Current portion of non-current liabilities | 1,565,376.12 | 2,009,819.15 |
| Other current liabilities | 84,119.73 | 68,361,007.70 |
| Total current liabilities | 583,072,295.20 | 412,150,962.34 |
| Non-current liabilities: | | |
| Insurance contract reserves | | |
| Long-term borrowings | 168,005,447.69 | 144,820,511.42 |
| Bonds payable | | |
| Including: preferred shares | | |
| Perpetual bonds | | |
| Lease liabilities | 73,155,478.11 | 2,926,184.93 |
| 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 | 10,738,917.98 | 10,579,545.71 |
| Deferred tax liabilities | 1,190,386.83 | 1,135,031.11 |
| Other non-current liabilities | | |
| Total non-current liabilities | 257,278,805.77 | 163,649,848.33 |
| Total liabilities | 840,351,100.97 | 575,800,810.67 |
| 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 reserve | | |
| Surplus reserve | 52,499,172.13 | 52,499,172.13 |
| General risk provision | | |
| Undistributed profit | 622,675,724.64 | 590,605,394.67 |
| Total owners' equity attributable to the parent company | 1,537,709,193.28 | 1,505,638,863.31 |
| Minority equity | 134,911,483.11 | 150,588,880.59 |
| Total owners' equity | 1,672,620,676.39 | 1,656,227,743.90 |
| Total liabilities and owners' equity | 2,512,971,777.36 | 2,232,028,554.57 |

Legal representative: Fu Chunlong
accounting firm: Yu Taiping

Person in charge of accounting: Huang Tianyang

Person in charge of the

2. Parent Company's Balance Sheet

Unit: RMB

| Item | June 30, 2023 | January 1, 2023 |
|---------------------------------------|------------------|------------------|
| Current assets: | | |
| Cash at bank and on hand | 47,267,133.50 | 169,733,887.28 |
| Trading financial assets | 263,350,365.44 | 176,133,569.95 |
| Derivative financial assets | | |
| Notes receivable | | |
| Accounts receivable | 16,476,251.31 | 147,200.91 |
| Receivables financing | | |
| Advances to suppliers | 11,252,585.50 | 249,559.50 |
| Other receivables | 9,067,314.66 | 4,966,987.96 |
| Including: interest receivable | | |
| Dividends receivable | 1,852,766.21 | 1,852,766.21 |
| Inventories | | |
| Contract asset | | |
| Held-for-sale assets | | |
| Current portion of non-current assets | | |
| Other current assets | 111,086,319.66 | 137,126.11 |
| Total current assets | 458,499,970.07 | 351,368,331.71 |
| Non-current assets: | | |
| Creditor's rights investment | | |
| Other creditor's right investments | | |
| Long-term receivables | | |
| Long-term equity investment | 829,000,757.31 | 865,313,838.67 |
| Other equity instrument investments | 29,401,309.85 | 10,176,617.20 |
| Other non-current financial assets | | |
| Investment properties | 560,082,724.67 | 26,915,545.20 |
| Fixed assets | 15,752,690.13 | 16,433,526.75 |
| Projects under construction | 6,735,838.64 | 419,793,938.49 |
| Productive biological assets | | |
| Oil and gas assets | | |
| Right-of-use assets | 71,099,342.15 | |
| Intangible assets | 2,884,646.47 | 48,413,279.08 |
| Development expenditures | | |
| Goodwill | | |
| Long-term deferred expenses | 8,840,254.53 | 8,465,289.34 |
| Deferred tax assets | 3,415,402.97 | 3,415,402.97 |
| Other non-current assets | 36,156,297.96 | 73,340,576.28 |
| Total non-current assets | 1,563,369,264.68 | 1,472,268,013.98 |
| Total assets | 2,021,869,234.75 | 1,823,636,345.69 |
| Current liabilities: | | |

| | | |
|--|------------------|------------------|
| Short-term borrowings | | |
| Trading financial liabilities | | |
| Derivative financial liabilities | | |
| Notes payable | | |
| Accounts payable | 104,710,137.44 | 58,797,324.02 |
| Advances from customers | 1,246,647.00 | 962,064.00 |
| Contract liabilities | | |
| Employee compensation payable | 31,412,035.82 | 28,220,652.45 |
| Taxes payable | 1,297,346.95 | 3,317,946.24 |
| Other payables | 315,400,572.57 | 249,870,213.63 |
| Including: interest payable | | |
| Dividends payable | 12,069,632.96 | |
| Held-for-sale liabilities | | |
| Current portion of non-current liabilities | | |
| Other current liabilities | | |
| Total current liabilities | 454,066,739.78 | 341,168,200.34 |
| Non-current liabilities: | | |
| Long-term borrowings | 168,005,447.69 | 144,820,511.42 |
| Bonds payable | | |
| Including: preferred shares | | |
| Perpetual bonds | | |
| Lease liabilities | 71,953,729.20 | |
| Long-term payables | | |
| Long-term employee compensation payable | | |
| Estimated liabilities | | |
| Deferred income | | |
| Deferred tax liabilities | | |
| Other non-current liabilities | | |
| Total non-current liabilities | 239,959,176.89 | 144,820,511.42 |
| Total liabilities | 694,025,916.67 | 485,988,711.76 |
| 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 reserve | | |
| Surplus reserve | 52,499,172.13 | 52,499,172.13 |
| Undistributed profit | 416,029,694.72 | 425,834,010.57 |
| Total owners' equity | 1,327,843,318.08 | 1,337,647,633.93 |
| Total liabilities and owners' equity | 2,021,869,234.75 | 1,823,636,345.69 |

3. Consolidated Income Statement

Unit: RMB

| Item | FH 2023 | FH2022 |
|--|----------------|----------------|
| I. Total operating revenue | 704,836,410.94 | 250,015,152.23 |
| Including: Operating revenue | 704,836,410.94 | 250,015,152.23 |
| Interest revenue | | |
| Earned premiums | | |
| Handling charges and commission revenue | | |
| II. Total operating cost | 655,633,026.03 | 220,692,103.94 |
| Including: operating cost | 608,604,638.40 | 188,344,177.55 |
| Interest expenses | | |
| Handling charges and commission expenses | | |
| Surrender value | | |
| Net payments for insurance claims | | |
| Net provision for insurance liability reserves | | |
| Policy dividend expenses | | |
| Reinsurance expenses | | |
| Taxes and surcharges | 4,855,726.45 | 4,269,247.42 |
| Selling expenses | 11,963,099.01 | 10,947,318.15 |
| Administrative expenses | 28,817,829.38 | 19,832,917.21 |
| R&D expenses | | |
| Financial expenses | 1,391,732.79 | -2,701,556.39 |
| Including: interest expenses | 3,437,880.65 | 108,391.88 |
| Interest revenue | 1,835,834.14 | 2,843,386.98 |
| Add: other incomes | 4,475,465.94 | 1,575,990.30 |
| Investment income (loss to be listed with "-") | 8,923,017.80 | 23,487,946.52 |
| Including: income from investment in associates and joint ventures | 3,011,611.29 | 7,927,787.58 |
| Income from derecognition of financial assets at amortized cost | | |
| Exchange income (loss to be listed with "-") | | |
| Net exposure hedging income (loss to be listed with "-") | | |
| Income from fair value changes (loss to be listed with "-") | -5,265,810.16 | -617,068.50 |
| Credit impairment loss (loss to be listed with "-") | 6,669.80 | -200,149.24 |

| | | |
|---|---------------|---------------|
| Asset impairment loss (loss to be listed with "-") | -3,700.50 | |
| Income of assets disposal (loss to be listed with "-") | -81,800.45 | 40,765.92 |
| III. Operating profit (loss to be listed with "-") | 57,257,227.34 | 53,610,533.29 |
| Add: Non-operating revenue | 417,182.13 | 295,807.48 |
| Less: Non-operating expenses | 119,683.12 | 237.72 |
| IV. Total profit (total losses to be listed with "-") | 57,554,726.35 | 53,906,103.05 |
| Less: Income tax expenses | 12,466,659.92 | 10,808,747.89 |
| V. Net profit (net loss to be listed with "-") | 45,088,066.43 | 43,097,355.16 |
| (I) Classified by continuity of operation | | |
| 1. Net profit from continuing operations (net loss to be listed with "-") | 45,088,066.43 | 43,097,355.16 |
| 2. Net profit from discontinued operations (net loss to be listed with "-") | | |
| (II) Classified by the attribution of ownership | | |
| 1. Net profit attributable to the shareholders of the parent company (net loss to be listed with "-") | 44,139,962.93 | 43,480,236.19 |
| 2. Minority interest income (net loss to be listed with "-") | 948,103.50 | -382,881.03 |
| VI. Net of tax of other comprehensive income | | |
| Net after-tax amount 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 the re-measurement in the defined benefit plan | | |
| 2. Other comprehensive income 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 own 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 debt investment | | |
| 3. Amount of financial assets reclassified into other comprehensive income | | |
| 4. Provisions for credit | | |

| | | |
|--|---------------|---------------|
| impairment of other debt investments | | |
| 5. Cash flow hedge reserve | | |
| 6. Translation difference arising from foreign currency financial statements | | |
| 7. Others | | |
| Net after-tax amount of other comprehensive income attributable to minority shareholders | | |
| VII. Total comprehensive income | 45,088,066.43 | 43,097,355.16 |
| Total comprehensive income attributable to owners of the parent company | 44,139,962.93 | 43,480,236.19 |
| Total comprehensive income attributable to minority shareholders | 948,103.50 | -382,881.03 |
| VIII. Earnings per share: | | |
| (I) Basic earnings per share | 0.1024 | 0.1009 |
| (II) Diluted earnings per share | 0.1024 | 0.1009 |

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

Legal representative: Fu Chunlong

Person in charge of accounting: Huang Tianyang

Person in charge of the accounting firm: Yu Taiping

4. Parent Company's Income Statement

Unit: RMB

| Item | FH 2023 | FH2022 |
|--|---------------|---------------|
| I. Operating revenue | 34,050,043.81 | 12,666,278.27 |
| Less: Operating costs | 14,948,857.82 | 5,003,948.63 |
| Taxes and surcharges | 98,447.27 | 609,206.45 |
| Selling expenses | 436,485.01 | |
| Administrative expenses | 22,825,529.80 | 16,849,325.25 |
| R&D expenses | | |
| Financial expenses | 1,078,785.57 | -1,323,024.22 |
| Including: interest expenses | 1,763,223.12 | |
| Interest revenue | 691,617.24 | 1,330,174.79 |
| Add: other incomes | | 111,156.14 |
| Investment income (loss to be listed with "-") | 10,449,577.73 | 13,643,736.16 |
| Including: income from investment in associates and joint ventures | 3,011,611.29 | 7,927,787.58 |
| Income from derecognition of financial assets at amortized cost (loss to be listed with "-") | | |
| Net exposure hedging income (loss to be listed with "-") | | |
| Income from fair value changes (loss to be listed with "-") | -2,783,204.51 | -390,005.49 |
| Credit impairment loss (loss to be | | |

| | | |
|---|--------------|--------------|
| listed with "-") | | |
| 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 "-") | 2,328,311.56 | 4,891,708.97 |
| Add: Non-operating revenue | 48,428.55 | 74,563.02 |
| Less: Non-operating expenses | 111,423.00 | |
| III. Total profit (total losses to be listed with "-") | 2,265,317.11 | 4,966,271.99 |
| Less: Income tax expenses | | 554,379.86 |
| IV. Net profit (net loss to be listed with "-") | 2,265,317.11 | 4,411,892.13 |
| (I) Net profit from continuing operations (net loss to be listed with "-") | 2,265,317.11 | 4,411,892.13 |
| (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 the re-measurement in the defined benefit plan | | |
| 2. Other comprehensive income 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 own 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 debt investment | | |
| 3. Amount of financial assets reclassified into other comprehensive income | | |
| 4. Provisions for credit impairment of other debt investments | | |
| 5. Cash flow hedge reserve | | |
| 6. Translation difference arising from foreign currency financial statements | | |
| 7. Others | | |
| VI. Total comprehensive incomes | 2,265,317.11 | 4,411,892.13 |
| VII. Earnings per share: | | |
| (I) Basic earnings per share | | |
| (II) Diluted earnings per share | | |

5. Consolidated Cash Flow Statement

Unit: RMB

| Item | FH 2023 | FH2022 |
|--|------------------|----------------|
| I. Cash flows from operating activities: | | |
| Cash received from sales of goods or rendering of services | 935,209,100.94 | 233,540,881.93 |
| 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 policyholders' deposits and investments | | |
| 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 | | |
| Refund of taxes received | 1,968,553.13 | 11,847,129.45 |
| Other cash received relating to operating activities | 167,102,933.78 | 95,434,828.86 |
| Subtotal of cash inflows from operating activities | 1,104,280,587.85 | 340,822,840.24 |
| Cash paid for goods and services | 865,723,685.98 | 173,793,008.62 |
| 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 from banks and other financial institutions | | |
| Cash paid for interest, handling charges and commission | | |
| Cash paid for policy dividends | | |
| Cash paid to and on behalf of employees | 39,083,559.60 | 32,931,967.00 |
| Various taxes paid | 33,660,817.78 | 48,368,592.66 |
| Other cash paid relating to operating activities | 176,054,466.39 | 97,047,567.37 |
| Subtotal of cash outflows from operating activities | 1,114,522,529.75 | 352,141,135.65 |
| Net cash flow from operating activities | -10,241,941.90 | -11,318,295.41 |

| | | |
|--|-----------------|----------------|
| II. Cash flow from investing activities: | | |
| Cash received from the return of investment | 132,000,000.00 | 699,334,600.00 |
| Cash received from investment income | 21,303,117.33 | 21,775,312.96 |
| Net cash received from the disposal of fixed assets, intangible assets, and other long-term assets | 1,644,282.00 | 361,050.00 |
| Net cash received from the disposal of subsidiaries and other business entities | | |
| Other cash received relating to investing activities | 827,883.63 | |
| Subtotal of cash inflows from investing activities | 155,775,282.96 | 721,470,962.96 |
| Cash paid to purchase fixed assets, intangible assets, and other long-term assets | 50,769,515.45 | 50,916,178.95 |
| Cash paid to acquire investments | 370,000,000.00 | 700,000,000.00 |
| Net increase in pledge loans | | |
| Net cash paid for acquisition of subsidiaries and other business entities | | |
| Other cash paid relating to investing activities | 7,567,454.81 | 18,669.20 |
| Subtotal of cash outflows from investing activities | 428,336,970.26 | 750,934,848.15 |
| Net cash flow from investing activities | -272,561,687.30 | -29,463,885.19 |
| III. Cash flow from financing activities: | | |
| Cash received from investment absorption | | |
| Including: Cash received by subsidiaries absorbing minority shareholders' investments | | |
| Cash received from borrowings | 175,693,122.83 | 34,897,377.72 |
| Other cash received relating to financing activities | | |
| Subtotal of cash inflows from financing activities | 175,693,122.83 | 34,897,377.72 |
| Cash paid for debt repayment | 13,535,116.94 | 5,000,000.00 |
| Cash paid for distribution of dividends, profits or interest repayment | 3,711,261.97 | 11,880,454.55 |
| Including: cash payments for dividends or profits to minority shareholders of subsidiaries | | |
| Other cash paid relating to financing activities | 5,528,844.00 | |
| Subtotal of cash outflows from financing activities | 22,775,222.91 | 16,880,454.55 |
| Net cash flows from financing activities | 152,917,899.92 | 18,016,923.17 |
| IV. Effect of exchange rate changes on cash and cash equivalents | | 280.60 |
| V. Net increase in cash and cash equivalents | -129,885,729.28 | -22,764,976.83 |
| Add: Beginning balance of cash and cash equivalents | 391,406,829.36 | 211,655,585.86 |
| VI. Ending balance of cash and cash equivalents | 261,521,100.08 | 188,890,609.03 |

6. Parent Company's Cash Flow Statement

Unit: RMB

| Item | FH 2023 | FH2022 |
|--|-----------------|-----------------|
| I. Cash flows from operating activities: | | |
| Cash received from sales of goods or rendering of services | 13,832,800.09 | 9,407,009.79 |
| Refund of taxes received | | 8,332,462.70 |
| Other cash received relating to operating activities | 63,832,096.54 | 90,848,952.57 |
| Subtotal of cash inflows from operating activities | 77,664,896.63 | 108,588,425.06 |
| Cash paid for goods and services | 2,170,256.29 | |
| Cash paid to and on behalf of employees | 21,827,096.56 | 16,512,716.41 |
| Various taxes paid | 4,568,154.92 | 1,644,445.17 |
| Other cash paid relating to operating activities | 9,260,460.69 | 11,334,575.98 |
| Subtotal of cash outflows from operating activities | 37,825,968.46 | 29,491,737.56 |
| Net cash flow from operating activities | 39,838,928.17 | 79,096,687.50 |
| II. Cash flow from investing activities: | | |
| Cash received from the return of investment | 137,100,000.00 | 550,000,000.00 |
| Cash received from investment income | 21,303,117.33 | 20,715,948.58 |
| Net cash received from the disposal of fixed assets, intangible assets, and other long-term assets | | |
| Net cash received from the disposal of subsidiaries and other business entities | | |
| Other cash received relating to investing activities | 46,628.16 | |
| Subtotal of cash inflows from investing activities | 158,449,745.49 | 570,715,948.58 |
| Cash paid to purchase fixed assets, intangible assets, and other long-term assets | 50,544,766.31 | 50,177,507.00 |
| Cash paid to acquire investments | 290,000,000.00 | 639,500,000.00 |
| Net cash paid for acquisition of subsidiaries and other business entities | | |
| Other cash paid relating to investing activities | | |
| Subtotal of cash outflows from investing activities | 340,544,766.31 | 689,677,507.00 |
| Net cash flow from investing activities | -182,095,020.82 | -118,961,558.42 |
| III. Cash flow from financing activities: | | |
| Cash received from investment absorption | | |
| Cash received from borrowings | 25,693,122.83 | 34,897,377.72 |
| Other cash received relating to financing activities | | |
| Subtotal of cash inflows from financing activities | 25,693,122.83 | 34,897,377.72 |
| Cash paid for debt repayment | 1,192,522.00 | |
| Cash paid for distribution of dividends, profits or interest repayment | 2,711,261.96 | 11,880,454.55 |

| | | |
|--|-----------------|----------------|
| Other cash paid relating to financing activities | | |
| Subtotal of cash outflows from financing activities | 3,903,783.96 | 11,880,454.55 |
| Net cash flows from financing activities | 21,789,338.87 | 23,016,923.17 |
| IV. Effect of exchange rate changes on cash and cash equivalents | | |
| V. Net increase in cash and cash equivalents | -120,466,753.78 | -16,847,947.75 |
| Add: Beginning balance of cash and cash equivalents | 157,068,231.28 | 95,207,575.71 |
| VI. Ending balance of cash and cash equivalents | 36,601,477.50 | 78,359,627.96 |

7. Consolidated Statement of Changes in Owners' Equity

Amount in the current period

Unit: RMB

| Item | FH 2023 | | | | | | | | | | | | | | |
|---|---|--------------------------|--------|--|------------------|------------------------|----------------------------|-----------------|-----------------|------------------------|----------------------|------------------|----------------|------------------|----------------------|
| | Owners' equity attributable to the Parent Company | | | | | | | | | | | | | Minority equity | Total owners' equity |
| | Share capital | Other equity instruments | | | Capital reserves | Less : Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | General risk provision | Undistributed profit | Others | Subtotal | | |
| | Preferrred shares | Perpetual bonds | Others | | | | | | | | | | | | |
| I. Ending balance of the previous year | 431,058,320.00 | | | | 431,449,554.51 | | 26,422.00 | | 52,499,172.13 | | 590,605,394.67 | 1,505,638,863.31 | 150,588,880.59 | 1,656,227,743.90 | |
| Add: changes in accounting policies | | | | | | | | | | | | | | | |
| Correction of prior period errors | | | | | | | | | | | | | | | |
| Business merger under common control | | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | | |
| II. Beginning balance of the current year | 431,058,320.00 | | | | 431,449,554.51 | | 26,422.00 | | 52,499,172.13 | | 590,605,394.67 | 1,505,638,863.31 | 150,588,880.59 | 1,656,227,743.90 | |
| III. | | | | | | | | | | | 32,070.3 | 32,070.3 | -15.6 | 16,392.9 | |

| | | | | | | | | | | | | | | | |
|---|--|--|--|--|--|--|--|--|--|--|---------------|--|---------------|------------|---------------|
| Increases/decreases in the current period (decreases to be listed with "-") | | | | | | | | | | | 29.97 | | 29.97 | 77,397.48 | 32.49 |
| (I) Total comprehensive income | | | | | | | | | | | 44,139,962.93 | | 44,139,962.93 | 948,103.50 | 45,088,066.43 |
| (II) Capital invested and decreased by owners | | | | | | | | | | | | | | -4,900.00 | -4,900.00 |
| 1. Ordinary shares contributed by owners | | | | | | | | | | | | | | -4,900.00 | -4,900.00 |
| 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 | | | | | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | | | -12,069.63 | | -12,069.63 | | -12,069.63 |
| 1. Withdrawal of surplus reserve | | | | | | | | | | | | | | | |
| 2. Appropriation to general risk provision | | | | | | | | | | | | | | | |
| 3. Distribution to owners (or shareholders) | | | | | | | | | | | -12,069.63 | | -12,069.63 | | -12,069.63 |
| 4. Others | | | | | | | | | | | | | | | |
| (IV) Internal carryover of | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | |
|---|----------------|--|--|--|----------------|--|-----------|--|---------------|--|----------------|--|------------------|----------------|------------------|
| owners' equity | | | | | | | | | | | | | | | |
| 1. Capital reserves converting into paid-in capital (or share capital) | | | | | | | | | | | | | | | |
| 2. Surplus reserve converting into paid-in 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 | | | | | | | | | | | | | - | - | |
| | | | | | | | | | | | | | 11,7 | 11,7 | |
| | | | | | | | | | | | | | 25,5 | 25,5 | |
| | | | | | | | | | | | | | 00.9 | 00.9 | |
| | | | | | | | | | | | | | 8 | 8 | |
| IV. Ending balance of the current period | 431,058,320.00 | | | | 431,449,554.51 | | 26,422.00 | | 52,499,172.13 | | 622,675,724.64 | | 1,537,709,193.28 | 134,911,483.11 | 1,672,620,676.39 |

Amount in the previous year

Unit: RMB

| Item | FH2022 | | | | | | | | | | | | | | |
|--|---|--------------------------|--------|--|------------------|-----------------------|----------------------------|-----------------|-----------------|------------------------|----------------------|--------|------------------|----------------------|------------------|
| | Owners' equity attributable to the Parent Company | | | | | | | | | | | | Minority equity | Total owners' equity | |
| | Share capital | Other equity instruments | | | Capital reserves | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | General risk provision | Undistributed profit | Others | | | Subtotal |
| Preferred shares | | Perpetual bonds | Others | | | | | | | | | | | | |
| I. Ending balance of the previous year | 431,058,320.00 | | | | 431,449,554.51 | | 26,422.00 | | 26,546,480.09 | | 543,843,496.85 | | 1,432,924,273.45 | 24,265,552.35 | 1,457,189,825.80 |
| Add: changes in accounting policies | | | | | | | | | | | | | | | |
| Correction of prior period errors | | | | | | | | | | | | | | | |
| Business merger under common control | | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | | |
| II. Beginning balance of the current year | 431,058,320.00 | | | | 431,449,554.51 | | 26,422.00 | | 26,546,480.09 | | 543,843,496.85 | | 1,432,924,273.45 | 24,265,552.35 | 1,457,189,825.80 |
| III. Increases/decreases in the current period (decreases to be listed with "-") | | | | | | | | | | | 32,698,690.44 | | 32,698,690.44 | -382,881.03 | 32,315,809.41 |
| (I) Total comprehensive income | | | | | | | | | | | 43,480,236.19 | | 43,480,236.19 | -382,881.03 | 43,097,355.16 |
| (II) 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 | | | | | | | | | | - | | - | | - |
| | | | | | | | | | | 10,7 | | 10,7 | | 10,7 |
| | | | | | | | | | | 81,5 | | 81,5 | | 81,5 |
| | | | | | | | | | | 45.7 | | 45.7 | | 45.7 |
| | | | | | | | | | | 5 | | 5 | | 5 |
| 1. Withdrawal of surplus reserve | | | | | | | | | | | | | | |
| 2. Appropriation to general risk provision | | | | | | | | | | | | | | |
| 3. Distribution to owners (or shareholders) | | | | | | | | | | - | | - | | - |
| | | | | | | | | | | 10,7 | | 10,7 | | 10,7 |
| | | | | | | | | | | 81,5 | | 81,5 | | 81,5 |
| | | | | | | | | | | 45.7 | | 45.7 | | 45.7 |
| | | | | | | | | | | 5 | | 5 | | 5 |
| 4. Others | | | | | | | | | | | | | | |
| (IV) Internal carryover of owners' equity | | | | | | | | | | | | | | |
| 1. Capital reserves converting into paid-in capital (or share capital) | | | | | | | | | | | | | | |
| 2. Surplus reserve converting into paid-in 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 | | | | 431,449,554.51 | | 26,422.00 | | 26,546.49 | | 576,542,187.29 | | 1,465,622,963.89 | 23,882,671.32 | 1,489,563,521.51 |

8. Parent Company's Statement of Changes in Owners' Equity

Amount in the current period

Unit: RMB

| Item | FH 2023 | | | | | | | | | | | |
|--|----------------|--------------------------|-----------------|--------|------------------|-----------------------|----------------------------|-----------------|-----------------|----------------------|--------|----------------------|
| | Share capital | Other equity instruments | | | Capital reserves | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profit | Others | Total owners' equity |
| | | Preferred shares | Perpetual bonds | Others | | | | | | | | |
| I. Ending balance of the previous year | 431,058,320.00 | | | | 428,256,131.23 | | | | 52,499,172.13 | 425,834,010.57 | | 1,337,647,633.93 |
| 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 | | | | 52,499,172.13 | 425,834,010.57 | | 1,337,647,633.93 |
| III. Increases/decreases in the current period (decreases to be listed with "-") | | | | | | | | | | -9,804,315.85 | | -9,804,315.85 |
| (I) Total comprehensive income | | | | | | | | | | 2,265,317.11 | | 2,265,317.11 |
| (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 | | | | | | | | | | -12,069,632.96 | | -12,069,632.96 |
| 1. Withdrawal of surplus reserve | | | | | | | | | | | | |
| 2. Distribution to owners (or shareholders) | | | | | | | | | | -12,069,632.96 | | -12,069,632.96 |
| 3. Others | | | | | | | | | | | | |

| | | | | | | | | | | | | |
|---|----------------|--|--|--|----------------|--|--|--|---------------|----------------|--|------------------|
| (IV) Internal carryover of owners' equity | | | | | | | | | | | | |
| 1. Capital reserves converting into paid-in capital (or share capital) | | | | | | | | | | | | |
| 2. Surplus reserve converting into paid-in 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 | | | | 52,499,172.13 | 416,029,694.72 | | 1,327,843,318.08 |

Amount in the previous year

Unit: RMB

| Item | FH2022 | | | | | | | | | | | |
|--|----------------|--------------------------|-----------------|--------|------------------|-----------------------|----------------------------|-----------------|-----------------|----------------------|--------|----------------------|
| | Share capital | Other equity instruments | | | Capital reserves | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profit | Others | Total owners' equity |
| | | Preferred shares | Perpetual bonds | Others | | | | | | | | |
| I. Ending balance of the previous year | 431,058,320.00 | | | | 428,256,131.23 | | | | 26,546,480.09 | 203,041,327.99 | | 1,088,902,259.31 |
| Add: changes in accounting policies | | | | | | | | | | | | |
| Correction of prior period errors | | | | | | | | | | | | |
| Others | | | | | | | | | | | | |
| II. Beginning balance of the current year | 431,058,320.00 | | | | 428,256,131.23 | | | | 26,546,480.09 | 203,041,327.99 | | 1,088,902,259.31 |
| III. Increases/decreases in the current period (decreases to be listed with "-") | | | | | | | | | | -6,369,653.62 | | -6,369,653.62 |
| (I) Total comprehensive income | | | | | | | | | | 4,411,892.13 | | 4,411,892.13 |
| (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 | | | | | | | | | | - 10,78 1,545. 75 | | - 10,78 1,545. 75 |
| 1. Withdrawal of surplus reserve | | | | | | | | | | | | |
| 2. Distribution to owners (or shareholders) | | | | | | | | | | - 10,78 1,545. 75 | | - 10,78 1,545. 75 |
| 3. Others | | | | | | | | | | | | |
| (IV) Internal carryover of owners' equity | | | | | | | | | | | | |
| 1. Capital reserves converting into paid-in capital (or share capital) | | | | | | | | | | | | |
| 2. Surplus reserve converting into paid-in 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 | 196,671,674.37 | | 1,082,532,605.69 |

III. 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, Tellus Building, 2nd Shuibei Road, Luohu District, Shenzhen. The legal representative is Fu Chunlong.

In 1993, with the approval from the *Reply on the Reorganization of Shenzhen Tellus Machinery Co., Ltd. into a Public Company Limited by Shares* (SFBF [1992] No. 1850) issued by the General Office of Shenzhen Municipal People's Government and the *Reply on the Issuance of Shares by Shenzhen Tellus Machinery Electric Co., Ltd.* (SRYFZ [1993] No. 092) issued by Shenzhen Special Economic Zone Branch of the People's Bank of China, 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 share dividend, the registered capital was 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 of December 31 of that year, the Company distributed a cash dividend of RMB 0.5 and issued 0.5 bonus shares to all shareholders for every 10 shares held, with 0.5 additional shares, totaling 20,025,600 shares, which was implemented in 1995. The registered capital was increased to RMB 220,281,600.00 after the share dividend and transfer.

According to the resolution of the fourth extraordinary general meeting of shareholders of the Company in 2014, upon the approval of the *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 was 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 of December 31 of that 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 was 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.

| S/N | Full name of subsidiary | Abbreviation of subsidiary | Shareholding proportion % |
|-----|-------------------------|----------------------------|---------------------------|
|-----|-------------------------|----------------------------|---------------------------|

| | | | Direct | Indirect |
|----|---|---|--------|----------|
| 1 | Shenzhen Tellus Xinyongtong Automobile Development Co., Ltd. | Xinyongtong Automobile Development Co. | 5 | 95 |
| 2 | Shenzhen Bao'an Shiquan Industry Co., Ltd. | Bao'an Shiquan Company | | 100 |
| 3 | Shenzhen SDG Tellus Real Estate Co., Ltd. | Tellus Real Estate Company | 100 | |
| 4 | Shenzhen Tellus Chuangying Technology Co., Ltd. | Chuangying company | 100 | |
| 5 | Shenzhen Xinyongtong Motor Vehicle Inspection Equipment Co., Ltd. | Testing Equipment Company | 51 | |
| 6 | Shenzhen Automobile Industry and Trade Co., Ltd. | Automobile Industry and Trade Company | 100 | |
| 7 | Shenzhen Automobile Industry Supply and Marketing Company | Automobile Supply and Marketing Company | | 100 |
| 8 | Shenzhen Zhongtian Industry Co., Ltd. | Zhongtian Company | 100 | |
| 9 | Shenzhen Huari Toyota Sales & Service Co., Ltd. | Huari Toyota | 60 | |
| 10 | Shenzhen Tellus Treasury Supply Chain Tech Co., Ltd. | Treasury Supply Chain Company | 100 | |
| 11 | Shenzhen Jewelry Industry Service Co., Ltd. | Shenzhen Jewelry Company | 65 | |
| 12 | Shanghai Fanyue Diamond Co., Ltd. | Shanghai Fanyue | | 100 |
| 13 | Guorun Gold Shenzhen Co., Ltd. | Guorun Gold | 36 | 5 |

IV. Basis for Preparation of the Financial Statements

1. 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:

None

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the Company's financial position, operating results, changes in owners' equity, cash flows and other relevant information.

2. Accounting period

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

3. Business cycle

The normal operating cycle of the Company is one year.

4. Bookkeeping base currency

The Company's bookkeeping currency is RMB.

5. Accounting treatment method for business merger under common control and not under common 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 adjusted 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 reserves (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 V. 6(6) for the accounting treatment method for business merger under common control realized through step-by-step transactions.

(2) Business merger not under common 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 merger 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 profits and losses of the merger.

See Note V. 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 administrative expenses incurred shall be included in the current profits and losses when incurred during the business merger. The transaction expenses of equity securities or debt securities issued as merger consideration shall be included in the initially recognized amount of equity securities or debt 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 refers to 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 are not originally included in the scope of the consolidated financial statements shall be included in the scope of the consolidated financial statements on the date of change, and the fair value of the subsidiaries that are not originally included in the scope of the consolidated financial statements on the date of change shall be regarded as the transaction consideration for acquisition, in accordance with the accounting treatment method of business merger not under common control.

(3) Preparation methods of consolidated financial statements

The Company prepares the consolidated financial statements based on the financial statements of itself and all its 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 enterprise group.

① Consolidate assets, liabilities, owner's equity, revenue, expenses, cash flows and other items of the parent company and 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 impact of internal transactions between the parent company and its subsidiaries and between subsidiaries. If internal transactions indicate relevant assets have suffered impairment loss, the loss shall be recognized in full.

④ Adjust the special transactions from the perspective of the enterprise 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 opening 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 point when the ultimate controlling party starts to control.

(b) When preparing the consolidated income statement, the revenue, expenses and profits of the subsidiary and the business merger 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 point 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 are included in the consolidated cash flow statement. At the same time, the relevant items of the comparative

statements are adjusted. It is deemed that the consolidated reporting entity has always existed since the time point when the ultimate controlling party begins to control.

B. Subsidiaries or businesses increased due to business merger not under common 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 revenue, expenses and profits of the subsidiary and the business from the acquisition date to the end of the reporting period shall be included into the consolidated income statement.

(c) When the consolidated statement of cash flows is prepared, the cash flows of the subsidiary from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flow.

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

③ Where there is a temporary difference between the book value of assets and liabilities in the consolidated balance sheet and the tax base of the taxable entity to which they belong due to the offset of unrealized gains and losses from internal sales, 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 tax related to transactions or events directly included in owners' equity and business merger.

④ The gains and losses from unrealized internal transactions arising from the sale of assets by the Company to subsidiaries shall fully offset the "net profit attributable to owners of the parent company". The unrealized gains and losses from internal transactions arising from the sale of assets by subsidiaries to the Company shall be allocated and offset between the "net profit attributable to owners of the parent company" and the "minority interest income" according to the distribution proportion of the Company to subsidiaries. The unrealized gains and losses from internal transactions arising from the sale of assets between subsidiaries shall be allocated and offset between the "net profit attributable to owners of the parent company" and the "minority interest income" according to the distribution proportion of the Company to the selling subsidiary.

⑤ Where the current losses shared by minority shareholders of a subsidiary exceed the shares enjoyed by minority shareholders in the owners' equity of the subsidiary at the beginning of the period, the balance shall still offset the minority equity.

(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 for the purchase of minority equity is measured at the fair value of the consideration paid. In the consolidated financial statements, the capital reserves (capital premium or share premium) shall be adjusted according to the difference between the long-term equity investment newly acquired for the purchase of minority equities and the share of net assets of the subsidiary calculated continuously from the acquisition date or merger date according to the newly increased shareholding ratio. If the capital reserves are insufficient to be offset, 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 for 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 merging, the capital reserves (share premium/capital

premium) shall be adjusted; if the capital reserves are not sufficient for offset, the retained earnings may be adjusted.

For the equity investment held by the merging party before obtaining the control of the merged party and accounted for under the equity method, the relevant profit and loss, other comprehensive income and other changes in owners' equity that have been recognized between the later of the date of acquisition of the original equity and the date when the merging party and the merged party are under the final control of the same party and the merger date shall be offset against the retained earnings at the beginning of the comparative statement period.

B. Business merger not under common 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. In the notes, the Company discloses the fair value of the acquiree's equity held by it before the acquisition date on the acquisition date and the amount of relevant gains or losses arising from the re-measurement at fair value

③ The Company's disposal of long-term equity investments in subsidiaries without loss of 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 reserves (capital premium or share 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 reserves are 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 with a single transaction

In the event that 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 the 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 related to the equity investment of the original subsidiary shall be transferred to the current profits and losses when the control right is lost, except for other comprehensive income arising from the re-measurement of net liabilities or net assets of the defined benefit plan by the investee.

B. Step-by-step disposal through multiple transactions

Determine whether the 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's disposal of long-term equity investments in subsidiaries without loss of control".

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 profits and losses 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 profits and losses when the control is lost.

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 a joint arrangement in which 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 revenue generated from the sale of shares enjoyed in the joint operations;
- ④ Recognizing the revenue 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 a joint arrangement in which the Company only has rights over the net assets of the arrangement.

The Company carries out accounting treatment for investment in joint ventures according to the provisions on equity method accounting of long-term equity investments.

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 an investment that is short-term (generally due within three months from 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 exchange rate upon the translations of foreign currency transactions

At the time of initial recognition, foreign currency transactions of the Company shall be translated into bookkeeping base currency at the spot exchange rate on the transaction date or at an exchange rate determined by a systematic and reasonable method that is similar to the spot exchange rate on the transaction date (hereinafter referred to as the approximate exchange rate of the spot exchange rate).

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

The foreign currency monetary items are translated based on the spot exchange rate on the balance sheet date. Foreign exchange differences arising from the difference between the prevailing exchange rate on that date and the prevailing exchange rate on initial recognition or on the previous

balance sheet date are recognized in current profits and losses. 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 bookkeeping base currency amount and the original bookkeeping base currency amount is included in the current profits and losses.

10. Financial instruments

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

(1) Recognition and derecognition of financial instruments

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

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

- ① The contractual right to receive cash flow from the financial asset is terminated;
- 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). The Company (the Borrower) and the Lender sign an agreement in which the original financial liabilities are replaced by undertaking new financial liabilities; The contract terms of new financial liabilities and those of original financial liabilities are different in essence. Therefore, the original financial liabilities shall be derecognized, while the new financial liabilities shall be recognized. 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 sold and bought in a conventional way are subject to accounting recognition and derecognition at the transaction date. Buying and selling financial assets in a 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 transaction 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. Financial assets shall not be reclassified after initial recognition unless the Company changes its business model for managing financial assets, in which case all affected related financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets are measured at fair value upon initial recognition. For financial assets at fair value through profit or loss, related transaction expenses shall be directly included in the current profits and losses; the related transaction expenses of other financial assets shall be included in the initially recognized amount. Notes receivable and accounts receivable arising from sales of goods or provision of labor services that do not include or consider significant financing components are initially measured by the Company according to the transaction price defined in the revenue 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 at amortized cost. The business mode of the Company for managing such financial assets is to collect contractual cash flow. The contract of such financial assets specifies that the cash flow generated at a particular date is 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 profits and losses.

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 contractual 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 current profits and losses, changes in fair value of such financial assets are recognized as the other comprehensive income, and the accumulated profit or loss are transferred into current profits and losses until the financial assets are derecognized. However, the relevant interest revenue from the financial assets calculated by the effective interest method is included in the current profits and losses.

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 revenue in the current profits and losses. 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 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 current profits and losses.

(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 at 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 is included in current profits and losses. However, for designated financial liabilities at fair value through profit or loss by the Company, 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 a 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 are measured by the effective interest method based on the amortized cost.

Except for special circumstances, financial liabilities and equity instruments are 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 contractual 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, the instrument is then the financial liabilities of the issuer. If it is the latter, the instrument is then 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. Derivative financial

instruments with positive fair value are recognized as an asset, and derivative financial instruments with negative fair value are recognized as a debt.

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 profits and losses, the gain or loss incurred by the changes in fair value of derivative instruments are directly included in current profits and losses.

For hybrid instruments containing embedded derivative instruments, if the main contract is financial assets, the relevant provisions of financial asset classification shall apply to the hybrid instruments as a whole. 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 financial assets that are purchased or derived by the Company and subject to credit impairment shall be discounted on the basis of the credit-adjusted actual 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 revenue according to the book balance before deducting provision for impairment and the actual interest rate. For financial instruments in the third stage, interest revenue is calculated

according to their book balance minus the amortized cost for which impairment provision has been made and the effective 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 of 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 of 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 and investments in other debentures, 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 that can be obtained 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 at 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 flow 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 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.

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 current profits and losses. For financial assets at 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 debt 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 contractual 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-off constitutes the derecognition of related financial assets. This usually happens when the Company determines that the debtor has no assets or sources of revenue to generate sufficient cash flow to repay the amount to be written off.

If the written-off financial assets are recovered later, they shall be regarded as the reversal of impairment loss and included in the current 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 the 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 current profits and losses:

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 in 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 revenue (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 shall be presented separately in the balance sheet and shall 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;

The Company plans to settle on a net basis, or realize the financial assets and settle the financial liabilities simultaneously.

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

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 business".

11. Inventories

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 business".

(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 carries out inventory inspection at least once a year. The amount of inventory profit and inventory loss is included in the profit or loss of the year.

(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 used for sale, the market price shall be taken as the measurement basis of their net realizable value.

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. 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 V. 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 revenue 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 in 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 withdraw estimated liabilities related to onerous contracts:

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 the existence of common control or significant influence over investees

Common 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 is obtained. In assessing whether common control of an arrangement exists, the Company firstly 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 common 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, common control does not exist. Protective rights are not taken into account in determining whether or not there is common 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 significant influence can be exerted on the investee, consider the impact of voting shares directly or indirectly held by the investor and current executable potential voting rights held by the investor and other parties after they are assumed to be converted into equity in the investee, including the impact of current convertible warrants, share options and convertible corporate bonds issued by the investee.

It shall be regarded as a 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 not under common 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 administrative 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 the equity method are generally subject to the accounting treatment as follows:

Where the Company's 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 recognizing the share of net profits and losses of the investee, the Company recognizes the net profit of the investee after adjustment based on the fair value of the net identifiable assets of the investee when acquiring the 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. Where the internal trading losses incurred but not realized between the Company and the investees belong to asset impairment losses, such losses shall be recognized in full amount.

If it is possible to exert significant influence on the investee or implement common control but does not constitute control due to additional investment and other reasons, the sum of the fair value of the original equity investment plus the new investment cost shall be taken as the initial investment cost calculated by the equity method. 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 common 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 common 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,

such income 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 Note V. 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 investment in an associate or joint venture that has been classified as held for sale no longer meets the classification conditions of held-for-sale assets, it 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 investments in subsidiaries, associates and joint ventures, please refer to Note V. 22 for the method of provision for asset impairment.

16. Investment properties

Measurement mode 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, mainly including:

- ① Rented land use rights
- ② Land use rights possessed and ready for transfer after appreciation
- ③ Rented buildings

(2) Measurement mode of investment properties

The Company adopts the cost model for the subsequent measurement of investment properties. Please refer to Note V. 22 for the method of provision for 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:

| Category | Depreciation life (year) | Residual value rate (%) | Annual depreciation rate (%) |
|------------------------|--------------------------|-------------------------|------------------------------|
| Premises and buildings | 35-40 | 3 | 2.77-2.43 |
| Land use right | 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:

| Category | Depreciation method | Depreciation life (year) | Residual value rate (%) | Annual depreciation rate (%) |
|----------|---------------------|--------------------------|-------------------------|------------------------------|
|----------|---------------------|--------------------------|-------------------------|------------------------------|

| | | | | |
|--|----------------------|-----------|-----|------------------|
| Premises 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 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, 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 that have reached the working condition for their

intended use but for which the final accounts for completion have not been handled, they shall be transferred into the fixed assets at the estimated value according to the project budget, cost or actual cost from the date when they reach the working condition for their expected use, and the depreciation of the fixed assets shall be accrued according to the Company's depreciation policy for fixed assets. After the final accounts for completion are handled, the original estimated value shall be adjusted according to the actual cost, but the original depreciation amount shall not be adjusted.

19. Borrowing costs

(1) Recognition principle and capitalization period of borrowing cost capitalization

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 assets eligible for capitalization are abnormally interrupted and the interruption lasts for more than three months, the capitalization of 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) Capitalization rate and calculation method of capitalization amount of borrowing costs

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 revenue 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.

Where the acquisition and construction or production of assets eligible for capitalization occupies general borrowings, the interest amount of general borrowings to be capitalized shall be calculated and determined by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate of the used general borrowings. 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.

The right-of-use assets shall be initially measured at their cost on the commencement of the lease term. 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 detailed in Note V. 27. The above-mentioned cost is included in the inventory cost incurred for the production of inventory.

The Company classifies and accrues the depreciation of the right-of-use assets by the straight-line method. If it is possible to reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, the depreciation rate shall be determined according to the

category and the estimated ratio of net residual value of the right-of-use assets within the remaining service life of the leased asset; if it is impossible to reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, the depreciation rate shall be determined according to the category of the right-of-use assets within the shorter period of the lease term and the remaining service life of the leased asset.

21. Intangible assets

(1) Valuation method, service 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 service life | Basis |
|-------------------|------------------------|---|
| Land use right | 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 |

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 service 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 specific amount to be amortized is the amount after deducting the estimated residual value from its cost. For intangible assets with impairment provisions provided, the accumulative amount of impairment provision 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. The goodwill formed due to business merger,

intangible assets with uncertain service life and intangible assets that have not yet reached the usable state shall be tested for impairment every year regardless of whether there is any sign of impairment.

The recoverable amount is determined based on the higher of the net amount obtained by deducting disposal expenses from the fair value of assets and the present value of expected future cash flow of assets. 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 the impairment test of goodwill, the book value of goodwill formed by business merger shall be amortized to relevant asset groups with a reasonable method since the acquisition date; if it is difficult to amortize to relevant asset groups, it shall be amortized to relevant asset group portfolios. Asset group or portfolio of asset group is asset group or portfolio of asset group which can benefit from synergies of a business merger and is not greater than the reportable segment of the Company.

During the impairment test, if there is any sign of impairment in the asset group or portfolio of asset groups related to goodwill, first conduct an impairment test on the asset group or portfolio of asset groups that does not contain goodwill, calculate the recoverable amount and recognize the corresponding impairment loss. 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. The goodwill formed due to business merger, intangible assets with uncertain service life and intangible assets that have not yet reached the usable state shall be tested for impairment every year regardless of whether there is any sign of impairment.

The recoverable amount is determined based on the higher of the net amount obtained by deducting disposal expenses from the fair value of assets and the present value of expected future cash flow of assets. 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 the impairment test of goodwill, the book value of goodwill formed by business merger shall be amortized to relevant asset groups with a reasonable method since the acquisition date; if it is difficult to amortize to relevant asset groups, it shall be amortized to relevant asset group portfolios. Asset group or portfolio of asset group is asset group or portfolio of asset group which can benefit from synergies of a business merger and is not greater than the reportable segment of the Company.

During the impairment test, if there is any sign of impairment in the asset group or portfolio of asset groups related to goodwill, first conduct an impairment test on the asset group or portfolio of asset groups that does not contain goodwill, calculate the recoverable amount and recognize the corresponding impairment loss. 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 and 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, work injury insurance premium, maternity insurance premium and other social insurance premiums and housing provident fund, labor union funds and employee education funds

For social insurance premiums such as medical insurance, work injury insurance and maternity insurance, as well as housing provident fund paid by the Company for the employees, and for labor 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 paid leaves in the period of the actual occurrence of the leave.

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 plan

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

According to the projected unit credit method, the unbiased and mutually agreed actuarial assumptions are adopted by the Company to estimate the relevant demographic variables and financial variables, calculate the obligations arising from the defined benefit plan and determine the

period of relevant obligations belonging thereto. 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 defined benefit plan minus the fair value of assets under defined benefit plan should be recognized by the Company as a net liability or a net asset under defined benefit plan.

In case that 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 termination benefits

When termination benefits are provided, the employee compensation liabilities for termination benefits 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 termination benefits payment;

If the termination benefits are expected not to be fully paid within 12 months after the end of the annual reporting period, the amount of termination benefits shall be discounted with reference to the corresponding discount rate (determined according to the market yield of national bonds or high-quality corporate bonds in the active market that match the obligation period 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 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 reporting 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 have 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;
- Variable lease payment depending 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 for exercising the termination option, provided that the lease term reflects that the lessee will exercise the termination option;
- The amount expected to be paid according to the guaranteed residual value provided by the lessee.

In calculating the present value of the lease payment, the Company adopts the interest rate implicit in the lease as the discount rate. If it is impossible to determine the interest rate implicit in the lease, the Company will adopt the incremental borrowing rate as the discount rate. 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 period and is charged to the current profits and losses. 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

Estimated liabilities are initially measured at the best estimation of the expenses to exercise the current obligations, with considerations to the risks, uncertainty, time value of currency, and other

factors pertinent to the contingencies. The book value of the estimated liabilities shall be reviewed on each balance sheet date. If there is concrete evidence showing that the book value cannot truly reflect the current best estimate, the book value shall be adjusted as per the current best estimate.

28. Revenue

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 business".

(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 recognizes the revenue when it has fulfilled its performance obligations of the Contract, i.e. the customer has acquired the control over the relevant goods. The acquisition of control over the relevant goods refers to 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 will 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 revenue when the relevant uncertainty is eliminated. If a significant financing component is involved in a contract, the Company will determine the transaction price in the amount payable by

the customer in cash when the customer obtains control over the goods, and the difference between the transaction price and the contract consideration will be amortized by the effective interest method over the contract term. 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, the Company 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 revenue 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 revenue 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 over 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. The Company carries out accounting treatment in accordance with the *Accounting Standards for Business Enterprises No. 13 – Contingencies* for guarantee quality assurance to assure customers that the goods sold meet the

established standards. For the service quality assurance that provides a separate service in addition to ensuring that the sold goods meet the established standards, the Company takes it as a single performance obligation. Part of the transaction price is amortized to the service quality assurance according to the relative proportion of the separate selling price for providing the commodity and service quality assurance, and revenue is recognized when the customer obtains control over the service. When assessing whether the quality assurance provides a separate service to the customer 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 revenue according to the total consideration received or receivable. Otherwise, the Company, as an agent, recognizes revenue according to the amount of commission or handling charge that it is expected to be entitled to receive. The amount shall be determined based on the net amount after deducting the price payable to other related parties from the total consideration received or receivable, or in accordance with the established commission amount or proportion.

Consideration payable to a customer

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

Contractual rights not exercised by the customer

If the Company receives the payment for selling goods or services from the customer in advance, the amounts received shall be first recognized as liabilities, and then be converted into revenue when the relevant performance obligations are fulfilled. When the advances from customers do not need to be recovered, and the customer may abandon all or part of its contract rights, if the Company is expected to obtain the amount related to the contract rights abandoned by the customer, the above amount shall be recognized as revenue in proportion according to the mode of the customer exercising the contract rights; otherwise, the Company will convert the balance of the above liabilities into revenue only when there is little possibility that the customer requires the fulfillment of the remaining performance obligations.

Change of contract

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

① The Company will treat the change as a separate contract for accounting if the change increases the clearly distinguishable construction services and contract price, and the additional contract price reflects the separate selling price of additional construction services;

② The change will be deemed as the termination of the original contract, and the outstanding portion of the original contract will be combined with the change portion to form a new contract for accounting if the change does not fall within the definition of ①, and if there is a clear distinction between the transferred construction services and the non-transferred construction services on the date of the change;

③ The change will be considered as part of the original contract for accounting, and the revenue of the current period will be adjusted to reflect the resulting impact on the recognized revenue if the change does not fall into the definition of ① and if there is no clear distinction between the transferred construction services and the non-transferred construction services on the date of the change.

(2) Specific method

Specific revenue recognition method of the Company is as follows:

① Contract for sale of goods

The contract for sale of goods 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 maintenance 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 Contract for provision of services

The contract for provision of services 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 V. 28 for the recognition method of the real estate rent revenue 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

The government subsidies considered as 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 included in the profit or loss with a reasonable and systematic method within the service life of related assets. Government subsidies measured at the nominal amount shall be directly included in the current profits and losses. When the related assets are sold, transferred, scrapped or damaged before the end of service life, all the undistributed deferred incomes shall be transferred to the current profits and losses 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, the income-related government subsidies 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. Government subsidies irrelevant 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

For the government subsidies recognized to be refunded, if the government subsidies are used to offset the book value of the related assets when they are initially recognized, the book value of assets shall be adjusted. If there is deferred income concerned, the government subsidies shall be offset against the book balance of the deferred income, and the excess shall be included in the current profit or loss. They shall be directly included in the current profit or loss in other cases.

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.

The effect on income tax of deductible temporary difference incurred in the initial recognition of assets or liabilities arising from transactions or events having the following characteristics at the same time is not recognized as deferred tax assets:

A. The transaction is not a business merger;

B. The transaction affects neither the accounting profit nor the taxable income (or deductible loss) when it occurs.

For the deductible temporary differences related to the Company's investments in subsidiaries, associates and joint ventures, if the following two conditions are met at the same time, the amount of influence on income tax is 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;

On the balance sheet date, if there is conclusive evidence that it is probable that sufficient taxable income will be obtained in future periods to offset the deductible temporary differences, the deferred tax assets not recognized in previous periods shall be recognized

The book value of deferred tax assets is reviewed by the Company 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 circumstances:

① The influence of taxable temporary differences on income tax arising from the following transactions or events is not recognized as deferred tax liabilities:

A. Initial recognition of goodwill;

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

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 not under common 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 formed by changes in fair value of other creditor's rights investment, 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,

the corresponding deferred tax assets shall be recognized, and the income tax expenses in the current income statement shall be reduced.

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 shall be recognized, goodwill shall be decreased; where the goodwill is not sufficient to offset, the balance shall 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

When the Company prepares the consolidated financial statements, where there is a temporary difference between the book value of assets and liabilities in the consolidated balance sheet and the tax base of the taxable entity to which they belong due to the offset of unrealized gains and losses from internal sales, 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 income tax related to transactions or events directly included in 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 when the costs and expenses are recognized in accordance with the provisions of the accounting standards, the Company calculates and determines the tax base and the temporary differences arising therefrom according to the estimated amount deductible before tax obtained at the end of the accounting period, and recognizes the relevant deferred income tax

when the recognition conditions are met. Where the amount that can be deducted before tax in the future period is expected to exceed the costs and expenses related to share-based payment recognized in accordance with the provisions of the accounting standards, the income tax impact of the excess part shall be directly included in the owners' equity.

31. Lease

(1) Accounting for operating leases

(1) Identification of lease

On the commencement date of the 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 should be a lease or should include 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 on 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.

The right-of-use assets shall be initially measured at their cost on the commencement of the lease term. 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 detailed in Note V. 27. The above-mentioned cost is included in the inventory cost incurred for the production of inventory.

The Company classifies and accrues the depreciation of the right-of-use assets by the straight-line method. If it is possible to reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, the depreciation rate shall be determined according to the category and the estimated ratio of net residual value of the right-of-use assets within the remaining service life of the leased asset; if it is impossible to reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, the depreciation rate shall be

determined according to the category of the right-of-use assets within the shorter period of the lease term and the remaining service life of the leased asset.

② Lease liabilities

Lease liabilities shall be initially measured according to the present value of lease payments that have 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;
- Variable lease payment depending 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 for exercising the termination option, provided that the lease term reflects that the lessee will exercise the termination option;
- The amount expected to be paid according to the guaranteed residual value provided by the lessee.

In calculating the present value of the lease payment, the Company adopts the interest rate implicit in the lease as the discount rate. If it is impossible to determine the interest rate implicit in the lease, the Company will adopt the incremental borrowing rate as the discount rate. 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 period and is charged to the current profits and losses. 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 lease commencement date, the Company divides the lease that substantially transfers almost all risks and rewards related to the ownership of the leased assets into a finance lease, and other leases other than finance leases are operating leases.

① Operating lease

During each period of the lease term, the Company recognizes lease receipts as rent revenue on a straight-line basis and capitalizes and apportions the initial direct costs incurred on the same basis as rent revenue, which shall be charged to the current profits and losses. The Company's variable lease payment which is related to operating lease and not included in lease receipts is included in the current profits and losses when it actually occurs.

② Finance lease

On the lease commencement date, the Company recognizes the finance leases receivable according to the net investment in a lease (equivalent to the sum of the unguaranteed residual value and the present value of the lease receipts that have not yet been received at the commencement of lease term which is discounted at the interest rate implicit in lease), and derecognizes the finance lease assets. During each period of the lease term, the Company calculates and recognizes interest revenue at the interest rate of the lease.

The Company's variable lease payment which is not included in the measurement of net investment in a lease is included in the current profits and losses when it actually occurs.

(5) Accounting treatment on lease change

① Lease change taken 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; 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 not taken as a separate lease

A. The Company as the lessee

On the effective date of the lease change, the Company will determine a new lease term and use the revised discount rate to discount the changed lease payment 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 on the effective date of the lease change as the discount rate.

As for the impact of the above adjustment of lease liabilities, the Company carries out the accounting treatment according to the following circumstances:

- If the lease scope is reduced or the lease term is shortened due to the lease change, the Company will reduce the book value of the right-of-use asset and include the relevant gains or losses from the partial termination or complete termination of the lease in the current profits and losses.
- For other lease changes, the Company will adjust the book value of the right-to-use asset accordingly.

B. The Company as the lessor

If there is a change in the operating lease, the Company will take it as a new lease from the effective date of the change to carry out accounting treatment, and the lease receipts received in advance or receivable related to the lease before the change will be regarded as the receipts for the new lease.

For the 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) Sale and leaseback transaction

The Company evaluates the asset transfer in the sale and leaseback transaction to assess and determine whether it is classified as sales according to Note V. 31.

① The Company as the seller (lessee)

If the asset transfer in the sale and leaseback transaction is not classified as sales, the Company will continue to recognize the transferred asset, and meanwhile, recognize a financial liability equal to the transferred revenue, and carry out accounting treatment on the financial liability in accordance with Note III. 10. If the asset transfer is classified as sales, the Company will measure the right-of-use assets formed by sale and leaseback according to the part of the book value of the original asset related to the right of use obtained by leaseback, and recognize the related gains or losses for the rights transferred to the lessor only.

② The Company as the buyer (lessor)

If the transfer of assets in the sale and 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 revenue, 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) Changes in significant accounting policies

Applicable Not applicable

(2) Changes in significant accounting estimates

Applicable Not applicable

(3) Conditions of the first implementation of new accounting standards from 2023 to adjust the relevant items in financial statements at the beginning of the first implementation year

Applicable Not applicable

VI. Taxes**1. Main taxes and tax rates**

| Tax type | Taxation basis | Tax rate |
|---------------------------------------|--|---------------------|
| Value-added tax (VAT) | Sales of goods or provision of taxable services | 13%, 9%, 5%, 6%, 3% |
| Consumption tax | Sales of goods | 10% |
| City maintenance and construction tax | Turnover taxes payable | 7% |
| Corporate 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 rent revenue | 1.2%、12% |
| Educational surcharges | Turnover taxes payable | 3% |
| Local educational 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 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. 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 | 11,377.69 | 25,673.67 |
| Cash at bank | 207,324,785.31 | 394,258,891.55 |
| Other cash at bank and on hand | 65,084,078.88 | 18,743,762.14 |
| Total | 272,420,241.88 | 413,028,327.36 |

Other instructions

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 233,485.80 is the futures option account deposit. In addition, there are 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.

2. Trading financial assets

Unit: RMB

| Item | Ending balance | Beginning balance |
|---|----------------|-------------------|
| Financial assets at fair value through profit or loss | 293,350,365.44 | 176,133,569.95 |
| Where: | | |
| Structured deposits and financial products | 293,350,365.44 | 176,133,569.95 |
| Where: | | |
| Total | 293,350,365.44 | 176,133,569.95 |

3. Derivative financial assets

Unit: RMB

| Item | Ending balance | Beginning balance |
|---------------------|----------------|-------------------|
| Hedging instruments | 1,760.00 | 0.00 |
| Total | 1,760.00 | |

4. Notes receivable

(1) Classified presentation of notes receivable

Unit: RMB

| Item | Ending balance | Beginning balance |
|-----------------------|----------------|-------------------|
| Bank acceptance notes | 20,000,000.00 | 87,812,500.00 |
| Total | 20,000,000.00 | 87,812,500.00 |

If the bad debt provision for notes receivable is 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 | Derecognition amount at the end of the period | Non-derecognition amount at the end of the period |
|-----------------------|---|---|
| Bank acceptance notes | 67,812,500.00 | 20,000,000.00 |
| Total | 67,812,500.00 | 20,000,000.00 |

5. Accounts receivable

(1) Classified disclosure of accounts receivable

Unit: RMB

| Category | Ending balance | | | | | Beginning balance | | | | |
|---|----------------|------------|-------------------------|-------------------------|----------------|-------------------|------------|-------------------------|-------------------------|---------------|
| | Book balance | | Provision for bad debts | | Book value | Book balance | | Provision for bad debts | | Book value |
| | Amount | Proportion | Amount | Proportion of provision | | Amount | Proportion | Amount | Proportion of provision | |
| Accounts receivable with provision for bad debts made on a single basis | 48,746,583.16 | 21.07% | 48,746,583.16 | 100.00% | | 48,781,485.16 | 53.63% | 48,781,485.16 | 100.00% | |
| Where: | | | | | | | | | | |
| Accounts receivable with provision for bad debts made by portfolio | 182,630,603.90 | 78.93% | 416,552.43 | 0.23% | 182,214,051.47 | 42,175,581.79 | 46.37% | 423,402.23 | 1.00% | 41,752,179.56 |
| Where: | | | | | | | | | | |
| Aging portfolio | 45,336,597.14 | 19.59% | 416,552.43 | 0.92% | 44,920,044.71 | 41,508,602.26 | 45.64% | 416,732.43 | 1.00% | 41,091,869.83 |
| Jewelry sales business portfolio | 137,294,006.76 | 59.34% | | 0.00% | 137,294,006.76 | 666,979.53 | 0.73% | 6,669.80 | 1.00% | 660,309.73 |
| Total | 231,377,187.06 | 100.00% | 49,163,135.59 | 21.25% | 182,214,051.47 | 90,957,066.95 | 100.00% | 49,204,887.39 | 54.10% | 41,752,179.56 |

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 | Ending balance |
|---------------------------|----------------|
| Within 1 year (inclusive) | 182,627,243.90 |
| Over 3 years | 48,749,943.16 |
| Over 5 years | 48,749,943.16 |
| Total | 231,377,187.06 |

(2) Bad debt provision provided, recovered or reversed in the current period

Bad debt provision provided in the reporting period:

Unit: RMB

| Category | Beginning balance | Amount changed in the current period | | | | Ending balance |
|---|-------------------|--------------------------------------|----------------------|-----------|-----------|----------------|
| | | Provision | Recovery or reversal | Write-off | Others | |
| Provision for bad debts made on an individual basis | 48,781,485.16 | | | | 34,902.00 | 48,746,583.16 |
| Provision for bad debts made by portfolio | 423,402.23 | | 6,669.80 | | 180.00 | 416,552.43 |
| Total | 49,204,887.39 | 0.00 | 6,669.80 | 0.00 | 35,082.00 | 49,163,135.59 |

(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 Foreway Jewellery Group Co., Ltd. | 49,639,310.00 | 21.45% | |
| Shenzhen Mingfeng Jewelry Co., Ltd. | 29,853,960.00 | 12.90% | |
| Shenzhen Yuepengjin E-commerce Co., Ltd. | 29,768,050.00 | 12.87% | |
| Shenzhen Xingguangda Jewelry Industrial Co., Ltd. | 13,849,800.00 | 5.99% | |
| Shenzhen Zhanpeng Jewelry Co., Ltd. | 12,695,200.00 | 5.49% | |
| Total | 135,806,320.00 | 58.70% | |

6. Advances to suppliers**(1) Advances to suppliers by aging**

Unit: RMB

| Aging | Ending balance | | Beginning balance | |
|---------------|----------------|------------|-------------------|------------|
| | Amount | Proportion | Amount | Proportion |
| Within 1 year | 53,588,828.71 | 99.98% | 8,114,727.00 | 99.92% |

| | | | | |
|--------------|---------------|-------|--------------|-------|
| 1-2 years | | 0.00% | 0.00 | |
| 2-3 years | | 0.00% | 0.00 | |
| Over 3 years | 12,525.94 | 0.02% | 12,525.94 | 0.08% |
| Total | 53,601,354.65 | | 8,127,252.94 | |

(2) Advances to suppliers with top five ending balances by the suppliers

| Item | Balance as of June 30, 2023 | Proportion in total ending balance of advances to suppliers (%) |
|--|-----------------------------|---|
| Shanghai Gold Exchange | 25,500,000.00 | 47.57% |
| LAXMI DIAMOND PVT LTD | 8,659,197.28 | 16.15% |
| RIOGANIC LIMITED | 6,320,980.01 | 11.79% |
| Shenzhen Tiangang Commercial Exhibition Equipment Technology Co., Ltd. | 846,531.78 | 1.58% |
| FAW Toyota Motor Sales Co., Ltd. | 634,600.37 | 1.18% |
| Total | 41,961,309.44 | 78.28% |

7. Other receivables

Unit: RMB

| Item | Ending balance | Beginning balance |
|----------------------|----------------|-------------------|
| Dividends receivable | 1,852,766.21 | 1,852,766.21 |
| Other receivables | 22,064,222.99 | 5,810,804.66 |
| Total | 23,916,989.20 | 7,663,570.87 |

(1) Dividends receivable**1) Category of dividends receivable**

Unit: RMB

| Project (or Investee) | Ending balance | Beginning balance |
|---|----------------|-------------------|
| China Pufa Machinery Industry Co., Ltd. | 1,852,766.21 | 1,852,766.21 |
| Total | 1,852,766.21 | 1,852,766.21 |

2) Significant dividends receivable aged over 1 year

Unit: RMB

| Project (or Investee) | Ending balance | Aging | Reason for non-recovery | Whether impairment occurs and its 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) Withdrawal of bad debt provision

Applicable Not applicable

(2) Other receivables

1) Classification of other receivables by nature

Unit: RMB

| Payment nature | Ending book balance | Beginning book balance |
|-----------------------------|---------------------|------------------------|
| Security deposit | 948,438.95 | 1,182,793.87 |
| Reserve fund | 100,440.00 | 0.00 |
| Suspense payment receivable | 71,491,665.80 | 57,765,312.21 |
| Total | 72,540,544.75 | 58,948,106.08 |

2) Withdrawal of bad debt provision

Unit: RMB

| Provision for bad debts | Stage I | Stage II | Stage III | Total |
|---|--|---|---|---------------|
| | Expected credit loss in the next 12 months | Expected credit loss within the whole duration (credit impairment not occurred) | Expected credit loss within the whole duration (credit impairment occurred) | |
| Balance as of January 1, 2023 | 42,417.67 | 0.00 | 53,094,883.75 | 53,137,301.42 |
| Balance as of January 1, 2023 in the current period | | | | |
| Other changes | 8,637.92 | 0.00 | 2,652,341.74 | 2,660,979.66 |
| Balance as of June 30, 2023 | 33,779.75 | 0.00 | 50,442,542.01 | 50,476,321.76 |

Changes of book balance with significant amount changed of loss provision in the reporting period

Applicable Not applicable

Disclosure by aging

Unit: RMB

| Aging | Ending balance |
|---------------------------|----------------|
| Within 1 year (inclusive) | 18,809,481.17 |
| 1-2 years | 295,930.24 |
| 2-3 years | 446,078.00 |
| Over 3 years | 52,989,055.34 |
| Over 5 years | 52,989,055.34 |
| Total | 72,540,544.75 |

3) Other receivables of the top five ending balances by the owing party

Unit: RMB

| Item | Nature of payment | 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. | Transaction payments | 9,832,956.37 | Over 3 years | 13.56% | 9,832,956.37 |
| Shenzhen Nanfang Industry and Trade Industrial Co., Ltd. | Transaction payments | 7,359,060.75 | Over 3 years | 10.14% | 7,359,060.75 |
| Shenzhen Zhonghao (Group) Co., Ltd. | Transaction payments | 5,000,000.00 | Over 3 years | 6.89% | 5,000,000.00 |
| Shenzhen Kaifeng Special Automobile Industry Co., Ltd. | Transaction payments | 4,413,728.50 | Over 3 years | 6.08% | 2,206,864.25 |
| Shenzhen Jinbeili Electric Appliance Co., Ltd. | Transaction payments | 2,706,983.51 | Over 3 years | 3.73% | 2,706,983.51 |
| Total | | 29,312,729.13 | | 40.41% | 27,105,864.88 |

8. Inventories

Whether the Company needs to comply with the disclosure requirements for the 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 | 35,338,496.85 | 14,915,234.15 | 20,423,262.70 | 32,186,382.35 | 14,959,426.51 | 17,226,955.84 |
| Goods in stocks | 29,308,360.41 | 8,859,535.03 | 20,448,825.38 | 35,204,271.37 | 15,553,427.93 | 19,650,843.44 |
| Hedged item | 898,501.98 | | 898,501.98 | 79,191,876.11 | | 79,191,876.11 |
| Total | 65,545,359.24 | 23,774,769.18 | 41,770,590.06 | 146,582,529.83 | 30,512,854.44 | 116,069,675.39 |

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 business".

(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 | 14,959,426.51 | 3,700.50 | | 159.29 | 47,733.57 | 14,915,234.15 |
| Goods in stocks | 15,553,427.93 | | | 1,402,510.65 | 5,291,382.25 | 8,859,535.03 |
| Total | 30,512,854.44 | 3,700.50 | | 1,402,669.94 | 5,339,115.82 | 23,774,769.18 |

9. Other current assets

Unit: RMB

| Item | Ending balance | Beginning balance |
|---|-----------------------|----------------------|
| Input VAT to be deducted | 8,050,745.85 | 17,764,057.26 |
| Taxes pre-paid | | 582,654.29 |
| Large-denomination certificates of deposit maturing within one year | 111,088,429.66 | |
| Total | 119,139,175.51 | 18,346,711.55 |

10. 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 intercourse funds | 2,179,203.68 | 2,179,203.68 | 0.00 | 2,179,203.68 | 2,179,203.68 | 0.00 | |
| Total | 2,179,203.68 | 2,179,203.68 | | 2,179,203.68 | 2,179,203.68 | | |

Changes of book balance with significant amount changed of loss provision in the reporting period

 Applicable Not applicable**11. 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 |
|---|--------------------------------|-------------------------------|--------------------|--|--|-------------------------|--|----------------------|--------|-----------------------------|--|
| | | Additonal investment | Reduced investment | Profit or loss on investments recognized under the equity method | Other comprehensive income adjustments | Changes in other equity | Cash dividends and profits declared to pay | Impairment provision | Others | | |
| I. Joint ventures | | | | | | | | | | | |
| Shenzhen Tellus-Gmond Investment Co., Ltd. | 47,143,720.13 | | | 8,384,663.51 | | | 15,000,000.00 | | | 40,528,383.64 | |
| Shenzhen Telixing Investment Co., Ltd. [Note 3] | 14,200,897.13 | | | -371,042.13 | | | | | | 13,829,855.00 | |
| Subtotal | 61,344,617.26 | | | 8,013,621.38 | | | 15,000,000.00 | | | 54,358,238.64 | |

| II. Associates | | | | | | | | | | | |
|--|---------------|--|--|--|---------------|--|--|--|--|--|---------------|
| Shenzhen Renfu Tellus Automobiles Service Co., Ltd. | 19,679,748.68 | | | | -5,002,010.09 | | | | | | 14,677,738.59 |
| Shenzhen Xinyongtong Oil Pump and Environmental Protection Co., Ltd. | | | | | | | | | | | |
| Shenzhen Xinyongtong Consulting Co., Ltd. | | | | | | | | | | | |
| Shenzhen Tellus Automobile Service Chain Co., Ltd. [Note 2] | | | | | | | | | | | |
| Shenzhen Xinyongtong Automobile Service 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 | | | | | | | | | | | 2,250,000.00 |

| | | | | | | | | | | | |
|--|---------------|--|--|---------------|--|--|---------------|--|--|---------------|---------------|
| Automobile Sales Co., Ltd. [Note 1] | | | | | | | | | | | |
| 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 | 19,679,748.68 | | | -5,002,010.09 | | | | | | 14,677,738.59 | 14,475,012.62 |
| Total | 81,024,365.94 | | | 3,011,611.29 | | | 15,000,000.00 | | | 69,035,977.23 | 14,475,012.62 |

Other instructions

Note 1: The industrial and commercial registration of such companies has been revoked, and the Company has made full provision for the 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.

12. Other equity instrument investments

Unit: RMB

| Item | Ending balance | Beginning balance |
|---|----------------|-------------------|
| Investment in unlisted equity instruments | 29,401,309.85 | 10,176,617.20 |
| Total | 29,401,309.85 | 10,176,617.20 |

Non-trading equity instrument investment in the reporting period disclosed by items

Unit: RMB

| Description | Dividend revenue recognized | Cumulative profits | Cumulative losses | Amount of other comprehensive income transferred to retained earnings | Reasons for being designated as at fair value through other comprehensive income | Reason for other comprehensive income transferred to retained earnings |
|--|-----------------------------|--------------------|-------------------|---|---|--|
| China Pufa Machinery Industry Co., Ltd. | | | | | Strategic investments expected to be held in the long term | |
| Shenzhen SDG Huari Automobile Enterprise Co., Ltd. | | | | | At present, it has entered the stage of compulsory liquidation. The parent company no longer has control, common control or significant influence over it and has transferred its investment into financial assets. | |

13. Investment properties**(1) Investment properties measured at cost**Applicable Not applicable

Unit: RMB

| Item | Premises and buildings | Land use right | Projects under construction | Total |
|--|------------------------|----------------|-----------------------------|----------------|
| I. Original book value | | | | |
| 1. Beginning balance | 630,510,174.94 | 49,079,520.00 | | 679,589,694.94 |
| 2. Increase in the current period | 481,077,213.60 | 46,587,562.86 | | 527,664,776.46 |
| (1) Outsourcing | | | | |
| (2) Transferred from inventories, fixed assets or construction in progress | 481,077,213.60 | 46,587,562.86 | | 527,664,776.46 |
| (3) Increase from business merger | | | | |
| 3. Decrease in the current period | | | | |
| (1) Disposal | | | | |
| (2) Other transfer-out | | | | |

| | | | | |
|---|------------------|---------------|--|------------------|
| 4. Ending balance | 1,111,587,388.54 | 95,667,082.86 | | 1,207,254,471.40 |
| II. Accumulated depreciation and accumulated amortization | | | | |
| 1. Beginning balance | 158,767,972.34 | 4,461,583.15 | | 163,229,555.49 |
| 2. Increase in the current period | 12,635,590.14 | 250,920.45 | | 12,886,510.59 |
| (1) Provision or amortization | 12,635,590.14 | 250,920.45 | | 12,886,510.59 |
| 3. Decrease in the current period | | | | |
| (1) Disposal | | | | |
| (2) Other transfer-out | | | | |
| 4. Ending balance | 171,403,562.48 | 4,712,503.60 | | 176,116,066.08 |
| 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 | 940,183,826.06 | 90,954,579.26 | | 1,031,138,405.32 |
| 2. Beginning book value | 471,742,202.60 | 44,617,936.85 | | 516,360,139.45 |

(2) Investment properties measured at fair value

Applicable Not applicable

(3) Investment properties whose property certificates are not obtained

Unit: RMB

| Item | Book value | Reason(s) for the failure to transact the property certificate |
|-------------------------------|--------------|--|
| CNNC office building | 4,069,138.47 | The property ownership certificate has not been handled due to historical reasons. |
| Building 12, Sungang | 8,910.05 | The property ownership certificate has not been handled due to historical reasons. |
| Shops in Building 12, Sungang | 27,102.03 | The property ownership certificate has not been handled due to historical reasons. |
| Total | 4,105,150.55 | |

14. Fixed assets

Unit: RMB

| Item | Ending balance | Beginning balance |
|--------------|----------------|-------------------|
| Fixed assets | 84,382,315.00 | 102,689,546.42 |
| Total | 84,382,315.00 | 102,689,546.42 |

(1) Details of fixed assets

Unit: RMB

| Item | Premises and buildings | Machinery equipment | Transportation equipment | Electronic equipment | Office and other equipment | Total |
|--|------------------------|---------------------|--------------------------|----------------------|----------------------------|----------------|
| I. Original book value: | | | | | | |
| 1. Beginning 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 |
| 2. Increase in the current period | | | 559,625.73 | 195,678.96 | | 755,304.69 |
| (1) Purchase | | | 559,625.73 | 195,678.96 | | 755,304.69 |
| (2) Transfer from construction in progress | | | | | | |
| (3) Increase from business merger | | | | | | |
| 3. Decrease in the current period | 64,346,975.91 | 4,641,519.00 | 3,900,602.04 | 3,571,624.05 | 791,751.15 | 77,252,472.15 |
| (1) Disposal or retirement | | | 2,962,403.88 | 2,955.00 | 25,424.42 | 2,990,783.30 |
| (2) Others | 64,346,975.91 | 4,641,519.00 | 938,198.16 | 3,568,669.05 | 766,326.73 | 74,261,688.85 |
| 4. Ending balance | 219,722,807.26 | 17,656,640.40 | 2,134,390.98 | 8,987,430.29 | 7,182,711.36 | 255,683,980.29 |
| II. Accumulated depreciation | | | | | | |
| 1. Beginning 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 |
| 2. Increase in the current period | 2,936,987.04 | 510,513.85 | 215,038.04 | 403,457.57 | 415,271.08 | 4,481,267.58 |
| (1) Provision | 2,936,987.04 | 510,513.85 | 215,038.04 | 403,457.57 | 415,271.08 | 4,481,267.58 |
| 3. Decrease in the current period | 53,277,719.26 | 3,773,863.98 | 2,234,132.29 | 3,048,838.23 | 311,939.80 | 62,646,493.56 |
| (1) Disposal or retirement | | | 1,389,753.95 | 2,866.35 | | 1,392,620.30 |
| (2) Others | 53,277,719.26 | 3,773,863.98 | 844,378.34 | 3,045,971.88 | 311,939.80 | 61,253,873.26 |
| 4. Ending | 147,575,344.80 | 7,645,242.81 | 1,776,355.49 | 6,048,106.17 | 3,912,472.76 | 166,957,522.03 |

| | | | | | | |
|-----------------------------------|---------------|---------------|--------------|--------------|--------------|----------------|
| balance | | | | | | |
| III. Provision for impairment | | | | | | |
| 1. Beginning balance | 3,836,768.43 | 411,135.22 | 6,165.00 | 49,924.86 | 64,859.81 | 4,368,853.32 |
| 2. Increase in the current period | | | | | | |
| (1) Provision | | | | | | |
| 3. Decrease in the current period | | 5,215.34 | | 19,494.72 | | 24,710.06 |
| (1) Disposal or retirement | | | | | | |
| (2) Others | | 5,215.34 | | 19,494.72 | | 24,710.06 |
| 4. Ending balance | 3,836,768.43 | 405,919.88 | 6,165.00 | 30,430.14 | 64,859.81 | 4,344,143.26 |
| IV. Book value | | | | | | |
| 1. Ending book value | 68,310,694.03 | 9,605,477.71 | 351,870.49 | 2,908,893.98 | 3,205,378.79 | 84,382,315.00 |
| 2. Beginning 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) Fixed assets leased out by operating lease

Unit: RMB

| Item | Ending book value |
|------------------------|-------------------|
| Premises and buildings | 56,228,095.65 |
| Total | 56,228,095.65 |

(3) Fixed assets whose property certificates are not obtained

Unit: RMB

| Item | Book value | Reason(s) for the failure to transact the property certificate |
|--|---------------|--|
| Yongtong Building | 23,859,074.77 | The property ownership certificate has not been handled due to historical reasons. |
| Automobile Building | 13,224,506.59 | The property ownership certificate has not been handled due to historical reasons. |
| Underground Parking Lot of Tellus Building | 7,707,820.28 | The property ownership certificate of the parking lot cannot be handled. |
| Floor 3-5, Plant 1#, 2# and 3#, Taoyuan Road | 2,881,040.65 | The property ownership certificate has not been handled due to historical reasons. |
| Transfer floor of Tellus Building | 1,258,630.64 | Property ownership certificate unavailable |
| Building 16, Taohuayuan | 1,068,260.34 | The property ownership certificate has not been handled due to historical reasons. |

| | | |
|---|---------------|--|
| Shuibe Zhongtian Complex Building | 663,758.10 | The property ownership certificate has not been handled due to historical reasons. |
| First Floor of Bao'an Commercial and Residential Building | 715,105.88 | The property ownership certificate has not been handled due to historical reasons. |
| Warehouse | 729,235.69 | The property ownership certificate has not been handled due to historical reasons. |
| Warehouse of Trade Department | 52,808.53 | 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 | 52,176,230.67 | |

15. Construction in progress

Unit: RMB

| Item | Ending balance | Beginning balance |
|-----------------------------|----------------|-------------------|
| Projects under construction | 6,860,682.96 | 409,933,559.27 |
| Total | 6,860,682.96 | 409,933,559.27 |

(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 |
| Other works | 6,860,682.96 | | 6,860,682.96 | 124,844.32 | | 124,844.32 |
| Total | 6,860,682.96 | | 6,860,682.96 | 409,933,559.27 | | 409,933,559.27 |

(2) Changes in major construction-in-progress projects in the current period

Unit: RMB

| Description | Budget | Beginning balance | Increase in the current period | Fixed assets transferred into the current period | Other decreases in the current period | Ending balance | Proportion of accumulated investment in construction | Construction progress | Accumulated amount of capitalized interest | Including: Amount of capitalized interest in the current | Capitalization rate for current interest | Source of funds |
|-------------|--------|-------------------|--------------------------------|--|---------------------------------------|----------------|--|-----------------------|--|--|--|-----------------|
| | | | | | | | | | | | | |

| | | | | | d | | ructi ons to budg et | | | period | | |
|--|--------------------|--------------------|-------------------|--------------------|------|------|----------------------------------|----------|------------------|------------------|-----------|------------|
| Tellus Jinzua n Tradin g Buildi ng | 491,060, 000.00 | 409,808, 714.95 | 81,253,7 22.19 | 491,062, 437.14 | | 0.00 | 100.0 0% | 100 % | 8,418,62 2.82 | 1,510,3 24.98 | 3.60 % | Othe rs |
| Total | 491,060, 000.00 | 409,808, 714.95 | 81,253,7 22.19 | 491,062, 437.14 | 0.00 | 0.00 | | | 8,418,62 2.82 | 1,510,3 24.98 | 3.60 % | |

16. Right-of-use assets

Unit: RMB

| Item | Premises and buildings | Total |
|--------------------------------------|------------------------|---------------|
| I. Original book value | | |
| 1. Beginning balance | 10,149,723.83 | 10,149,723.83 |
| 2. Increase in the current period | 72,202,014.27 | 72,202,014.27 |
| 3. Decrease in the current period | | |
| 4. Ending balance | 82,351,738.10 | 82,351,738.10 |
| II. Accumulated depreciation | | |
| 1. Beginning balance | 5,968,480.97 | 5,968,480.97 |
| 2. Increase in the current period | 1,801,160.77 | 1,801,160.77 |
| (1) Provision | 1,801,160.77 | 1,801,160.77 |
| 3. Decrease in the current period | | |
| (1) Disposal | | |
| 4. Ending balance | 7,769,641.74 | 7,769,641.74 |
| 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 | 74,582,096.36 | 74,582,096.36 |
| 2. Beginning book value | 4,181,242.86 | 4,181,242.86 |

17. Intangible assets

(1) Intangible assets

Unit: RMB

| Item | Land use right | Patent rights | Non-patented technologies | Trademark | Software | Total |
|--|----------------|---------------|---------------------------|------------|--------------|---------------|
| I. Original book value | | | | | | |
| 1. Beginning balance | 50,661,450.00 | | | 128,500.00 | 6,981,220.20 | 57,771,170.20 |
| 2. Increase in the current period | 1,485,157.77 | | | 0.00 | 1,228,679.24 | 2,713,837.01 |
| (1) Purchase | 1,485,157.77 | | | | 1,228,679.24 | 2,713,837.01 |
| (2) Internal R&D | | | | | | |
| (3) Increase from business merger | | | | | | |
| 3. Decrease in the current period | 50,178,756.77 | | | | | 50,178,756.77 |
| (1) Disposal | | | | | | |
| (2) Transferred to investment properties | 50,178,756.77 | | | | | 50,178,756.77 |
| 4. Ending balance | 1,967,851.00 | | | 128,500.00 | 8,209,899.44 | 10,306,250.44 |
| II. Accumulated amortization | | | | | | |
| 1. Beginning balance | 3,945,345.32 | | | 104,392.52 | 3,913,416.64 | 7,963,154.48 |
| 2. Increase in the current period | 396,739.50 | | | 2,674.98 | 698,675.90 | 1,098,090.38 |
| (1) Provision | 396,739.50 | | | 2,674.98 | 698,675.90 | 1,098,090.38 |
| 3. Decrease in the current period | 3,591,193.91 | | | | | 3,591,193.91 |
| (1) Disposal | | | | | | |
| (2) Transferred to investment properties | 3,591,193.91 | | | | | 3,591,193.91 |
| 4. Ending balance | 750,890.91 | | | 107,067.50 | 4,612,092.54 | 5,470,050.95 |
| 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 | 1,216,960.09 | | | 21,432.50 | 3,597,806.90 | 4,836,199.49 |
| 2. Beginning book value | 46,716,104.68 | | | 24,107.48 | 3,067,803.56 | 49,808,015.72 |

18. 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 | 25,876,099.49 | 5,644,434.57 | 2,042,705.37 | | 29,477,828.69 |
| Total | 25,876,099.49 | 5,644,434.57 | 2,042,705.37 | | 29,477,828.69 |

19. 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 | 34,072,935.08 | 8,518,233.77 |
| Differences in tax base | 1,012,844.96 | 253,211.24 | | |
| Total | 35,085,780.04 | 8,771,445.01 | 34,072,935.08 | 8,518,233.77 |

(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 | 4,761,547.32 | 1,190,386.83 | 4,540,124.44 | 1,135,031.11 |
| Total | 4,761,547.32 | 1,190,386.83 | 4,540,124.44 | 1,135,031.11 |

(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 | Beginning mutual offset amount between deferred tax assets and liabilities | Beginning balance of deferred tax assets or liabilities after offset |
|--------------------------|---|---|--|--|
| Deferred tax assets | | 8,771,445.01 | | 8,518,233.77 |
| Deferred tax liabilities | | 1,190,386.83 | | 1,135,031.11 |

(4) Breakdown of unrecognized deferred tax assets

Unit: RMB

| Item | Ending balance | Beginning balance |
|---------------------------------|----------------|-------------------|
| Deductible temporary difference | 120,401,290.25 | 128,561,177.79 |
| Deductible losses | 23,458,252.21 | 23,458,252.21 |
| Total | 143,859,542.46 | 152,019,430.00 |

(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 |
|-------|---------------|------------------|---------|
| 2023 | | 0.00 | |
| 2024 | 113,396.51 | 113,396.51 | |
| 2025 | 9,002,510.80 | 9,002,510.80 | |
| 2026 | 8,816,324.17 | 8,816,324.17 | |
| 2027 | 5,526,020.73 | 5,526,020.73 | |
| Total | 23,458,252.21 | 23,458,252.21 | |

20. 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 | 52,199,850.63 | | 52,199,850.63 | 49,631,706.19 | | 49,631,706.19 |
| Reclassification of VAT debit balance | 11,419,610.83 | | 11,419,610.83 | 8,572,664.86 | | 8,572,664.86 |
| Fixed deposits and interest over one year | 104,451,527.78 | | 104,451,527.78 | 96,322,575.78 | | 96,322,575.78 |
| Total | 168,070,989.24 | | 168,070,989.24 | 154,526,946.83 | | 154,526,946.83 |

21. Short-term borrowings**(1) Classification of short-term borrowing**

Unit: RMB

| Item | Ending balance | Beginning balance |
|--|----------------|-------------------|
| Credit borrowings | 150,000,000.00 | |
| Discounted borrowings of notes receivable not derecognized | 20,000,000.00 | 20,000,000.00 |
| Total | 170,000,000.00 | 20,000,000.00 |

22. Trading financial liabilities

Unit: RMB

| Item | Ending balance | Beginning balance |
|---|----------------|-------------------|
| Where: | | |
| Financial liabilities at fair value through profit or loss designated | 30,104,994.27 | 18,572,684.91 |
| Where: | | |
| Gold leasing | 30,104,994.27 | 18,572,684.91 |
| Total | 30,104,994.27 | 18,572,684.91 |

23. Derivative financial liabilities

Unit: RMB

| Item | Ending balance | Beginning balance |
|---------------------|----------------|-------------------|
| Hedging instruments | | 489,360.00 |
| Total | | 489,360.00 |

24. Accounts payable**(1) Presentation of accounts payable**

Unit: RMB

| Item | Ending balance | Beginning balance |
|---|----------------|-------------------|
| Purchase payment for goods and services | 27,382,979.64 | 5,397,040.27 |
| Payment for engineering and equipment | 140,840,710.16 | 119,319,760.44 |
| Total | 168,223,689.80 | 124,716,800.71 |

(2) Significant accounts payable with the aging over 1 year

Unit: RMB

| Item | Ending balance | Reasons for not repaying or carrying forward |
|---|----------------|--|
| Shenzhen Yinglong Jian'an (Group) Co., Ltd. | 28,318,821.13 | 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 | 39,048,771.81 | |

25. Advances from customers**(1) Presentation of advances from customers**

Unit: RMB

| Item | Ending balance | Beginning balance |
|------|----------------|-------------------|
| Rent | 11,644,915.56 | 6,119,377.90 |

| | | |
|-------|---------------|--------------|
| Total | 11,644,915.56 | 6,119,377.90 |
|-------|---------------|--------------|

26. Contract liabilities

Unit: RMB

| Item | Ending balance | Beginning balance |
|-------------------------------------|----------------|-------------------|
| Goods fees receivable in advance | 31,204,952.37 | 4,581,999.11 |
| Services fees receivable in advance | 6,497,160.03 | 4,677,659.32 |
| Total | 37,702,112.40 | 9,259,658.43 |

27. Employee compensation payable

(1) Presentation of employee compensation payable

Unit: RMB

| Item | Beginning balance | Increase in the current period | Decrease in the current period | Ending balance |
|--|-------------------|--------------------------------|--------------------------------|----------------|
| I. Short-term employee compensation | 38,550,181.70 | 33,944,688.64 | 34,879,150.48 | 37,615,719.86 |
| II. Post-employment benefits-defined contribution plan | | 2,416,981.28 | 2,416,981.28 | 0.00 |
| III. Termination benefits | | 2,754,230.00 | 2,754,230.00 | 0.00 |
| Total | 38,550,181.70 | 39,115,899.92 | 40,050,361.76 | 37,615,719.86 |

(2) Presentation of short-term compensation

Unit: RMB

| Item | Beginning balance | Increase in the current period | Decrease in the current period | Ending balance |
|---|-------------------|--------------------------------|--------------------------------|----------------|
| 1. Wages, bonuses, allowances and subsidies | 37,708,023.44 | 29,933,303.45 | 30,783,685.75 | 36,857,641.14 |
| 2. Employee benefits | 566,700.00 | 36,599.86 | 36,599.86 | 566,700.00 |
| 3. Social insurance | | 1,179,167.95 | 1,179,167.95 | |
| Including: Medical insurance | | 1,057,441.08 | 1,057,441.08 | |
| Work injury insurance | | 33,690.14 | 33,690.14 | |
| Maternity insurance | | 86,892.73 | 86,892.73 | |
| Other insurance expenses | | 1,144.00 | 1,144.00 | |
| 4. Housing provident fund | | 1,816,290.19 | 1,816,290.19 | |
| 5. Labor union funds and employee education funds | 275,458.26 | 541,415.58 | 625,495.12 | 191,378.72 |
| 8. Non-monetary welfare | | 437,911.61 | 437,911.61 | |
| Total | 38,550,181.70 | 33,944,688.64 | 34,879,150.48 | 37,615,719.86 |

(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 | | 2,395,356.60 | 2,395,356.60 | |
| 2. Unemployment insurance | | 21,624.68 | 21,624.68 | |
| Total | | 2,416,981.28 | 2,416,981.28 | 0.00 |

28. Taxes payable

Unit: RMB

| Item | Ending balance | Beginning balance |
|---------------------------------------|----------------|-------------------|
| Value-added tax (VAT) | 1,070,570.04 | 3,220,124.57 |
| Consumption tax | | 7,964.60 |
| Corporate income tax | 4,768,968.87 | 6,942,460.17 |
| Individual income tax | 657,680.57 | 1,895,926.96 |
| City maintenance and construction tax | 79,380.49 | 178,605.67 |
| Educational surcharges | 42,390.08 | 86,070.40 |
| Local educational surcharges | 30,152.42 | 57,380.27 |
| Land appreciation tax | 5,362,682.64 | 5,362,682.64 |
| Land use tax | 124,009.89 | 40,949.07 |
| Others | 2,142,840.79 | 1,099,628.49 |
| Total | 14,278,675.79 | 18,891,792.84 |

29. Other payables

Unit: RMB

| Item | Ending balance | Beginning balance |
|-------------------|----------------|-------------------|
| Dividends payable | 12,069,632.96 | |
| Other payables | 99,783,058.71 | 105,180,279.00 |
| Total | 111,852,691.67 | 105,180,279.00 |

(1) Dividends payable

Unit: RMB

| Item | Ending balance | Beginning balance |
|-------------------------|----------------|-------------------|
| Ordinary share dividend | 12,069,632.96 | |
| Total | 12,069,632.96 | |

(2) Other payables**1) Other payables by nature of payment**

Unit: RMB

| Item | Ending balance | Beginning balance |
|-----------------------------|----------------------|-----------------------|
| Security deposit | 52,496,072.98 | 42,765,478.88 |
| Current accounts associated | 19,327,827.90 | 18,990,738.98 |
| Withholdings | 3,072,114.15 | 11,499,312.36 |
| Temporary receipts payable | 24,887,043.68 | 31,924,748.78 |
| Total | 99,783,058.71 | 105,180,279.00 |

2) Other important payables at aging of more than 1 year

Unit: RMB

| Item | Ending balance | Reasons for not repaying or carrying forward |
|-----------------------------------|---------------------|--|
| Hongkong Yujia Investment Limited | 2,164,650.90 | Outstanding by related companies |
| Total | 2,164,650.90 | |

30. Current portion of non-current liabilities

Unit: RMB

| Item | Ending balance | Beginning balance |
|--------------------------------------|---------------------|---------------------|
| Current portion of lease liabilities | 1,565,376.12 | 2,009,819.15 |
| Total | 1,565,376.12 | 2,009,819.15 |

31. Other current liabilities

Unit: RMB

| Item | Ending balance | Beginning balance |
|---|------------------|----------------------|
| Output VAT to be transferred | 84,119.73 | 548,507.70 |
| Reversal of notes receivable not derecognized | | 67,812,500.00 |
| Total | 84,119.73 | 68,361,007.70 |

32. Long-term borrowings

(1) Classification of long-term borrowings

Unit: RMB

| Item | Ending balance | Beginning balance |
|----------------|-----------------------|-----------------------|
| Mortgage loans | 168,005,447.69 | 144,820,511.42 |
| Total | 168,005,447.69 | 144,820,511.42 |

33. Lease liabilities

Unit: RMB

| Item | Ending balance | Beginning balance |
|-------------------|----------------------|---------------------|
| Lease liabilities | 73,155,478.11 | 2,926,184.93 |
| Total | 73,155,478.11 | 2,926,184.93 |

34. 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 |

35. 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 | |

36. Deferred income

Unit: RMB

| Item | Beginning balance | Increase in the current period | Decrease in the current period | Ending balance | Reason |
|----------------------|-------------------|--------------------------------|--------------------------------|----------------|---------------|
| Government subsidies | 10,579,545.71 | 785,610.00 | 626,237.73 | 10,738,917.98 | Asset-related |
| Total | 10,579,545.71 | 785,610.00 | 626,237.73 | 10,738,917.98 | |

Items related to government subsidies:

Unit: RMB

| Liability item | Beginning balance | Increase in subsidies for the current period | Amount included in non-operating revenue in the current period | Amount included in other income in the current period | Amount for writing down the costs and expenses in the current period | Other changes | Ending balance | Asset-related/income-related |
|---|-------------------|--|--|---|--|---------------|----------------|------------------------------|
| Elevator renovation subsidy funds for old elevator renovation | 91,273.80 | | | | | | 91,273.80 | Asset-related |

| | | | | | | | | |
|---|--------------|--|--|------------|--|--|--------------|---------------|
| and reconstruction working group in Futian District | | | | | | | | |
| Special Funds for Industrial Transformation and Upgrading in Luohu District in 2021 - Industrial Service Platform Project | 3,069,472.52 | | | 110,587.17 | | | 3,069,472.52 | Asset-related |
| Special Funds for Industrial Transformation and Upgrading in Luohu District in 2021 - Green Building Support Subsidy | 1,778,172.97 | | | 163,043.46 | | | 1,615,129.51 | Asset-related |
| Subsidy Income from Projects for Promoting Consumption and Improving Support of Commerce Bureau of Shenzhen Municipal in 2020 | 3,922,104.55 | | | 182,391.57 | | | 3,629,125.81 | Asset-related |
| Special Funds for Green Innovation and Development in the Field of Engineering Construction of | 1,718,521.87 | | | 137,481.78 | | | 1,581,040.09 | Asset-related |

| | | | | | | | | |
|--|---------------|------------|------|------------|------|------|---------------|---------------|
| Shenzhen Municipal Housing and Urban-rural Development Bureau | | | | | | | | |
| Project Supported by Funds for Development of Energy-saving Building in 2022 | | 785,610.00 | | 32,733.75 | | | 752,876.25 | Asset-related |
| Total | 10,579,545.71 | 785,610.00 | 0.00 | 626,237.73 | 0.00 | 0.00 | 10,738,917.98 | Asset-related |

37. 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 |

38. 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 |

39. Other comprehensive income

Unit: RMB

| Item | Beginning balance | Amount incurred 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 | Less: Amount included in other comprehensive income in the previous period and | Less: Income tax expenses | Attributable to the parent company - net of income | Attributable to the minority shareholders - net of | |

| | | | profit and loss in the current period | transferred to retained earnings in the current period | | tax | 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 comprehensive income | 26,422.00 | | | | | | | 26,422.00 |

40. Surplus reserves

Unit: RMB

| Item | Beginning balance | Increase in the current period | Decrease in the current period | Ending balance |
|----------------------------|-------------------|--------------------------------|--------------------------------|----------------|
| Statutory surplus reserves | 52,499,172.13 | | | 52,499,172.13 |
| Total | 52,499,172.13 | | | 52,499,172.13 |

41. Undistributed profit

Unit: RMB

| Item | Current period | Previous period |
|--|----------------|-----------------|
| Undistributed profits at the end of the previous period before adjustment | 590,605,394.67 | 543,843,496.85 |
| Undistributed profits at the beginning of the period after adjustment | 590,605,394.67 | 543,843,496.85 |
| Add: Net profit attributable to owners of the parent company during the current period | 44,139,962.93 | 43,480,236.19 |
| Ordinary share dividends payable | 12,069,632.96 | 10,781,545.75 |
| Undistributed profits at the end of the period | 622,675,724.64 | 576,542,187.29 |

42. Operating revenue and operating cost

Unit: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|------|---------------------------------------|--|
|------|---------------------------------------|--|

| | Revenue | Cost | Revenue | Cost |
|------------------|----------------|----------------|----------------|----------------|
| Main business | 702,184,781.46 | 608,012,821.75 | 245,186,251.37 | 187,271,730.10 |
| Other businesses | 2,651,629.48 | 591,816.65 | 4,828,900.86 | 1,072,447.45 |
| Total | 704,836,410.94 | 608,604,638.40 | 250,015,152.23 | 188,344,177.55 |

Relevant information of revenue:

Unit: RMB

| Classification of contract | Segment 1 | Segment 2 | Revenue | Total |
|------------------------------------|-----------|-----------|----------------|----------------|
| By type of product | | | | |
| Where: | | | | |
| Automobile sales | | | 41,890,016.34 | 41,890,016.34 |
| Automobile maintenance and testing | | | 11,014,291.51 | 11,014,291.51 |
| Leasing and services | | | 115,235,431.84 | 115,235,431.84 |
| Wholesale and retail of jewelry | | | 536,696,671.25 | 536,696,671.25 |
| By operating regions | | | | |
| Including: | | | | |
| Shenzhen | | | 704,836,410.94 | 704,836,410.94 |
| By type of market or customer | | | | |
| Including: | | | | |
| By contract type | | | | |
| Including: | | | | |
| By time of transfer of goods | | | | |
| Including: | | | | |
| By contract term | | | | |
| Including: | | | | |
| By sales channel | | | | |
| Including: | | | | |
| Direct sales | | | 704,836,410.94 | 704,836,410.94 |
| Total | | | | |

Information related to performance obligations: N/A

43. Taxes and surcharges

Unit: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|---------------------------------------|---------------------------------------|--|
| City maintenance and construction tax | 625,625.14 | 179,352.95 |
| Educational surcharges | 446,539.19 | 127,757.65 |
| Property tax | 3,126,665.09 | 3,595,591.57 |

| | | |
|--------------|--------------|--------------|
| Land use tax | 136,660.83 | 229,898.56 |
| Stamp duty | 518,916.20 | 133,976.69 |
| Other taxes | 1,320.00 | 2,670.00 |
| Total | 4,855,726.45 | 4,269,247.42 |

44. Selling expenses

Unit: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|--------------------------------------|---------------------------------------|--|
| Employee compensation | 6,048,479.76 | 6,697,191.21 |
| Advertising marketing expenses | 2,008,639.20 | 355,969.09 |
| Depreciation and amortization | 1,576,507.45 | 1,835,480.94 |
| Office expenses | 178,798.04 | 294,600.87 |
| Property, water and electricity fees | 81,594.29 | 239,436.33 |
| Transport and travel expenses | 344,110.00 | 173,322.82 |
| Insurance supervisory charges | 173,654.37 | 102,004.55 |
| Others | 1,551,315.90 | 1,249,312.34 |
| Total | 11,963,099.01 | 10,947,318.15 |

45. Administrative expenses

Unit: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|---------------------------------|---------------------------------------|--|
| Employee compensation | 24,654,297.67 | 15,547,995.24 |
| Office expenses | 119,662.56 | 231,630.78 |
| Transport and travel expenses | 7,695.23 | 18,250.52 |
| Business entertainment expenses | 52,838.20 | 130,553.80 |
| Depreciation and amortization | 2,118,529.00 | 1,513,826.81 |
| Intermediary service fee | 906,265.09 | 1,223,090.79 |
| Others | 958,541.63 | 1,167,569.27 |
| Total | 28,817,829.38 | 19,832,917.21 |

46. Finance costs

Unit: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|----------------------------|---------------------------------------|--|
| Interest expenses | 4,751,743.88 | 2,303,220.59 |
| Less: Interest revenue | 1,835,834.14 | 2,843,386.98 |
| Less: Capitalized interest | 1,510,324.98 | 2,194,828.71 |
| Exchange gain or loss | -64,306.88 | -65,959.60 |
| Others | 50,454.91 | 99,398.31 |
| Total | 1,391,732.79 | -2,701,556.39 |

47. Other incomes

Unit: RMB

| Sources of other incomes | Amount incurred in the current period | Amount incurred in the previous period |
|--|---------------------------------------|--|
| Refund of handling charges for withholding individual income tax | 9,658.93 | 50,129.40 |
| Others | 4,465,807.01 | 1,525,860.90 |

| | | |
|-------|--------------|--------------|
| Total | 4,475,465.94 | 1,575,990.30 |
|-------|--------------|--------------|

48. Investment income

Unit: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|---|---------------------------------------|--|
| Income from long-term equity investments calculated by the equity method | 3,011,611.29 | 7,927,787.58 |
| Investment income from the disposal of long-term equity investments | | 8,785,410.47 |
| Investment income from holding trading financial assets | 8,468,244.22 | 6,774,748.47 |
| Closing income from commodity futures contracts and T+D contracts (hedging) | -2,556,837.71 | |
| Total | 8,923,017.80 | 23,487,946.52 |

49. Income from changes in fair value

Unit: RMB

| Sources of income from changes in fair value | Amount incurred in the current period | Amount incurred in the previous period |
|--|---------------------------------------|--|
| Trading financial assets | -2,783,204.51 | -617,068.50 |
| Trading financial liabilities | -2,464,470.00 | |
| Derivative instruments of effective hedges | -18,135.65 | |
| Total | -5,265,810.16 | -617,068.50 |

50. Credit impairment loss

Unit: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|--------------------------------------|---------------------------------------|--|
| Bad debt loss of accounts receivable | 6,669.80 | -200,149.24 |
| Total | 6,669.80 | -200,149.24 |

51. Asset impairment loss

Unit: RMB

| Item | Amount incurred 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 | -3,700.50 | |
| Total | -3,700.50 | |

52. Income from disposal of assets

Unit: RMB

| Sources of income from asset disposal | Amount incurred in the current period | Amount incurred in the previous period |
|---------------------------------------|---------------------------------------|--|
|---------------------------------------|---------------------------------------|--|

| | | |
|---|------------|-----------|
| Profits and losses from disposal of fixed assets, construction in progress, productive biological assets and intangible assets not identified to held-for-sale assets | -81,800.45 | 40,765.92 |
| Including: Fixed assets | -81,800.45 | 40,765.92 |
| Total | -81,800.45 | 40,765.92 |

53. Non-operating revenue

Unit: RMB

| Item | Amount incurred 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 | 22,690.35 | | 22,690.35 |
| Gains from unpayable payments | 262,274.08 | | 262,274.08 |
| Others | 132,217.70 | 295,807.48 | 132,217.70 |
| Total | 417,182.13 | 295,807.48 | 417,182.13 |

54. Non-operating expenses

Unit: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period | Amount included in non-recurring profits and losses of the current period |
|--|---------------------------------------|--|---|
| Loss from retirement of non-current assets | 338.65 | | 338.65 |
| Others | 119,344.47 | 237.72 | 119,344.47 |
| Total | 119,683.12 | 237.72 | 119,683.12 |

55. Income tax expenses

(1) Income tax expense sheet

Unit: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|---------------------------------------|---------------------------------------|--|
| Current income tax expenses | 12,425,602.60 | 10,808,747.89 |
| Deferred income tax expenses | -197,855.50 | |
| Income tax expenses in earlier period | 238,912.82 | |
| Total | 12,466,659.92 | 10,808,747.89 |

(2) Accounting profit and income tax expense adjustment process

Unit: RMB

| Item | Amount incurred in the current period |
|------|---------------------------------------|
|------|---------------------------------------|

| | |
|--|---------------|
| Total profit | 57,554,726.35 |
| Income tax expenses calculated at the statutory/applicable tax rate | 14,388,681.59 |
| Effects of different tax rates applied to subsidiaries | -367,380.82 |
| Effect of income tax during the period before adjustment | 238,912.82 |
| Effect of non-taxable revenue | -1,595,698.17 |
| Effect of deductible temporary difference or deductible losses on unrecognized deferred tax assets in the current period | -197,855.50 |
| Income tax expenses | 12,466,659.92 |

56. Other comprehensive income

See Notes for details

57. Items in the cash flow statement

(1) Other cash received related to operating activities

Unit: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|-----------------------------|---------------------------------------|--|
| Security deposit | 12,249,467.54 | 3,980,878.67 |
| Interest revenue | 1,848,535.56 | 2,843,386.98 |
| Current accounts and others | 153,004,930.68 | 88,610,563.21 |
| Total | 167,102,933.78 | 95,434,828.86 |

(2) Other cash paid related to operating activities

Unit: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|-----------------------------|---------------------------------------|--|
| Out-of-pocket expenses | 15,722,806.60 | 20,599,573.29 |
| Security deposit | 7,957,202.52 | 4,263,044.41 |
| Current accounts and others | 152,374,457.27 | 72,184,949.67 |
| Total | 176,054,466.39 | 97,047,567.37 |

(3) Other cash received related to investing activities

Unit: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|---------------------------------|---------------------------------------|--|
| Income from futures liquidation | 827,883.63 | |
| Total | 827,883.63 | |

(4) Other cash paid related to investing activities

Unit: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|--|---------------------------------------|--|
| Handling charges for the listing of import and export equity transfers on Shenzhen United Property and Equity Exchange | | 18,669.20 |
| Futures trading fee and liquidation loss | 7,567,454.81 | |
| Total | 7,567,454.81 | 18,669.20 |

(5) Other cash paid related to financing activities

Unit: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|---|---------------------------------------|--|
| Refund of minority shareholders' capital in subsidiaries* | 4,900,000.00 | |
| Payments of principal and interest on lease liabilities | 628,844.00 | |
| Total | 5,528,844.00 | |

58. Supplementary information of cash flow statement

(1) Supplementary information of 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 | 45,088,066.43 | 43,097,355.16 |
| Add: Impairment provision of assets | -2,969.30 | |
| Depreciation of fixed assets, consumption of oil and gas assets, and depreciation of productive biological assets | 17,367,778.17 | 15,364,386.85 |
| Depreciation of right-of-use assets | 1,801,160.77 | |
| Amortization of intangible assets | 1,098,090.38 | 623,161.70 |
| Amortization of long-term deferred expenses | 2,042,705.37 | 2,321,921.53 |
| Losses from disposal of fixed assets, intangible assets and other long-term assets (gains to be listed with "-") | 81,800.45 | -40,765.92 |
| Losses from retirement of fixed assets (gains to be listed with "-") | | 237.72 |
| Losses from changes in fair value (gains to be listed with "-") | 5,265,810.16 | 617,068.50 |
| Financial expenses (gains to be listed with "-") | 1,391,732.79 | 108,391.88 |
| Investment losses (gains to be listed with "-") | -8,923,017.80 | -23,487,946.52 |

| | | |
|---|-----------------|----------------|
| Decrease in deferred tax assets (increase to be listed with "-") | -253,211.24 | |
| Increases in deferred tax liabilities (decrease to be listed with "-") | 55,355.72 | |
| Decrease in inventories (increase to be listed with "-") | 74,299,085.33 | -1,990,985.82 |
| Decrease in operating receivables (increase to be listed with "-") | -174,414,312.99 | -36,896,366.90 |
| Increase in operating payables (decrease to be listed with "-") | 24,859,983.86 | -10,834,604.35 |
| Others | | -200,149.24 |
| Net cash flow from operating activities | -10,241,941.90 | -11,318,295.41 |
| 2. Major investing and financing activities not involving cash receipts and payments: | | |
| Conversion of debts into capital | | |
| Current portion of convertible corporate bonds | | |
| Financing leased fixed assets | | |
| 3. Net changes in cash and cash equivalents: | | |
| Ending balance of cash | 261,521,100.08 | 188,890,609.03 |
| Less: Beginning balance of cash | 391,406,829.36 | 211,655,585.86 |
| Add: Ending balance of cash equivalents | | |
| Less: Beginning balance of cash equivalents | | |
| Net increase in cash and cash equivalents | -129,885,729.28 | -22,764,976.83 |

(2) Composition of cash and cash equivalents

Unit: RMB

| Item | Ending balance | Beginning balance |
|--|----------------|-------------------|
| I. Cash | 261,521,100.08 | 391,406,829.36 |
| Including: Cash on hand | 11,377.69 | 25,673.67 |
| Cash at bank available for payments at any time | 196,659,129.31 | 381,593,235.55 |
| Other cash at bank and on hand available for payment at any time | 64,850,593.08 | 9,787,920.14 |
| III. Ending balance of cash and cash equivalents | 261,521,100.08 | 391,406,829.36 |

59. Assets with restricted ownership or use right

Unit: RMB

| Item | Ending book value | Reasons for restriction |
|--------------------------|-------------------|-----------------------------|
| Cash at bank and on hand | 10,899,141.80 | See Note VII. 1 for details |
| Intangible assets | 44,960,423.01 | Bank borrowing mortgage |
| Total | 55,859,564.81 | |

60. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

| Item | Ending foreign currency balance | Exchange rate | Ending balance of converted RMB |
|--------------------------|---------------------------------|---------------|---------------------------------|
| Cash at bank and on hand | | | |
| Including: USD | 7,048.62 | 7.3368 | 51,714.39 |
| EUR | | | |
| HKD | 22,775.22 | 0.8920 | 20,315.79 |
| | 29,823.84 | | 72,030.18 |
| 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 included in current profits and losses |
|-------------------------------------|---------------|-----------------|---|
| Asset-related government subsidies | 11,365,155.71 | Deferred income | 626,237.73 |
| Income-related government subsidies | 3,849,228.21 | N/A | 3,849,228.21 |

| | | |
|-------|---------------|--------------|
| Total | 15,214,383.92 | 4,475,465.94 |
|-------|---------------|--------------|

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:

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. The Company received the Civil Ruling ((2022) Y0391 QS No. 9) from the People's Court of Shenzhen Qianhai Cooperation Zone in January 2023, which ruled to accept the liquidation application of the Company for 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.

Based on the above matters, the balance sheet of SDG Huari, a subsidiary of the Company, is not included in the consolidation scope for the half-year period of 2023.

| Company name | Amount of contribution | Proportion of contribution |
|--|------------------------|----------------------------|
| Shenzhen SDG Huari Automobile Enterprise Co., Ltd. | RMB 19.22 million | 60.00% |

IX. Equity in Other Entities

1. Interests in subsidiaries

(1) Composition of enterprise group

| Subsidiary name | Main place of business | Place of registration | Nature of business | 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 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:

None

(2) Important non-wholly-owned subsidiaries

Unit: RMB

| Subsidiary name | Shareholding proportion 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% | 220,715.76 | | 4,601,447.32 |
| Guorun Gold Shenzhen Co., Ltd. | 60.75% | -481,676.49 | | 117,178,818.08 |

Notes on the difference between the shareholding percentage of minority shareholders of subsidiaries and the voting rights ratio:

None

(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. | 34,806,433.42 | 1,123,361.20 | 35,929,794.62 | 24,426,176.31 | | 24,426,176.31 | 64,370,969.91 | 2,808,698.79 | 67,179,668.70 | 56,227,839.79 | | 56,227,839.79 |
| Guorun Gold Shenzhen Co., Ltd. | 351,519,926.43 | 54,172,437.17 | 405,692,363.60 | 205,336,119.44 | 1,707,983.94 | 207,044,103.38 | 308,524,705.19 | 3,459,491.14 | 311,984,196.33 | 110,466,340.68 | | 110,466,340.68 |

Unit: RMB

| Subsidiary name | Amount incurred in the current period | | | | Amount incurred in the previous period | | | |
|---|---------------------------------------|-----------------|----------------------------|--------------------------------------|--|------------|----------------------------|--------------------------------------|
| | Operating revenue | Net profit | Total comprehensive income | Cash flows from operating activities | Operating revenue | Net profit | Total comprehensive income | Cash flows from operating activities |
| Shenzhen Huari Toyota Sales & Service Co., Ltd. | 52,130,699.28 | 551,789.40 | 551,789.40 | - 15,229,690.94 | 31,626,860.92 | 798,121.42 | 798,121.42 | 15,892,157.85 |
| Guorun Gold Shenzhen Co., Ltd. | 520,277,948.63 | - 792,883.11 | - 792,883.11 | - 46,812,821.71 | | | | |

2. Equities in joint ventures or associates

(1) Important associates or joint ventures

| Name of joint venture or associate | Main place of business | Place of registration | Nature of business | Shareholding proportion | | Accounting methods for the investment in joint ventures or associates |
|---|------------------------|-----------------------|--|-------------------------|----------|---|
| | | | | Direct | Indirect | |
| Shenzhen Tellus-Gmond Investment Co., Ltd. | Shenzhen | Shenzhen | Investing in the establishment of industries | 50.00% | | Accounted for under the equity method |
| Shenzhen Renfu Tellus Automobiles Service Co., Ltd. | Shenzhen | Shenzhen | Mercedes-Benz Auto Sales | 35.00% | | Accounted for under the equity method |

Explanation of the fact that the shareholding percentage is different from the proportion of voting rights in joint ventures or associates:

None

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:

None

(2) Main financial information of important joint ventures

Unit: RMB

| | Ending balance/amount incurred in the current period | Beginning balance/amount incurred in the previous period |
|--|--|--|
| | Shenzhen Tellus-Gmond Investment Co., Ltd. | Shenzhen Tellus-Gmond Investment Co., Ltd. |

| | | |
|---|----------------|----------------|
| Current assets | 38,633,161.79 | 44,368,420.83 |
| Including: Cash and cash equivalents | 36,620,377.69 | 42,326,853.66 |
| Non-current assets | 337,209,723.91 | 346,703,460.52 |
| Total assets | 375,842,885.70 | 391,071,881.35 |
| Current liabilities | 44,754,118.42 | 37,674,441.11 |
| Non-current liabilities | 250,032,000.00 | 259,110,000.00 |
| Total liabilities | 294,786,118.42 | 296,784,441.11 |
| Minority equity | | |
| Equity attributable to shareholders of the parent company | 81,056,767.28 | 94,287,440.24 |
| Shares of net assets at the shareholding percentage | 40,528,383.64 | 47,143,720.12 |
| Adjustments | | |
| --Goodwill | | |
| --Unrealized profit of internal transaction | | |
| --Others | | |
| Book value of equity investments in joint ventures | 40,528,383.64 | 47,143,720.13 |
| Fair value of equity investment in joint ventures with a public offer | | |
| Operating revenue | 54,145,037.15 | 51,327,658.48 |
| Financial expenses | 5,391,641.93 | 7,454,900.88 |
| Income tax expenses | 5,589,775.67 | 5,826,094.71 |
| Net profit | 16,769,327.00 | 17,478,284.13 |
| Net profit from discontinued operations | | |
| Other comprehensive income | | |
| Total comprehensive income | 16,769,327.00 | 17,478,284.13 |
| | | |
| Dividends received from joint ventures in the current year | 15,000,000.00 | |

(3) Main financial information of important associates

Unit: RMB

| | Ending balance/amount incurred in the current period | Beginning balance/amount incurred in the previous period |
|-------------------------|--|--|
| | Shenzhen Renfu Tellus Automobiles Service Co., Ltd. | Shenzhen Renfu Tellus Automobiles Service Co., Ltd. |
| Current assets | 135,445,308.26 | 206,438,043.83 |
| Non-current assets | 22,942,486.68 | 31,677,397.21 |
| Total assets | 158,387,794.94 | 238,115,441.04 |
| Current liabilities | 116,451,398.97 | 167,288,864.40 |
| Non-current liabilities | | 14,598,723.35 |
| Total liabilities | 116,451,398.97 | 181,887,587.75 |
| | | |

| | | |
|--|----------------|----------------|
| Minority equity | | |
| Equity attributable to shareholders of the parent company | 41,936,395.97 | 56,227,853.29 |
| Shares of net assets at the shareholding percentage | 14,677,738.59 | 19,679,748.68 |
| Adjustments | | |
| --Goodwill | | |
| --Unrealized profit of internal transaction | | |
| --Others | | |
| Book value of equity investments in associates | 14,677,738.59 | 19,679,748.68 |
| Fair value of equity investments in associates with a public offer | | |
| Operating revenue | 529,459,351.87 | 493,226,617.42 |
| Net profit | -14,291,457.36 | -3,318,473.42 |
| Net profit from discontinued operations | | |
| Other comprehensive income | | |
| Total comprehensive income | -14,291,457.36 | -3,318,473.42 |
| | | |
| Dividends received from associates in the current year | | |

(4) Summary of financial information of unimportant joint ventures and associates

Unit: RMB

| | Ending balance/amount incurred in the current period | Beginning balance/amount incurred in the previous period |
|--|--|--|
| Joint ventures: | | |
| Total book value of investments | 13,829,855.00 | 14,200,897.13 |
| Total amount of the following items at the shareholding percentage | | |
| --Net profit | -371,042.13 | 686,492.55 |
| --Total comprehensive income | -371,042.13 | 686,492.55 |
| Associates: | | |
| Total amount of the following items at the shareholding percentage | | |

(5) Explanation on major restrictions on the capability of transferring capital from joint ventures or associates to the Company

None

(6) Excess losses incurred to joint ventures or associates

Unit: RMB

| Name of joint venture or | Unrecognized loss | Unrecognized loss in the | Unrecognized loss |
|--------------------------|-------------------|--------------------------|-------------------|
|--------------------------|-------------------|--------------------------|-------------------|

| associate | accumulated in the previous period | current period (or net profit shared in the current period) | 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 risk

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 customers, 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.

The credit impairment of financial assets may be caused by the joint action of multiple events, and may not be caused by separately identifiable event.

(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:

The probability of default 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.

The loss given default refers to the Company's expectation on the degree of loss from default risk exposure. 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;

The exposure at default 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.

2. 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 June 30, 2023, the maturity periods of the Company's financial liabilities are as follows:

| Description | June 30, 2023 | | | |
|------------------|----------------|-----------|-----------|--------------|
| | Within 1 year | 1-2 years | 2-3 years | Over 3 years |
| Accounts payable | 168,223,689.80 | | | |
| Other payables | 111,852,691.67 | | | |

| | | | | |
|--|----------------|---------------|---------------|----------------|
| Current portion of non-current liabilities | 1,565,376.12 | | | |
| Long-term borrowings | 10,781,488.70 | 10,566,560.92 | 10,399,607.84 | 200,807,962.69 |
| Long-term payables | 3,920,160.36 | | | |
| Lease liabilities | 73,155,478.11 | | | |
| Total | 369,498,884.76 | 10,566,560.92 | 10,399,607.84 | 200,807,962.69 |

(Continued)

| Description | 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 |

3. 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 China's mainland. 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 VII. 60 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 | | | 293,350,365.44 | 293,350,365.44 |
| 1. Financial assets at fair value through profit or loss | | | 293,350,365.44 | 293,350,365.44 |
| (4) Structured deposits and financial products | | | 293,350,365.44 | 293,350,365.44 |
| (III) Other equity instrument investments | | | 29,401,309.85 | 29,401,309.85 |
| Hedged item | 898,501.98 | | | 898,501.98 |
| Derivative financial assets | 1,760.00 | | | 1,760.00 |
| Total assets continuously measured at fair value | 900,261.98 | | 322,751,675.29 | 323,651,937.27 |
| (VII) Financial liabilities at fair value through profit or loss designated | 30,104,994.27 | | | 30,104,994.27 |
| (1) Gold leasing | 30,104,994.27 | | | 30,104,994.27 |
| Total liabilities continuously measured at fair value | 30,104,994.27 | | | 30,104,994.27 |
| 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 | Nature of business | 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% | 46.98% |

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.

2. Subsidiaries of the Company

For details of the Company's subsidiaries, please refer to Note IX.

3. Joint ventures and associates of the Company

The important joint ventures or associates of the Company are detailed in the Notes.

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. | Associate |
| Shenzhen Tellus Automobile Service Chain Co., Ltd. | Associate |
| Shenzhen Yongtong Xinda Testing Equipment Co., Ltd. | Associate |
| Shenzhen Xiandao New Materials Co., Ltd. | Associate |
| Shenzhen Telixing Investment Co., Ltd. | Joint venture |

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. | Enterprise subject to significant impact by key management personnel |
| Shenzhen ZHL Industrial Co., Ltd. | Minority shareholders of important subsidiaries |
| Shenzhen Niubisi Jewelry Trading Co., Ltd. | Enterprises controlled by minority shareholders of important subsidiaries |
| Shenzhen Yuepengjin Jewelry Co., Ltd. | Enterprises controlled by minority shareholders of important subsidiaries |
| Shenzhen Yuepengjin E-commerce Co., Ltd. | Enterprises controlled by minority shareholders of important subsidiaries |

5. Related party transactions

(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 incurred 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 labor services | 671,200.00 | 2,000,000.00 | No | |
| Shenzhen SDG Tellus Property Management Co., Ltd. | Receiving labor services | 1,782,277.76 | 3,400,000.00 | No | 1,529,149.09 |
| Shenzhen SDG Service Co., Ltd. and its branches | Receiving labor services | 6,681,836.37 | 18,161,500.00 | No | 5,236,179.69 |
| Shenzhen Wahlai Decoration & Furniture Co., Ltd. | Receiving labor services | 7,373,982.82 | | | |
| Shenzhen Zhigu Jinyun Technology Co., Ltd. | Procurement of goods and services | 1,248,224.49 | | | |
| Shenzhen ZHL Industrial Co., Ltd. | Procurement of goods and services | 1,863,167.50 | | | |
| Shenzhen Yuepengjin Jewelry Co., Ltd. | Accepting services | 61,212.43 | | | |

Sale of goods and provision of services

Unit: RMB

| Related parties | Content of related party transaction | Amount incurred in the current period | Amount incurred in the previous period |
|--|--------------------------------------|---------------------------------------|--|
| Shenzhen SDG Microfinance Co., Ltd. | Rendering of labor services | | 94,975.53 |
| Shenzhen Special Economic Zone Development Group Co., Ltd. | Rendering of labor services | 7,244.25 | |
| Shenzhen SDG Tellus Property Management Co., Ltd. | Rendering of labor services | 1,126.55 | 54,548.96 |
| Shenzhen ZHL Industrial Co., Ltd. | Rendering of labor services | 44,150.94 | |
| Shenzhen Niubisi Jewelry Trading Co., Ltd. | Rendering of labor services | 1,897,096.53 | |
| Shenzhen Yuepengjin E-commerce Co., Ltd. | Sales of goods | 79,086,389.48 | |

(2) Related party leases

The Company as the lessor:

Unit: RMB

| Name of lessee | Type of asset leased | Lease revenue recognized in the current period | Lease revenue recognized in the previous period |
|----------------|----------------------|--|---|
|----------------|----------------------|--|---|

| | | | |
|---|-----------------|--------------|--------------|
| Shenzhen Renfu Tellus Automobiles Service Co., Ltd. | Lease of houses | 2,725,000.00 | 2,595,238.12 |
| Shenzhen SDG Microfinance Co., Ltd. | Lease of houses | 604,295.03 | 654,081.87 |
| Shenzhen SDG Tellus Property Management Co., Ltd. | Lease of houses | 65,730.00 | 15,155.24 |
| Shenzhen SDG Service Co., Ltd. and its branches | Lease of houses | 1,150,990.47 | 1,108,284.57 |
| Shenzhen Yongtong Xinda Testing Equipment Co., Ltd. | Lease of houses | 16,000.00 | |
| Shenzhen Yuepengjin Jewelry Co., Ltd. | Lease of houses | 1,199,121.84 | |

(3) Remuneration of key management personnel

Unit: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|--|---------------------------------------|--|
| Remuneration of key management personnel | 4,131,300.00 | 3,258,800.00 |

6. Receivables and payables by related parties

(1) Receivables

Unit: RMB

| Description | 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. | 20,977.40 | | | |
| Accounts receivable | Shenzhen SDG Microfinance Co., Ltd. | 263,272.29 | 3,555.66 | 355,565.61 | 3,555.66 |
| Accounts receivable | Shenzhen SDG Tellus Property Management Co., Ltd. | | | 5,362.00 | 53.62 |
| Accounts receivable | Shenzhen Niubisi Jewelry Trading Co., Ltd. | 1,109,046.76 | 6,669.80 | 666,979.53 | 6,669.80 |
| Accounts receivable | Shenzhen Yuepengjin Jewelry Co., Ltd. | 1,111,653.79 | | | |
| Accounts receivable | Shenzhen Yuepengjin E-commerce Co., Ltd. | 29,768,050.00 | | | |
| Accounts receivable | Shenzhen Renfu Tellus Automobiles Service Co., Ltd. | 2,725,000.00 | | | |
| | Total | 34,998,000.24 | 10,225.46 | 1,027,907.14 | 10,279.08 |
| Advances to suppliers | Shenzhen Wahlai Decoration & Furniture Co., Ltd. | 106,696.30 | | 106,696.30 | |
| Advances to suppliers | Shenzhen SDG Engineering Management Co., Ltd. | 6,900.00 | | 6,900.00 | |
| | Total | 113,596.30 | | 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 | Shenzhen Telixing Investment Co., Ltd. | 258,033.80 | 376.09 | 37,608.61 | 376.09 |

| | | | | | |
|-----------------------|--|--------------|--------------|--------------|--------------|
| receivables | | | | | |
| Other receivables | Shenzhen SDG Tellus Property Management Co., Ltd. | 16,959.19 | 409.59 | 16,959.19 | 409.59 |
| Other receivables | Shenzhen ZHL Industrial Co., Ltd. | 1,203,324.33 | 100.00 | 10,000.00 | 100.00 |
| | Total | 4,030,286.65 | 2,552,855.01 | 2,616,537.13 | 2,552,855.01 |
| 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

| Description | 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. | 4,153,458.38 | 1,654,014.40 |
| Accounts payable | Shenzhen SDG Engineering Management Co., Ltd. | 108,038.46 | 2,568,038.46 |
| Accounts payable | Shenzhen SDG Tellus Property Management Co., Ltd. | 0.00 | 336,533.57 |
| Accounts payable | Shenzhen Wahlai Decoration & Furniture Co., Ltd. | 309,117.63 | 432,712.27 |
| Accounts payable | Shenzhen ZHL Industrial Co., Ltd. | 986,928.36 | 235,873.17 |
| Accounts payable | Shenzhen Zhigu Jinyun Technology Co., Ltd. | 500,000.00 | |
| Accounts payable | Shenzhen Yuepengjin Jewelry Co., Ltd. | 10,800.00 | 31,300.00 |
| | Total | 12,168,498.29 | 11,358,627.33 |
| Advances from customers | Shenzhen SDG Tellus Property Management Co., Ltd. | | 5,234.34 |
| | Total | 0.00 | 5,234.34 |
| Other payables | Hongkong Yujia Investment Limited | 2,164,650.90 | 2,164,650.90 |
| 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 |
| 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 Yongtong Xinda Testing Equipment Co., Ltd. | 5,600.00 | 5,602.99 |
| Other payables | Shenzhen SDG Tellus Property Management Co., Ltd. | 152,182.41 | 145,043.21 |
| Other payables | Shenzhen SDG Service Co., Ltd. | 22,680.00 | 25,596.00 |
| 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. | 0.00 | 40,000.00 |
| Other payables | Shenzhen Wahlai Decoration & Furniture Co., Ltd. | 1,700.43 | 16,933.72 |
| Other payables | Shenzhen Yuepengjin Jewelry Co., Ltd. | 388,102.00 | |
| | Total | 6,982,232.96 | 18,990,738.98 |

XIII. Commitments and Contingencies

1. Important commitments

Important commitments existing on the balance sheet date

None

2. Contingencies

(1) Important contingencies existing at the balance sheet date

None

(2) In case of no important contingencies to be disclosed, a description shall be given

The Company has no important contingencies to be disclosed.

3. Others

None

XIV. Events after the Balance Sheet Date

1. Descriptions for other events after the balance sheet date

On July 31, 2023, after deliberation by the Board of Directors of the Company, a decision was made to dissolve Shenzhen Huari Toyota Sales & Service Co., Ltd. (hereinafter referred to as "Huari Toyota"), a holding subsidiary of the Company. The Company's Management was authorized to handle relevant procedures for the dissolution and liquidation of Huari Toyota in strict accordance with the relevant provisions of the *Company Law* and other applicable regulations.

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 | Automobile maintenance and testing | Leasing and services | Wholesale and retail of jewelry | Inter-segment offset | Total |
|------------------------------|------------------|------------------------------------|----------------------|---------------------------------|----------------------|------------------|
| Revenue from main businesses | 41,890,016.34 | 12,278,958.67 | 114,750,014.55 | 536,696,671.25 | -3,430,879.35 | 702,184,781.46 |
| Cost of main businesses | 38,325,556.22 | 12,073,155.36 | 39,425,581.89 | 521,308,410.69 | -3,119,882.41 | 608,012,821.75 |
| Total assets | 27,785,271.61 | 8,144,523.01 | 3,075,301,730.19 | 553,326,411.47 | 1,151,586,158.92 | 2,512,971,777.36 |
| Total liabilities | 18,889,279.79 | 5,536,896.52 | 916,108,472.08 | 274,031,783.63 | 374,215,331.05 | 840,351,100.97 |

XVI. Notes to Major Items of the Parent Company's Financial Statements

1. Accounts receivable

(1) Classified disclosure of accounts receivable

Unit: RMB

| Category | Ending balance | | | | | Beginning balance | | | | |
|---|----------------|------------|-------------------------|-------------------------|---------------|-------------------|------------|-------------------------|-------------------------|------------|
| | Book balance | | Provision for bad debts | | Book value | Book balance | | Provision for bad debts | | Book value |
| | Amount | Proportion | Amount | Proportion of provision | | Amount | Proportion | Amount | Proportion of provision | |
| Accounts receivable with provision for bad debts made on a single basis | 484,803.08 | 2.86% | 484,803.08 | 100.00% | 0.00 | 484,803.08 | 76.33% | 484,803.08 | 100.00% | |
| Where: | | | | | | | | | | |
| Accounts receivable with provision for bad debts made by | 16,479,401.22 | 97.14% | 3,149.91 | 0.02% | 16,476,251.31 | 150,350.82 | 23.67% | 3,149.91 | 2.10% | 147,200.91 |

| portfolio | | | | | | | | | | |
|--------------------|---------------|---------|------------|-------|---------------|------------|---------|------------|--------|------------|
| Where: | | | | | | | | | | |
| 1. Aging portfolio | 16,476,041.22 | 97.12% | 3,149.91 | 0.02% | 16,472,891.31 | 150,350.82 | 23.67% | 3,149.91 | 2.10% | 147,200.91 |
| Total | 16,964,204.30 | 100.00% | 487,952.99 | 2.88% | 16,476,251.31 | 635,153.90 | 100.00% | 487,952.99 | 76.82% | 147,200.91 |

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 | Ending balance |
|---------------------------|----------------|
| Within 1 year (inclusive) | 16,476,041.22 |
| Over 3 years | 488,163.08 |
| 3-4 years | 3,360.00 |
| Over 5 years | 484,803.08 |
| Total | 16,964,204.30 |

(2) Bad debt provision provided, recovered or reversed in the current period

Bad debt provision provided in the reporting period:

Unit: RMB

| Category | Beginning balance | Amount changed in the current period | | | | Ending balance |
|--|-------------------|--------------------------------------|----------------------|-----------|--------|----------------|
| | | Provision | Recovery or reversal | Write-off | Others | |
| Provision for bad debt reserves on an individual basis | 484,803.08 | | | | | 484,803.08 |
| Provision for bad debts made by portfolio | 3,149.91 | | | | | 3,149.91 |
| Total | 487,952.99 | 0.00 | 0.00 | 0.00 | 0.00 | 487,952.99 |

(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 Renfu Tellus Automobiles Service Co., Ltd. | 2,725,000.00 | 16.06% | |
| Chow Sang Sang (China) Co., Ltd. | 1,647,952.52 | 9.71% | |
| Zhongbao Jinyuan (Shenzhen) Industrial Development Co., Ltd. | 1,581,974.99 | 9.33% | |

| | | | |
|---|---------------------|---------------|--|
| Shenzhen Southwest Gold Management Center Co., Ltd. | 1,254,794.56 | 7.40% | |
| Shenzhen Helin Bijouterie Co., Ltd. | 1,146,592.50 | 6.76% | |
| Total | 8,356,314.57 | 49.26% | |

2. Other receivables

Unit: RMB

| Item | Ending balance | Beginning balance |
|----------------------|---------------------|---------------------|
| Dividends receivable | 1,852,766.21 | 1,852,766.21 |
| Other receivables | 7,214,548.45 | 3,114,221.75 |
| Total | 9,067,314.66 | 4,966,987.96 |

(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 | 1,852,766.21 |
| Total | 1,852,766.21 | 1,852,766.21 |

2) Significant dividends receivable aged over 1 year

Unit: RMB

| Item (or the investee) | Ending balance | Aging | Reason for non-recovery | Whether impairment occurs and its 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) Withdrawal of bad debt provision

Applicable Not applicable

(2) Other receivables

1) Classification of other receivables by nature

Unit: RMB

| Payment nature | Ending book balance | Beginning book balance |
|---|---------------------|------------------------|
| Other temporary payments of receivables | 17,385,431.12 | 14,295,706.79 |
| Concerned intercourse funds within the consolidation scope of receivables | 3,490,729.22 | 2,480,126.85 |

| | | |
|-------|---------------|---------------|
| Total | 20,876,160.34 | 16,775,833.64 |
|-------|---------------|---------------|

2) Withdrawal of bad debt provision

Unit: RMB

| Provision for bad debts | Stage I | Stage II | Stage III | Total |
|---|--|---|---|---------------|
| | Expected credit loss in the next 12 months | Expected credit loss within the whole duration (credit impairment not occurred) | Expected credit loss within the whole duration (credit impairment occurred) | |
| Balance as of January 1, 2023 | 7,028.13 | | 13,654,583.76 | 13,661,611.89 |
| Balance as of January 1, 2023 in the current period | | | | |
| Balance as of June 30, 2023 | 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 | Ending balance |
|---------------------------|----------------|
| Within 1 year (inclusive) | 7,176,967.88 |
| 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 | 20,876,160.34 |

3) Bad debt provision provided, recovered or reversed in the current period

Bad debt provision provided in the reporting period:

Unit: RMB

| Category | Beginning balance | Amount changed in the current period | | | | Ending balance |
|--|-------------------|--------------------------------------|----------------------|-----------|--------|----------------|
| | | Provision | Recovery or reversal | Write-off | Others | |
| Provision for bad debt reserves on an individual basis | 13,631,234.76 | | | | | 13,631,234.76 |
| Provision for bad debts made by portfolio | 30,377.13 | | | | | 30,377.13 |
| Total | 13,661,611.89 | | | | | 13,661,611.89 |

4) Other receivables of the top five ending balances by the owing party

Unit: RMB

| Item | Nature of payment | Ending balance | Aging | Proportion to ending balance | Ending balance of provision for |
|------|-------------------|----------------|-------|------------------------------|---------------------------------|
|------|-------------------|----------------|-------|------------------------------|---------------------------------|

| | | | | of other receivables | bad debts |
|--|-----------------------------------|----------------------|---------------|-------------------------|----------------------|
| Shenzhen Zhonghao (Group) Co., Ltd. | Transaction payments | 5,000,000.00 | Over 5 years | 23.95% | 5,000,000.00 |
| Shenzhen Jinbeili Electric Appliance Co., Ltd. | Transaction payments | 2,706,983.51 | Over 5 years | 12.97% | 2,706,983.51 |
| Shenzhen Jewelry Industry Service Co., Ltd. | Current accounts within the Group | 2,094,145.03 | Within 1 year | 10.03% | |
| Shenzhen Petrochemical Group | Transaction payments | 1,919,733.45 | Over 5 years | 9.20% | 1,919,733.45 |
| Creditor's rights for of debt repayment of Huatong Packaging | Transaction payments | 1,212,373.79 | Over 5 years | 5.81% | 1,212,373.79 |
| Total | | 12,933,235.78 | | 61.96% | 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 | 761,920,780.08 | 1,956,000.00 | 759,964,780.08 | 786,245,472.73 | 1,956,000.00 | 784,289,472.73 |
| Investment in associates and joint ventures | 78,823,139.55 | 9,787,162.32 | 69,035,977.23 | 90,811,528.26 | 9,787,162.32 | 81,024,365.94 |
| Total | 840,743,919.63 | 11,743,162.32 | 829,000,757.31 | 877,057,000.99 | 11,743,162.32 | 865,313,838.67 |

(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 |
|---|--------------------------------|-------------------------------|--------------------|----------------------|--------|-----------------------------|--|
| | | Additonal investment | Reduced investment | Impairment provision | 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 | 57,672,885.22 | | | | | 57,672,885.22 | |

| | | | | | | | |
|---|-----------------------|--|---------------------|--|---------------|----------------------|-----------------------|
| Automobile Development Co., Ltd. | | | | | | | |
| 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 | 0.00 | |
| Shenzhen Huari Toyota Sales & Service Co., Ltd. | 1,807,411.52 | | | | | 1,807,411.52 | |
| Shenzhen Xinyongtong Motor Vehicle Inspection Equipment Co., Ltd. | 10,000,000.00 | | 5,100,000.00 | | | 4,900,000.00 | |
| Shenzhen Tellus Treasury Supply Chain Tech Co., Ltd. | 50,000,000.00 | | | | | 50,000,000.00 | |
| Shenzhen Hanli High Tech Ceramics Co., Ltd. | | | | | | 0.00 | 1,956,000.00 |
| Shenzhen Jewelry Industry Service Co., Ltd. | 32,500,000.00 | | | | | 32,500,000.00 | |
| Guorun Gold Shenzhen Co., Ltd. | 72,000,000.00 | | | | | 72,000,000.00 | |
| Total | 784,289,472.73 | | 5,100,000.00 | | | 19,224,692.65 | 759,964,780.08 |

(2) Investment in associates and joint ventures

Unit: RMB

| Investor | Beginning balance (book) | Changes in the current period | | | | | | | | Ending balance (book) | Ending balance of |
|----------|--------------------------|-------------------------------|----------|----------------|--------------|-------------|--------------|-------------|--------|-----------------------|-------------------|
| | | Additi onal | Reduc ed | Profit or loss | Other compre | Change s in | Cash dividen | Impair ment | Others | | |

| | value) | invest ment | invest ment | on invest ments recogni zed under the equity method | hensive income adjustm ents | other equity | ds and profits declare d to pay | provisi on | | value) | impair ment provisi on |
|---|-------------------|----------------|----------------|---|--------------------------------------|-----------------|--|---------------|--|-------------------|---------------------------------|
| I. Joint ventures | | | | | | | | | | | |
| Shenzh en Tellus- Gmond Investm ent Co., Ltd. | 47,143,72 0.13 | | | 8,384,6 63.51 | | | 15,000, 000.00 | | | 40,528, 383.64 | |
| Shenzh en Telixin g Investm ent Co., Ltd. | 14,200,89 7.13 | | | - 371,042 .13 | | | | | | 13,829, 855.00 | |
| Subtota l | 61,344,61 7.26 | | | 8,013,6 21.38 | | | 15,000, 000.00 | | | 54,358, 238.64 | |
| II. Associates | | | | | | | | | | | |
| Shenzh en Renfu Tellus Autom obiles Service Co., Ltd. | 19,679,74 8.68 | | | - 5,002,0 10.09 | | | | | | 14,677, 738.59 | |
| Hunan Changy ang Industri al Co., Ltd. | | | | | | | | | | | 1,810,5 40.70 |
| Shenzh en Jiechen g Electro nics Co., Ltd. | | | | | | | | | | | 3,225,0 00.00 |
| Shenzh en Xianda o New Materia ls Co., | | | | | | | | | | | 4,751,6 21.62 |

| | | | | | | | | | | |
|----------|-----------|--|--|---------|--|--|---------|--|---------|---------|
| Ltd. | | | | | | | | | | |
| Subtotal | 19,679,74 | | | - | | | | | 14,677, | 9,787,1 |
| l | 8.68 | | | 5,002,0 | | | | | 738.59 | 62.32 |
| | | | | 10.09 | | | | | | |
| Total | 81,024,36 | | | 3,011,6 | | | 15,000, | | 69,035, | 9,787,1 |
| | 5.94 | | | 11.29 | | | 000.00 | | 977.23 | 62.32 |

4. Operating revenue and operating cost

Unit: RMB

| Item | Amount incurred in the current period | | Amount incurred in the previous period | |
|---------------|---------------------------------------|---------------|--|--------------|
| | Revenue | Cost | Revenue | Cost |
| Main business | 34,050,043.81 | 14,948,857.82 | 12,666,278.27 | 5,003,948.63 |
| Total | 34,050,043.81 | 14,948,857.82 | 12,666,278.27 | 5,003,948.63 |

5. Investment income

Unit: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|--|---------------------------------------|--|
| Income from long-term equity investments calculated by the equity method | 3,011,611.29 | 7,927,787.58 |
| Investment income from holding trading financial assets | 7,437,966.44 | 5,715,948.58 |
| Total | 10,449,577.73 | 13,643,736.16 |

XVII. Supplementary Information

1. Breakdown of non-recurring profit or loss of the current period

 Applicable Not applicable

Unit: RMB

| Item | Amount | Note |
|--|--------------|--------------------------------------|
| Government subsidies included in the current profits and losses (except those closely related to the Company's normal operations, conforming to the state policies and regulations and enjoyed persistently in line with certain standard ratings or ratios) | 4,475,465.94 | Government subsidies |
| Except for the effective hedging activities related to the Company's ordinary activities, profit or loss arising from changes in fair value from holding 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 | 3,220,569.71 | Wealth management income |
| Other non-operating revenue and | 297,499.01 | Mainly due to the early surrender of |

| | | |
|-------------------------------|--------------|---|
| expenses other than the above | | lease and payment of liquidated damages for house leasing |
| Less: effect on income tax | 1,998,431.62 | |
| Effect on minority interests | -494,178.96 | |
| Total | 6,489,282.00 | -- |

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 profit or loss 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 profit or loss

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 (RMB/share) | Diluted earnings per share (RMB/share) |
| Net profit attributed to ordinary shareholders of the Company | 2.89% | 0.1024 | 0.1024 |
| Net profit attributed to ordinary shareholders of the Company after deducting non-recurring profits and losses | 2.47% | 0.0873 | 0.0873 |

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

4. Others