



**Jiangsu Yanghe Distillery Co., Ltd.**

**2020 Annual Report**

**April 2021**

## Section I Important Statements, Contents and Definitions

The board of directors, board of supervisors, directors, supervisors and senior management of Jiangsu Yanghe Brewery Co., Ltd. (hereinafter referred to as the Company) hereby guarantee that the information presented in this report is free of any false records, misleading statements or material omissions, and shall individually and together be legally liable for truthfulness, accuracy and completeness of its contents.

Mr. Zhang Liandong, responsible person for the Company, Mr. Yin Qiuming, responsible person for accounting affairs and Mr. Zhao Qike, responsible person for accounting department (accounting supervisor) have warranted that the financial statements in this report are true, accurate and complete.

All directors attended the board meeting to review this report.

The future plans and some other forward-looking statements mentioned in this report shall not be considered as virtual promises of the Company to investors. Investors and people concerned should maintain adequate risk awareness and understand the difference between plans, predictions and promises. Investors are kindly reminded to pay attention to possible investment risks.

In the annual report, the possible risks in the operation of the Company are described in detail (see 9.Outlook for the future development of the Company in Section IV Performance Discussion and Analysis). Investors are kindly reminded to pay attention to relevant content.

The profit distribution plan approved by the board of directors: based on total share capital participating in the dividend on the registration date (excluding the repurchased shares held in the Company's special repurchase securities account) when the profit distribution plan is implemented in the future, a cash dividend of CNY 30.00 (tax inclusive) will be distributed for every 10 existing shares held, 0 shares of bonus shares (tax inclusive), and reserves would not be converted into share capital.

The Company's Chinese 2020 Annual Report was publicly disclosed on the Shenzhen Stock Exchange and [www.cninfo.com.cn](http://www.cninfo.com.cn) on 29 April 2021. If there are any differences between the English version and the Chinese one, please refer to the latter.

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## Definitions

Term	Reference	Definition
The Company, This Company, Yanghe	Refer to	Jiangsu Yanghe Distillery Co., Ltd.
Yanghe Group, Controlling shareholder	Refer to	Jiangsu Yanghe Group Co.,Ltd.
The current year, In the reporting period	Refer to	1 Jan. 2020 to 31 Dec. 2020
The report	Refer to	2020 Annual Report
Yuan, Ten thousand yuan, A hundred million yuan	Refer to	CNY 0.00, CNY 10,000.00,CNY 100,000,000.00
The shareholders' meeting, the board of directors, the board of supervisors	Refer to	The shareholders'meeting, the board of directors and the board of supervisors of the Company
Articles of incorporation	Refer to	Articles of incorporation of Jiangsu Yanghe Distillery Co., Ltd.
SSE	Refer to	Shenzhen Stock Exchange
SRC,CSRC	Refer to	China Securities Regulatory Commission
SAC of Suqian, SASAC of Suqian	Refer to	State-owned Assets Supervision and Administration Commission of Suqian
Suya Jincheng, Accounting firm	Refer to	Suya Jincheng CPA LLP
Blue Alliance	Refer to	Jiangsu Blue Alliance Co., Ltd.
Yanghe Branch of the Company	Refer to	Jiangsu Yanghe Distillery Co., Ltd. Yanghe Branch
Siyang Branch of the Company	Refer to	Jiangsu Yanghe Distillery Co., Ltd. Siyang Branch
Shuanggou Distillery	Refer to	Jiangsu Shuanggou Distillery Stock Co.,Ltd.
Guijiu Company	Refer to	Guizhou Guijiu Co., Ltd.
Lihuacun Distillery	Refer to	Hubei Lihuacun Distillery Co., Ltd.

## Section II Company Profile and Key Financial Results

### 1. Corporate information

Stock abbreviation	Yanghe	Stock code	002304
Stock exchange where the shares of the Company are listed	Shenzhen Stock Exchange		
Name of the Company in Chinese	江苏洋河酒厂股份有限公司		
Abbr. of the Company name in Chinese	洋河股份		
Name of the Company in English (if any)	Jiangsu Yanghe Distillery Co., Ltd.		
Abbr. of the Company name in English (if any)	Yanghe		
Legal representative	Zhang Liandong		
Registered address	No.118 Middle Avenue, Yanghe Town, Suqian City, Jiangsu Province, China		
Postal code of registered address	223800		
Business address	No.118 Middle Avenue, Yanghe Town, Suqian City, Jiangsu Province, China		
Postal code of business address	223800		
Company website	<a href="http://www.chinayanghe.com">http://www.chinayanghe.com</a>		
E-mail	yanghe002304@vip.163.com		

### 2. Contact us

	Company secretary	Representative for securities affairs
Name	Lu Hongzhen	Sun Dali
Address	No. 18, Fenghui Avenue, Yuhua Economic Development Zone, Nanjing	
Tel.	025-52489218	
Fax	025-52489218	
E-mail	yanghe002304@vip.163.com	

### 3. Information disclosure and place where the annual report is kept

Media designated by the Company for information disclosure	Securities Times, Shanghai Securities Times, China Securities Journal, Securities Daily
Website designated by CSRC for the publication of the Annual Report	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Place where the Annual Report of the Company is kept	Shareholder reading room, the headquarters of the Company, Suqian City, Jiangsu Province

### 4. Company registration and alteration

Organization code	9132000074557990XP
Changes in main business activities since the Company was listed (if any)	None
Changes of controlling shareholders of the Company (if any)	None

## 5. Other relevant information

Accounting firm engaged by the Company

Name of the accounting firm	Suya Jincheng CPA LLP
Business address of the accounting firm	22-23/F., Central International Plaza, No.105-6 North Zhongshan Road, Nanjing.
Name of accountants for writing signature	Li Laimin, Li Yan

Sponsors engaged by the Company to continuously perform its supervisory function during the reporting period

Applicable  N/A

Financial adviser engaged by the Company to continuously perform its supervisory function during the reporting period

Applicable  N/A

## 6. Key accounting data and financial indicators

Whether the Company performed a retroactive adjustment or restatement of accounting data

Yes  No

	2020	2019	YoY Change	2018
Operating revenues (CNY)	21,101,051,131.79	23,126,476,885.07	-8.76%	24,159,801,994.68
Net profits attributable to shareholders of the Company (CNY)	7,482,228,633.63	7,382,822,726.87	1.35%	8,115,189,794.69
Net profits attributable to shareholders of the Company before non-recurring gains and losses (CNY)	5,652,068,941.98	6,555,890,029.81	-13.79%	7,369,331,605.77
Net cash flows from operating activities (CNY)	3,978,790,835.80	6,797,891,871.41	-41.47%	9,056,748,816.28
Basic earnings per share (CNY/share)	4.9843	4.8991	1.74%	5.3850
Diluted earnings per share (CNY/share)	4.9843	4.8991	1.74%	5.3850
Weighted average ROE	20.20%	21.21%	-1.01%	25.95%
	At the end of 2020	At the end of 2019	YoY Change	At the end of 2018
Total assets (CNY)	53,866,259,306.59	53,455,037,840.98	0.77%	49,563,767,816.22
Net assets attributable to shareholders of the Company (CNY)	38,484,583,983.54	36,508,835,491.47	5.41%	33,644,530,266.23

The Company's net profit before or after deducting non-recurring profits and losses in the last three fiscal years is negative, and the audit report of the last year shows that the Company's ability to continue operating is uncertain

Yes  No

The net profit before or after deducting non-recurring profits and losses is negative

Yes  No

## 7. Differences in accounting data under domestic and overseas accounting standards

### 7.1. Differences in the net profits and net assets disclosed in the financial reports prepared under the international and China accounting standards

Applicable  N/A

No such differences during this period.

### 7.2. Differences in the net profits and net assets disclosed in the financial reports prepared under the outbound and China accounting standards

Applicable  N/A

No such differences during this period.

## 8. Key financial results by quarter

Unit: CNY

	Q1	Q2	Q3	Q4
Operating revenues	9,268,167,143.40	4,160,338,695.33	5,485,125,629.89	2,187,419,663.17
Net profits attributable to shareholders of the Company	4,002,168,546.84	1,398,695,739.33	1,784,839,005.01	296,525,342.45
Net profits attributable to shareholders of the Company before deducting non-recurring profits and losses	3,201,845,555.14	1,064,452,695.12	1,368,107,888.33	17,662,803.39
Net cash flows from operating activities	-328,870,647.68	-2,404,512,251.66	2,289,330,408.21	4,422,843,326.93

Whether there are any material differences between the financial indicators above or their summations and those which have been disclosed in quarterly or semi-annual reports.

Yes  No

## 9. Non-recurring profits and losses

Applicable  N/A

Unit: CNY

Item	2020	2019	2018	Note
Profit or loss from disposal of non-current assets (including the write-off portion of the impairment provision)	-4,735,638.66	13,797,266.00	22,203,572.96	

Item	2020	2019	2018	Note
Government grants recorded in the profit or loss for the current period (except for the government grants closely related to the business of the Company and given at a fixed amount or quantity in accordance with uniform national standards)	98,175,595.19	85,605,383.19	59,870,221.67	
Except for effective hedging business related to normal business operations of the Company, investment income from holding financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, and disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and investment in other debt instruments.	2,356,818,184.75	973,456,912.43	56,995,537.28	
Impairment provision reversal of the accounts receivables and contract assets on which the impairment test is carried out individually				
Other non-operating income and expenditure except above-mentioned items	-11,429,697.22	12,845,147.02	27,967,026.98	
Other profit and loss items that conform to the definition of non-recurring profits and losses	818,031.70	1,670,388.78	827,837,138.81	
Less: Corporate income tax	609,395,883.18	260,122,467.95	248,875,376.58	
Minority interests (after tax)	90,900.93	319,932.41	139,932.20	
Total	1,830,159,691.65	826,932,697.06	745,858,188.92	--

Explain the reasons if the Company classifies an item as a non-recurring profit and loss according to the definition in the *Explanatory Announcement No. 1 on Information Disclosure for Listed Companies - Non-recurring Profits and Losses*, or classifies any non-recurring profit or loss item mentioned in the explanatory announcement as a recurring profit or loss item.

Applicable  N/A

No such cases for the reporting period.

## Section III Business Profile

### 1. Main business scope in the reporting period

The Company shall comply with the disclosure requirements of *Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 14 -Listed Companies Engaging in Food and Liquor Manufacturing Related Businesses*

The Company is mainly engaged in the production and sales of Chinese Baijiu. The production of Baijiu adopts solid-state fermentation. The sales of Baijiu mainly adopt two models, namely distribution and online direct selling. During the reporting period, the Company's primary business and business models did not change. According to the *Guidelines for the Industry Classification of Listed Companies (2012 Revision)* issued by CSRC, the Company belongs to C15 Manufacturing industry of liquor, beverages and refined tea.

The Company is a national large-scale Baijiu production enterprise. Among the enterprises in the Baijiu industry, the Company is the only one which has two famous Chinese Baijiu, namely Yanghe and Shuanggou, two Chinese time-honored brands, and six Chinese well-known trademarks. The leading products of the Company are a series of Baijiu including Dream Blue, Sky Blue, Ocean Blue, Sujiu, Zhenbaofang, Yanghe Daqu, Shuanggou Daqu. They have high brand awareness and reputation throughout the country.

During the reporting period, the development of liquor industry kept growing in the fierce competition. Premium and sub-premium liquor both showed significant development advantages. The concentration, branding and premiumisation of the industry continued significantly. According to disclosed Baijiu industry periodic reports, the Company's operating revenue and profit remained in the third place in the liquor industry.

### 2. Significant changes in the main assets

#### 2.1 .Significant changes in the main assets

Main assets	Reasons for any significant change
Cash and cash equivalents	An increase of 68.44% YoY was mainly due to the decrease in cash paid for investment in the current period which led to an increase in the net cash flow generated by investment activities.
Prepayment	A decrease of 95.32% YoY was mainly due to lower prepaid advertising expenses at the end of the current period.

#### 2.2 .Main assets overseas

Applicable  N/A

### **3. Analysis of core competitiveness**

The Company has significant advantages in natural environment, quality technology, brand building, marketing network and so on. The Company has formed its unique core competitiveness, which has not changed during the reporting period.

#### **3.1 Natural environment advantage**

The Company is located in Suqian, the capital of Baijiu with 'three rivers, two lakes and one wetland'. As one of the three famous wetlands in the world, Suqian enjoys equal popularity with the Scotch whisky producing area and the French Cognac producing area. The long history and unique ecological environment provide a good source of water, soil and air for production for liquor production. Especially the microorganism condition is significantly beneficial to production. The Yanghe distillery was in the Sui and Tang Dynasties, flourished in the Ming and Qing Dynasties. It had been sold in Jianghuai area during the period of Yong Zheng of Qing Dynasty. It has a good reputation that 'dainty taste derived from fortune spring and liquor ocean, which makes Yanghe rank first place in Jianghuai area'. Shuanggou alongside Yanghe has been praised as the origin of Chinese natural liquor by domestic and overseas experts due to the discovery of drunken ape fossils in Xiacaowan.

#### **3.2 Quality advantage**

Considering the diversification and individuation of consumption demand, the Company took the lead in breaking the traditional classification of Baijiu flavor. The Company classifies Baijiu based on taste and emphasizes the value of taste. The Company strengthens the mellowness of Baijiu, puts forward the new style of the mellow Baijiu quality, and deeply meets core demand of target consumers. It has successfully established new craft of mellow Baijiu production and system framework of mellowness mechanism, which caters to market consumption. In June 2008, 'Mellowness', a special type of Yanghe, was first written into the national standard in *China Protected Geographical Indication Product- Yanghe Daqu (Standard No. GB/T220406-2008)*.

#### **3.3 Technology advantage**

The Company has 39 Masters of Chinese Baijiu, 69 provincial Baijiu tasting committee members and 1854 technicians. The Company also has 10 national and provincial technical research and development platforms. The obvious advantage of technical talents provides technical support for the continuous improvement of mellow Baijiu quality. In the national liquor taster contest sponsored by China Alcoholic Drinks Association, the Company is the only one that won three consecutive championships among all contestants; In 2020, talents of the Company won the top 4 in the 4th National Liquor Tasting Professional Skills Competition, and the project of "Research and Application of Key Technology and Intelligent Production of Mellowness Flavor Brewing" won the first prize of "Food Industry Science and Technology Award". It once again showed the Company's great advantage of talents and technology.

#### **3.4 Brand advantage**

The Company, as one of the eight traditional well-known Baijiu enterprises, is the only one which has two famous Chinese Baijiu brands, namely Yanghe and Shuanggou, two Chinese time-honored brands, and six Chinese well-known trademarks, including Yanghe, Shuanggou, Yanghe Spirit Classic, Zhenbaofang, Dream Blue, and Su. The brand value of the Company has been ranked the top 3 in the National Light Industry List, and has been listed in the "Global Top 500 Most Valuable Brands" and "Top 100 Most Valuable Chinese Brands" for five consecutive years, and ranked the third in the "2020 Top 50 Global Spirits Brand Value List".

### **3.5 Marketing network advantage**

The Company has a marketing team with strong executive force. The marketing network has penetrated into every county and every city throughout the country. High speed channel has been basically completed. These laid a solid foundation for market expansion and extension of the category in the future. The Company obtained several honors such as model enterprise of industrial Internet development in Jiangsu province, Jiangsu Provincial Governor Quality Award, and service-oriented manufacturing enterprise in Jiangsu province. At the same time, as a traditional enterprise, the Company has also insisted on exploring new marketing mode, and has made some achievements in Internet application innovation.

## Section IV Performance Discussion and Analysis

### 1. Overview

2020 was a key year for the Company to deepen reforms, adjustments and transformation. Facing the impact of COVID-19 epidemic, complex and ever-changing macro environment and increasingly fierce industry competition, the Company spared no effort to cope with difficulties and challenges, thoroughly implemented the overall work strategy of "12633", focused on epidemic prevention and control on one hand, and on adjustments and transformation on the other hand, and realized the stable development in the complex internal and external environment. In 2020, the Company achieved operating revenue of CNY 21.101 billion and net profit attributable to shareholders of the listed company of CNY 7.482 billion.

First, the Company deepened marketing transformation and accumulated potential energy for development. The Company adhered to the problem-oriented thinking, deepened the implementation of transformation ideas, further built a new relationship between Yanghe and distributors with integration strategy, and gradually optimized the distribution of dealers with the aim of "one main distributor and multiple auxiliary distributors". The Company implemented the strategy of Twin Famous Baijiu, adjusted the organizational structure, equipped corresponding resources, and further deepened the operation of Shuanggou brand. It continuously improved the market service and marketing management system, oriented assessment, price control, group purchase construction, digital marketing and other measures. The Company's marketing potential energy has been accumulated in the deep transformation and adjustment.

Second, the Company focused on quality breakthroughs and laid a solid foundation for development. The Company adhered to the strategy that "quality is king", sublimated the new connotation of "Fine Baijiu" with the consumer-orientation, continuously optimized the distilling process, and further enhanced the aroma complex sense of raw liquor. It focused on key topics and the Company successfully constructed the mode system of "big base liquor combination", improved the elegance of aroma, mellow taste and comfort after drinking at multiple levels, made more achievements in a number of scientific research projects, and continued to improve the quality of products through joint efforts. The crystal version of Dream Blue was launched gorgeously, and the M6+ completed the nationwide promotion, and won the new liquor product award of "Green Drink Award".

Third, the Company improved brand value and enabled the development of power. Telling the brand story well through multiple channels and organizing cultural activities such as Seal Ceremony and Toupai Baijiu Opening Cellar Festival, presented the beauty of Chinese Baijiu culture inheritance. "Million Space Partner Program" and other activities conveyed the strongest cultural message of "there is always Dream Blue for big family/nation events". Public welfare activities such as anti-epidemic, student aid and targeted poverty alleviation conveyed the brand image of warmth and feelings. The Company was awarded the Top 100 Most Valuable Chinese Brands in 2020 and ranked the third in the Top 50 Global Spirits Brand Value List in 2020. The brand awareness and reputation have been further improved.

Fourth, the company upgraded management and improved the quality of development. The Company focused on improving management, quality and efficiency and promoting transformation. The 14th Five-Year Plan has been scientifically formulated. Digital

transformation, supply chain management, quality control, investment management, information disclosure, audit management and other work have been upgraded, and more efforts have been made. The management efficiency has been continuously improved in the process of striving for excellence. The construction of a new digital management system, packaging production efficiency and market response speed significantly improved. Production costs were further reduced and intelligent packaging performed well. It further improved the logistics support ability of the Company.

Fifth, the Company strengthened cultural construction and condensed synergy for development. The Company gave full play to the dual advantages of leading Party building and shaping culture, and continued to strengthen Party building work. The Company adhered to the political guidance, through the "three lectures and one comparison" theme education and other activities. The effect of style construction has been shown. More than 80 activities, such as summer camp for Su wine students, and more than 200 cultural activities such as Mid-Autumn Festival National Day Gala, have been carried out to actively build a large ecological circle of corporate humanistic care. The Company adhered to cultural confidence, started the construction of "cultural Yanghe", established Yanghe University, Sujiuzhihui and other enterprising learning and growth platforms. Post knowledge system construction showed initial results. The Company created typical character images to highlight the power of examples. The Company has been awarded 53 national and provincial honors, such as "Outstanding Contributor of the Hope Project for 30 Years, Craftsman of China Brewing Industry, National Civilized Family, Good Youth of Jiangsu Province, and Jiangsu May Day Innovative Expert". The guiding role is more powerful and the forging ahead is more profound.

The Company shall comply with the disclosure requirements of *Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 14 -Listed Companies Engaging in Food and Liquor Manufacturing Related Businesses*

#### Information about brand operation

The Company's products include Dream Blue, Sujiu, Sky Blue, Zhenbaofang, Ocean Blue, Yanghe Daqu, Shuanggou Daqu, Guijiu, Sidus Wine and so on. According to the price range standard of ex-factory price, the Company divides the products into mid/high end and ordinary products. The mid/high end products refer to those with ex-factory price  $\geq$  CNY 100 / 500ml, mainly including Dream Blue, Sujiu, Sky Blue, Zhenbaofang (Difang, Shengfang) and Ocean Blue. Ordinary products refer to those with ex-factory price  $<$  CNY 100 / 500ml, mainly including Yanghe Daqu and Shuanggou Daqu.

The revenue of various products is as follows:

Unit : CNY

Products	Operating revenue	
	2020	YoY change
Mid/high end products	17,647,666,173.96	-7.15%
Ordinary products	2,686,616,269.02	-14.86%

#### Main sales model

The Company adopts the marketing and sales model mainly based on distribution, which is divided into wholesale distribution and online direct selling, among which wholesale distribution is the main sales model.

#### Distribution model

Applicable  N/A

#### 1. Disclosure of main business composition by different types

Unit:CNY

Types	Operating revenue	YoY change	Operating cost	YoY change	Gross margin	YoY change
By product						
Mid/high end products	17,647,666,173.96	-7.15%	3,556,004,734.05	-7.51%	79.85%	0.08%
Ordinary products	2,686,616,269.02	-14.86%	1,687,531,385.06	-12.47%	37.19%	-1.71%
Subtotal	20,334,282,442.98	-8.24%	5,243,536,119.11	-9.17%	74.21%	0.26%
By sales model						
Wholesale distribution	20,008,281,801.72	-8.49%	5,197,737,787.91	-9.32%	74.02%	0.24%
Online direct selling	326,000,641.26	9.68%	45,798,331.20	11.83%	85.95%	-0.27%
Subtotal	20,334,282,442.98	-8.24%	5,243,536,119.11	-9.17%	74.21%	0.26%
By geographical segment						
Jiangsu	9,559,956,587.96	-7.18%	2,733,139,743.54	-9.13%	71.41%	0.61%
Ex-Jiangsu	10,774,325,855.02	-9.17%	2,510,396,375.57	-9.21%	76.70%	0.01%
Subtotal	20,334,282,442.98	-8.24%	5,243,536,119.11	-9.17%	74.21%	0.26%

According to the price range standard of ex-factory price, the Company divides the products into mid/high end products and ordinary products. The mid/high end products refer to those with ex-factory price  $\geq$  CNY 100 / 500ml. Ordinary products refer to those with ex-factory price  $<$  CNY 100 / 500ml.

#### 2. Disclose the number of distributors according to regional classification

Geographical segment	Distributor number at the end of the reporting period	Increase number during the reporting period	Decrease number during the reporting period
Jiangsu	3116	227	413
Ex-Jiangsu	5935	976	1887
Total	9051	1203	2300

Since 2019, the Company has carried out marketing adjustment and transformation with "one main distributor and multiple auxiliary distributors". It has built a distributing network around the guiding ideology of complementary and coordinated development. As a result, the number of distributors decreased.

#### 3. Settlement method and distribution method

The Company mainly adopts the bank transfer method for settlement, and adopts the method of payment before goods for product sales.

#### 4. Sales amount and sales proportion of the top five distributors

In 2020, the total sales amount of the top five distributors was CNY 973.1852 million, accounting for 4.61% of the total sales of this year. Among the sales of the top five distributors, the sales from related parties were CNY 0, accounting for 0% of the total sales of this year. The total amount of receivables of the top five distributors at the end of the period were CNY 0.

Store sales terminals accounted for more than 10%

Applicable  N/A

Online direct selling

Applicable  N/A

Unit:CNY

Online direct selling	Sales amount in 2020	Sales amount in 2019	YoY change
T-mall, JD.COM and other platforms	326,000,641.26	297,224,498.99	9.68%

The sales price of the main products accounting for more than 10% of the total operating revenue of the current period changed by more than 30% compared with the previous reporting period

Applicable  N/A

Procurement mode and content

Unit:CNY

Procurement mode	Procurement content	Amount
Market bidding	Distilling raw materials and packaging materials	3,912,774,029.08
Marketing purchase	Energy	293,209,174.11

Procurement of raw materials from cooperatives or farmers accounted for more than 30% of the total purchase amount

Applicable  N/A

The price of major outsourced raw materials changed by over 30% year on year

Applicable  N/A

Main production mode

The Company's production mode is self-produced mode, the main links including raw material crushing, fermentation, distillation, grade storage, liquor body design and combination, product packaging.

Commissioned production

Applicable  N/A

The main components of operating costs

Unit:CNY

Types	Cost item	2020		2019		YoY change
		Amount	As a	Amount	As a	

			percentage of operating cost		percentage of operating cost	
Baijiu	Direct materials	3,735,886,638.99	63.84%	4,159,654,057.94	62.77%	-10.19%
	Direct labor	900,387,427.26	15.39%	902,420,369.83	13.62%	-0.23%
	Fuels and energy	211,348,204.70	3.61%	225,184,624.70	3.40%	-6.14%
	Manufacturing overhead	297,087,576.41	5.08%	356,239,324.36	5.38%	-16.60%

## Output and inventory

### 1. Production volume, sales volume and inventory of major products

Types	Item	Unit	2020	2019	YoY change
Baijiu	Sales	ton	155,757.37	186,022.52	-16.27%
	Production	ton	161,498.22	179,315.33	-9.94%
	Inventory	ton	23,897.60	18,156.75	31.62%

### 2. Inventory of finished and semi-finished Baijiu at the end of the period

Unit: ton

Inventory of finished Baijiu	Inventory of semi-finished Baijiu (including raw liquor)
24,324.62	609,146.56

### 3. Capacity of the Company

Unit: ton

Name of production entity	Design capacity	Actual capacity in 2020
Yanghe (including Yanghe branch and siyang branch)	222,545	122,366
Shuanggou Distillery	97,040	38,127

## 2. Analysis of main business

### 2.1. Overview

Same with the contents presented in "1.Overview" of this section.

### 2.2. Revenues and cost of sales

#### 2.2.1. Breakdown of operating revenues

Unit : CNY

	2020		2019		YoY change
	Amount	As a percentage of operating revenues	Amount	As a percentage of operating revenues	
Total	21,101,051,131.79	100%	23,126,476,885.07	100%	-8.76%
By business segment					
Liquor	20,334,282,442.98	96.37%	22,161,278,307.05	95.83%	-8.24%
Others	766,768,688.81	3.63%	965,198,578.02	4.17%	-20.56%
By product					
Baijiu	20,152,435,029.41	95.51%	21,967,044,396.58	94.99%	-8.26%
Wine	181,847,413.57	0.86%	194,233,910.47	0.84%	-6.38%
Others	766,768,688.81	3.63%	965,198,578.02	4.17%	-20.56%

By geographical segment					
Jiangsu	9,990,396,422.72	47.35%	11,011,399,137.52	47.61%	-9.27%
Ex-Jiangsu	11,110,654,709.07	52.65%	12,115,077,747.55	52.39%	-8.29%

## 2.2.2. Business segment, products or geographical segments contributing over 10% of the operating revenues or profits

Applicable  N/A

Unit : CNY

	Operating revenues	Cost of sales	Gross profit margin	YoY change of operating revenue	YoY change of cost of sales	YoY change of gross profit margin
By business segment						
Liquor	20,334,282,442.98	5,243,536,119.11	74.21%	-8.24%	-9.17%	0.26%
By product						
Baijiu	20,152,435,029.41	5,144,709,847.36	74.47%	-8.26%	-8.84%	0.16%
By geographical segment						
Jiangsu	9,559,956,587.96	2,733,139,743.54	71.41%	-7.18%	-9.13%	0.61%
Ex-Jiangsu	10,774,325,855.02	2,510,396,375.57	76.70%	-9.17%	-9.21%	0.01%

Under the circumstances that the statistical standards for the Company's main business data adjusted in the reporting period, the Company's main business data in the current one year is calculated based on adjusted statistical standards at the end of the reporting period.

Applicable  N/A

## 2.2.3. Whether revenue from physical sales is higher than service revenue

Yes  No

By business segment	Item	Unit	2020	2019	YoY change
Baijiu	Sales volume	ton	155,757.37	186,022.52	-16.27%
	Production volume	ton	161,498.22	179,315.33	-9.94%
	Inventory volume	ton	23,897.60	18,156.75	31.62%
Wine	Sales volume	ton	3,202.27	4,854.36	-34.03%
	Production volume	ton	2,985.04	4,137.99	-27.86%
	Inventory volume	ton	427.02	644.25	-33.72%

Reasons for any over 30% YoY changes in the data above.

Applicable  N/A

The increase of 31.62% YoY in inventory volume of Baijiu was mainly due to stock for Spring Festival sales season.

The decrease of 34.03% YoY in sales volume of wine was mainly due to the epidemic and the Company's product sales model. The Company's wine sales declined in this reporting period, resulting in a corresponding decline in wine sales volume.

The decrease of 33.72% YoY in inventory volume of wine was mainly due to clearing and digesting inventory in this reporting period.

**2.2.4. Execution of significant sales contracts in the reporting period**

□ Applicable ✓ N/A

**2.2.5. Breakdown of cost of sales**

By business and product segment

Unit : CNY

By business segment	Item	2020		2019		YoY change
		Amount	As a percentage of cost of sales	Amount	As a percentage of cost of sales	
Liquor		5,243,536,119.11	89.60%	5,772,779,588.18	87.12%	-9.17%

Unit : CNY

By product segment	Item	2020		2019		YoY Change
		Amount	As a percentage of cost of sales	Amount	As a percentage of cost of sales	
Liquor	Direct materials	3,831,187,362.53	65.47%	4,284,348,458.13	64.66%	-10.58%
Liquor	Direct labor	902,098,885.05	15.42%	904,555,426.95	13.65%	-0.27%
Liquor	Fuels and energy	212,167,471.34	3.63%	226,377,369.91	3.42%	-6.28%
Liquor	Manufacturing overhead	298,082,400.19	5.09%	357,498,333.19	5.40%	-16.62%

Note: Nil

**2.2.6. Changes in the scope of the consolidated financial statements for the reporting period**

✓ Yes □ No

**1. Establishment of subsidiaries**

Su Wine Group Co.,Ltd. ,the Company's holding subsidiary,invested CNY 2 million to establishJiangsu Yanghe Painting and Calligraphy Academy. On 6 July 2020, the Registration Certificate of Private Non-Enterprise Unit (Legal Person) issued by the Civil Affairs Department of Jiangsu Province was obtained. It was included in the consolidated financial statements from July 2020.

**2. Cancellation of subsidiaries**

(1) Huaian Huaqu Wine Development Co.,Ltd., Jiangsu Huaqu Wine Group Nanjing Co.,Ltd., Taizhou Huaqu Wine Development Co.,Ltd.,Guizhou Guijiu Package Co.,Ltd., the holding subsidiaries, were liquidated and terminated onJanuary 2020.FromFebruary 2020, theyare no longer included in the consolidated scope of the consolidated financial statements.

(2) Jiangsu Huaqu Wine Group Suzhou Co., Ltd., Jiangsu Huaqu Wine Group Yancheng Co., Ltd., the holding subsidiaries, were liquidated and terminatedonMarch 2020. FromApril 2020, theyare no longer included in the consolidated scope of the consolidated financial statements.

(3) Jiangsu Huaqu Wine Group Nantong Co., Ltd., Jiangsu Huaqu Wine Group Wuxi Co., Ltd., the holding subsidiaries, were liquidated and terminated on April 2020. From May 2020, they are no longer included in the consolidated scope of the consolidated financial statements.

### 2.2.7. Major changes in the business, products or services in the reporting period

Applicable  N/A

### 2.2.8. Main customers and suppliers

Sales to major customers of the Company

Total sales from top five customers ( CNY )	973,185,221.90
Total sales from top five customers as a percentage of the total sales	4.61%
Total sales from related parties among top five customers as a percentage of the total sales	0.00%

Information on top five customers

No.	Customer	Sales amount(CNY)	As a percentage of the total sales for the year
1	Customer A	250,020,588.88	1.18%
2	Customer B	226,028,249.31	1.07%
3	Customer C	219,523,255.31	1.04%
4	Customer D	139,377,749.01	0.66%
5	Customer E	138,235,379.39	0.66%
Total	--	973,185,221.90	4.61%

Other information on major customers

Applicable  N/A

Major suppliers of the Company

Total purchase from top five suppliers ( CNY )	1,046,394,506.36
Total purchase from top five suppliers as a percentage of the total sales	20.47%
Total purchase from related parties among top five suppliers as a percentage of the total purchase	0.00%

Information on top five suppliers

No.	Supplier	Purchases(CNY)	As a percentage of the total purchase for the year
1	Supplier A	289,002,139.70	5.65%
2	Supplier B	225,020,586.44	4.40%
3	Supplier C	211,926,877.93	4.15%
4	Supplier D	164,202,585.50	3.21%
5	Supplier E	156,242,316.79	3.06%
Total	--	1,046,394,506.36	20.47%

Other information on major suppliers

Applicable  N/A

## 2.3. Expense

Unit : CNY

	2020	2019	YoY change	Reason for any significant change
Selling and distribution expenses	2,603,804,157.78	2,691,711,170.59	-3.27%	
General and administrative expenses	1,729,080,201.93	1,856,491,727.00	-6.86%	
Finance expenses	-87,234,764.39	-78,426,551.41	-11.23%	
R&D expenses	260,094,291.03	159,965,593.88	62.59%	During this period, the R&D investment of raw liquor production base increased, so the amount of R&D expense increased accordingly

The Company shall comply with the disclosure requirements of Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 14 - Listed Companies Engaging in Food and Liquor Manufacturing Related Businesses

### (1) The composition of selling and distribution expenses

Unit: CNY 10,000

Item	Current period amount	As a percentage of selling and distribution expenses	Previous period amount	As a percentage of selling and distribution expenses	YoY change
Advertising and promotion expense	141,109.00	54.19%	156,690.39	58.21%	-9.94%
Payroll	64,627.10	24.82%	50,283.64	18.68%	28.53%
Cargo charge	518.50	0.20%	1,032.70	0.38%	-49.79%
Labor expense	11,797.59	4.53%	15,623.91	5.80%	-24.49%
Travel expense	35,343.47	13.57%	36,573.51	13.59%	-3.36%
Business entertainment	162.81	0.06%	380.98	0.14%	-57.27%
Other expense	6,821.95	2.62%	8,585.99	3.19%	-20.55%
Total	260,380.42	100.00%	269,171.12	100.00%	-3.27%

### (2) The composition of advertising expense

Unit: CNY 10,000

Item	Current period amount	As a percentage of advertising expenses
National advertising expense	89,074.58	87.32%
Regional advertising expense	12,937.74	12.68%
Total	102,012.32	100.00%

## 2.4. R&D input

√ Applicable □ N/A

The Company seeks stable improvement and lays a solid quality foundation. It makes more efforts from "brewing, selecting, storing and using good liquor" to build a new combination system of large base liquor, to enrich the resources of multiple types of characteristic liquor, and to realize the transformation of the structure of raw liquor and

base liquor from characteristics to advantages, and continuously to consolidate the guarantee force of quality Yanghe resources.

The Company seeks stable breakthrough and empowers scientific and technological innovation. Through in-depth basic theoretical research, analysis of mellowness mechanism, exploration of health function factors and health experience factors, outstanding results have been achieved, and the quality connotation of mellowness has been enriched. The dynamic model of solid state fermentation with the highest quality matching degree and the micro-ecological regulation method of pit and pond were established. The brewing process of raw liquor was more controllable, and the improvement effect of raw liquor quality was continuously highlighted.

The Company seeks new changes with stability to lead intelligent brewing. It adheres to the transformation "from traditional industrial technology to digital and intelligent" as a goal. The Company deeply applies MES system, and achieves a number of brewing core technology breakthroughs. Jiangsu Province intelligent manufacturing demonstration plant construction project was approved.

The Company seeks quality improvement with stability. Product innovation also achieves new breakthroughs. Based on characteristics of Yanghe and Shuanggou, the comfort, satisfaction and ease of the liquor body are regarded as an evaluation criteria for quality improvement to realize a systematic solidification of flavor characteristics of a whole series of products. The Company successfully creates crystal version of Dream Blue, and forms the product characteristics of "brightness, mellowness, super value and super volume". It brings an experience of "outside temperament and inside quality of good Baijiu" to the consumer market.

#### Information about R&D input

	2020	2019	YoY change
Number of R&D personnel	549	396	38.64%
R&D personnel as a percentage in total employees	3.47%	2.51%	0.96%
R&D input(CNY)	269,360,145.63	166,917,025.32	61.37%
R&D input as a percentage in operating revenues	1.28%	0.72%	0.56%
Capitalized R&D input(CNY)	9,265,854.60	6,951,431.44	33.29%
Capitalized R&D input percentage in total R&D input	3.44%	4.16%	-0.72%

Reasons for any significant YoY change in the ratio of the R&D input to the operating revenues.

Applicable  N/A

Reasons for any sharp variation in the capitalization rate of R&D input and statement of its rationale.

Applicable  N/A

## 2.5. Cash flows

Unit : CNY

Item	2020	2019	YoY change
Subtotal of cash inflows from operating activities	21,900,973,449.03	28,418,153,682.08	-22.93%
Subtotal of cash outflows from operating activities	17,922,182,613.23	21,620,261,810.67	-17.10%
Net cash flows from operating activities	3,978,790,835.80	6,797,891,871.41	-41.47%
Subtotal of cash inflows from investing activities	30,896,999,982.51	40,698,105,842.28	-24.08%
Subtotal of cash outflows from investing activities	26,424,165,197.95	41,991,320,976.18	-37.07%
Net cash flows from investing activities	4,472,834,784.56	-1,293,215,133.90	445.87%
Subtotal of cash outflows from financing activities	5,504,913,990.79	4,823,150,583.00	14.14%
Net cash flows from financing activities	-5,504,913,990.79	-4,823,150,583.00	-14.14%
Net increase in cash and cash equivalents	2,943,041,513.62	684,796,540.70	329.77%

Explanation of why the data above varied significantly.

Applicable  N/A

(1) The decrease of 41.47% YoY of net cash flows from operating activities was mainly due to the decline of revenue in this period, leading to the decrease in cash inflow from operating activities more than the decrease in cash outflow from operating activities. It resulted in an decrease in net cash flow from current operating activities.

(2) The increase of 445.87% YoY of net cash flows from investing activities was mainly due to a large decrease of purchasing financial products in this period, leading to the decrease in cash outflow from investing activities more than the decrease in cash inflow from investing activities. It resulted in an increase in net cash flow from current investing activities.

(3) The increase of 329.77% YoY of net increase in cash and cash equivalent was mainly due to a large decrease of purchasing wealth management products in this period, leading to an increase in net cash flow from current investing activities. It resulted in an increase in net increase in cash and cash equivalent in this period.

Main reasons for the material difference between net cash flows from operating activities during the reporting period and net profit for the year.

Applicable  N/A

### 3. Analysis of non-core business

Applicable  N/A

Unit : CNY

	Amount	As a percentage of total profits	Reasons	Sustainability

Investment income	1,206,683,362.49	12.21%	Mainly due to the investment income generated by finance management and equity investment	No
Changes in fair value	1,267,682,598.52	12.83%	Mainly due to changes in fair value of financial assets held for trading	No
Asset impairment	-6,196,876.85	-0.06%	Mainly due to provision for stock obsolescence	No
Non-operating income	25,039,870.29	0.25%	Mainly due to donation acceptance, compensation and liquidated damages income	No
Non-operating expenses	41,325,490.38	0.42%	Mainly due to donation expenses and losses from retirement of fixed assets	No

## 4. Analysis of assets and liabilities

### 4.1 Significant changes of asset items

The Company implemented the new revenue standards or new leasing standards for the first time since 2020, and adjusted opening balance of related items in financial reports due to the first implementation.

Applicable

Unit : CNY

	As at the end of 2020		As at the beginning of 2020		Change in percentage	Explanation about any significant changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Cash and cash equivalents	7,243,186,362.29	13.45%	4,300,144,848.67	8.04%	5.41%	
Accounts receivable	4,225,230.90	0.01%	16,080,618.65	0.03%	-0.02%	
Inventories	14,852,694,146.30	27.57%	14,433,244,696.27	27.00%	0.57%	
Long-term equity investments	29,528,377.16	0.05%	25,361,651.38	0.05%		
Fixed assets	6,882,953,634.34	12.78%	7,256,557,503.85	13.58%	-0.80%	
Construction in progress	223,468,482.24	0.41%	263,153,505.12	0.49%	-0.08%	
Long-term borrowings	36,360.00		72,723.00			
Financial assets held for trading	14,301,978,905.17	26.55%	17,976,767,209.45	33.63%	-7.08%	
Other non-current financial assets	6,366,958,225.81	11.82%	5,050,851,671.16	9.45%	2.37%	

### 4.2 Assets and liabilities measured at fair value

√Applicable □ N/A

Unit : CNY

Item	Opening balance	Changes in fair value recognized in profit or loss	Changes in the cumulative fair value recorded into equity	Provision for impairment	Amount of purchase	Amount of sale	Other changes	Closing balance
Financial Assets								
1. Financial assets held for trading(excluding derivative financial assets)	23,027,618,880.61	1,267,682,598.52			26,071,060,798.23	29,697,175,266.30	-249,880.08	20,668,937,130.98
Total	23,027,618,880.61	1,267,682,598.52			26,071,060,798.23	29,697,175,266.30	-249,880.08	20,668,937,130.98
Financial liabilities	0.00	0.00			0.00	0.00		0.00

Other changes

Whether measurement attribution of main assets changed significantly during this period.

Yes  No

### 4.3 Restricted asset rights as of the end of this reporting period

No

## 5. Investment

### 5.1. Total investment

Applicable  N/A

Investment made in the reporting period(CNY)	Investment made in the prior year(CNY)	YoY change
2,204,658,425.17	2,169,877,269.95	1.60%

### 5.2. Significant equity investment made in the reporting period

Applicable  N/A

### 5.3. Significant non-equity investment ongoing in the reporting period

Applicable  N/A

### 5.4. Investment in financial assets

(1) Securities investment

Applicable  N/A

Unit : CNY

Category of securities	Stock code	Abbr. of securities	Initial investment cost	Accounting measurement model	Opening balance	Changes in fair value recognized in profit or loss	Changes in the cumulative fair value recorded into equity	Amount of purchase	Amount of sale	Profit and loss during the reporting period	Closing balance	Accounting subject	Capital source
Domestic and foreign stocks	601696	BOCI Securities	300,000,000.00	Fair value	402,516,510.70	1,345,694,006.29				1,348,062,427.33	1,748,210,516.99	Other non-current financial assets	Owned Fund
Trust	Nil	Avic Trust-Apocalypse No.328 Tianji Jufu	1,000,000,000.00	Fair value				1,000,000,000.00			1,000,000,000.00	Financial assets held for trading	Owned Fund
Trust	Nil	MinSheng Trust-Zhongmin	600,000,000.00	Fair value		784,109.59		600,000,000.00		784,109.59	600,784,109.59	Financial assets held for trading	Owned Fund

		Yongfen g No.1 Collectiv e Fund Trust Plan											
Trust	Nil	MinShe ng Trust- Zhongm in Yongfen g No.1 Collectiv e Fund Trust Plan	500,000,000.0 0	Fair value		9,674,657.53		500,000,000.0 0		9,674,657.53	509,674,657.5 3	Financial assets held for trading	Owne d Fund
Trust	Nil	Avic Trust- Tianji Huicai No.3 Bond Investm ent Collectiv e Fund Trust Plan	500,000,000.0 0	Fair value		7,421,917.81		500,000,000.0 0		7,421,917.81	507,421,917.8 1	Financial assets held for trading	Owne d Fund
Trust	Nil	Zhongro ng Trust- Huijulin No.1 Money Fund Collectiv e Fund Trust	500,000,000.0 0	Fair value		6,935,616.44		500,000,000.0 0		6,935,616.44	506,935,616.4 4	Financial assets held for trading	Owne d Fund

Trust	Nil	Plan Avic Trust-Tianji Huicai No.3 Bond Investment Collective Fund Trust Plan	500,000,000.00	Fair value		685,616.44		500,000,000.00		10,595,890.41	500,685,616.44	Financial assets held for trading	Owned Fund
Trust	Nil	Zhongrong Trust-Huijijin No.1 Money Fund Collective Fund Trust Plan	500,000,000.00	Fair value				500,000,000.00		10,528,767.12	500,000,000.00	Financial assets held for trading	Owned Fund
Trust	Nil	Avic Trust-Tianji Huicai No.3 Bond Investment Collective Fund Trust Plan	500,000,000.00	Fair value				500,000,000.00			500,000,000.00	Financial assets held for trading	Owned Fund
Trust	Nil	Zhongrong	500,000,000.00	Fair value				500,000,000.00			500,000,000.00	Financial assets	Owned

	Trust-Huijijin No.1 Money Fund Collective Fund Trust Plan										held for trading	Fund
Other securities investments held at the end of this period	10,025,444,40 0.98	--	12,353,786,3 55.66	-69,374,769.64		10,168,046,83 4.74	12,12 6,260, 120.1 4	845,786,212.4 9	10,325,948,42 0.54	--	--	
Total	15,425,444,40 0.98	--	12,756,302,8 66.36	1,301,821,154. 46	0.00	15,268,046,83 4.74	12,12 6,260, 120.1 4	2,239,789,598. 72	17,199,660,85 5.34	--	--	
Disclosure date of the announcement of the board of directors for the approval of securities investment	April 29, 2020											
Disclosure date of announcement of shareholders' committee for approval of securities Investment (if any)	23 May, 2020											

## (2) Derivative investments

Applicable  N/A

No such cases in the reporting period.

## 5.5. Use of fund-raising

Applicable  N/A

No such cases in the reporting period.

## 6. Sale of major assets and equity Interests

### 6.1. Sale of major Assets

Applicable  N/A

No such cases in the reporting period

### 6.2. Sale of major equity Interests

Applicable  N/A

## 7. Analysis of major subsidiaries

Applicable  N/A

Main subsidiaries and joint companies with an over 10% influence on the Company's net profit

Unit : CNY

Company name	Company type	Business scope	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Su Wine Trade Group Limited by Share Ltd.	Subsidiary	Wholesaling and retailing of prepackaged food	334,400,000.00	17,523,095,738.91	3,812,370,210.74	19,994,698,526.68	3,810,931,697.73	2,969,807,865.72
Jiangsu Shuanggou Distillery Stock Co.,Ltd.	Subsidiary	Production and sales of Baijiu	110,000,000.00	8,480,167,211.27	2,082,121,890.26	1,299,058,672.33	1,631,972,165.61	1,712,488,476.69
Jiangsu Shuanggou Liquor Operation Co.,Ltd.	Subsidiary	Wholesaling and retailing of prepackaged food	5,000,000.00	4,140,870,588.94	1,182,136,028.53	3,685,694,999.59	1,559,022,241.40	1,169,148,142.52

## Acquisition and disposal of subsidiaries during the reporting period

√ Applicable □ N/A

Subsidiary name	How subsidiary was acquired or disposed during the reporting period	Impact on overall operation and results(CNY)
Jiangsu Yanghe Painting and Calligraphy Academy	Establishment	Tiny
Huaian Huaqu Wine Development Co.,Ltd.	Liquidation and cancellation	Tiny
Jiangsu Huaqu Wine Group Nanjing Co.,Ltd.	Liquidation and cancellation	Tiny
Jiangsu Huaqu Wine Group Nantong Co., Ltd.	Liquidation and cancellation	Tiny
Jiangsu Huaqu Wine Group Suzhou Co., Ltd.	Liquidation and cancellation	Tiny
Taizhou Huaqu Wine Development Co.,Ltd.	Liquidation and cancellation	Tiny
Jiangsu Huaqu Wine Group Wuxi Co., Ltd.	Liquidation and cancellation	Tiny
Jiangsu Huaqu Wine Group Yancheng Co., Ltd.	Liquidation and cancellation	Tiny
Guizhou Guijiu Package Co.,Ltd.	Liquidation and cancellation	Tiny

## 8. Structured entities controlled by the Company

Applicable  N/A

## 9. Outlook for the future development of the Company

### 9.1. Analysis of industry situation

First, industry concentration has been further enhanced. According to data from the National Bureau of Statistics, the number of Baijiu enterprises above designated size dropped to 1,040 in 2020, which was 538 fewer than that in 2016. With the gradual improvement of consumers' brand awareness, Baijiu market share tends to concentrate on top brands and leading enterprises, and the industry divergence continues to intensify. Famous and excellent Baijiu enterprises with capital advantages, management advantages, brand advantages, talent advantages and channel advantages will outperform in the future Baijiu market competition.

Second, brand premiumization continues. In recent years, the continuous high growth of the domestic economy, the steady increase of residents' income and the structural change of the main consumer groups have provided strong support for the high-end Baijiu. In 2020, the total output of Chinese Baijiu enterprises above designated size was 7.4073 million kiloliters, down 2.46% year on year. Their sales revenue reached CNY 583.639 billion, up 4.61% year on year, and the total profit reached CNY 158.541 billion, up 13.35% year on year. The rapid profit growth fully demonstrated and verified the development trend of brand premiumization in Baijiu industry.

Third, the quality of products is further highlighted. As the economic environment and consumption concept continue to change, the majority of consumers have gradually strengthened the concept of "drinking less but drinking better". In 2020, multiple Baijiu enterprises continued to increase the investment in "intelligent distilling" and capacity expansion projects to improve the capacity and production stability of high-quality Baijiu. The importance of quality improvement and communication in enterprise operation and development are increasingly highlighted. The Company's leading production capacity, storage scale and raw liquor quality laid a solid foundation for the future high-quality development.

### 9.2. Future development strategy and next business plan

#### (1) Future development strategy

Looking into the 14th Five-Year Period, the Company will adhere to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as guidance, earnestly implement the important spirit on Jiangsu work that "spearheading as an example and demonstration" instructed by General Secretary and further meet the latest requirements by Provincial Party Committee of Suqian on "the reform and innovation of genes into modernization, and making new era legend". Yanghe will focus on "new journey, new legend, new Baijiu capital" with consumers as a center, twin famous Baijiu as a main

carrier, multiple brands as a pillar, quality as a foundation, brand as a soul, culture as a basis, marketing as a king, innovation as a need, to build the "12345" strategic system, to create a wave leading Yanghe and a surging power Shuanggou. The Company will promote to maintain sustained growth in quantity and steady improvement in quality at a higher level, and achieve a more fully balanced, high-quality and efficient development. This will become a Chinese flavor that people are proud of and a Chinese name card that will be remembered by the world.

"1" refers to one goal. That is to create a wonderful era of Yanghe and a colorful era of Shuanggou, so that mellowness become an immortal legend and the aroma continues the classic of history.

"2" refers two priorities. That is the quality of the industry in the forefront and the brand in the forefront of the country. It tries to be Chinese baijiu's leader and vanguard.

"3" refers to three types of synergy mechanisms. First is a quaternity of symbiosis of manufacturers and dealers, co-construction of factory and city, industry sharing and integration of business forms. Second is a quaternity of production, living, ecology, life. Third is a quaternity of premiumization, branding, internationalization and capitalization.

"4" refers to four aggressive attitudes. Those are an attitude of a competitive combatant, an attitude of development and pursuit, an attitude of practitioner of responsibility, and an attitude of a loyal member of Party.

"5" refers to five strategic initiatives. That is to actively promote the quality strategy, brand strategy, innovation strategy, culture strategy, talent strategy to help the Company to achieve high-quality development.

## (2) Business plan in 2021

2021 is the start of the implementation of the 14th Five-Year Plan, the Company will surround the overall tone of "deepening the transformation and upgrading with gathering change energy" to gathering six forces and six improvements and to implement six hardcore projects. In the new historical starting point, the Company aims to build a new pattern of high-quality development. It will help Yanghe to become a famous Chinese Baijiu enterprise that is a trend-setting player in the world. The operating target in 2021 is to achieve a year-on-year increase in operating revenue of more than 10%.

Gathering six forces and six improvements. First is a system thinking and strong marketing promotes deep transformation. Second is long-term doctrine and strong quality promotes product upgrading. Third is a positioning law and strong brand promotes reputation building. Fourth is secondary entrepreneurship and strong innovation promotes deep reform. Fifth is to combat entropy increase and strong management promotes efficiency improvement. Sixth is to face the future and strong culture promotes value identification.

Implementing the six hardcore projects. Those refer to marketing depth transformation project, product overall upgrade project, brand matrix enhancement project, system mechanism activation project, management efficiency perfection project and culture Yanghe building project.

## (3) Possible risks

First is a risk of intensified market competition. With the continuous improvement of industry concentration, the industry has gradually entered the stage of accelerated competition, and famous Baijiu enterprises have accelerated the pace of national expansion, presenting new changes in five aspects such as brand, channel, marketing, digitalization and organization. In view of the above risks, the Company will take consumer demand as the core guidance, through constantly optimizing the product structure, expanding the channel market, innovative marketing mode and other ways, effectively improve the Company's comprehensive competitiveness and market share.

Second is a risk of market demand changes. Due to the long duration and wide range of the epidemic, it has had a profound impact on consumers' consumption concept and behavior, prompting consumers to pay more attention to the concept of healthy life, and "drinking less but drinking better" has become a new trend of consumption. In view of the above risks, the Company will always adhere to the consumer demand as the core guidance, and conduct in-depth consumer insight researches, increase the strength of market research, product innovation and model innovation to continuously meet consumers' diversified needs.

## 10. Visits paid to the Company for research, communication, interview, etc.

### 10.1 Activity register in the reporting period

√ Applicable □ N/A

Date of visit	Reception site	Way of visit	Type of visitor	Visitor	The main contents of the discussion and the information provided	Index to main inquiry information
19May 2020	Nanjing operation center	Other	Other	Attending the Company's 2019 annual results presentation online	Communication on the Company's performance in 2019 and other aspects	Log Sheet of Investor Relations Activities on 19 May 2020 on www.cninfo.com.cn ( No : 2020-001 )
22 May 2020	Nanjing operations center	Field survey	Other	101 shareholders and investors who participated in the on-site communication at the Company's 2019 annual shareholders' meeting	Communication on the Company's annual business objectives, market competition and other aspects	Log Sheet of Investor Relations Activities on 22 May 2020 on www.cninfo.com.cn ( No : 2019-002 )
11 September 2020	/	Telephone communication	Institution	14 investors from CITIC, Fullgoal Fund, Taikang Assets and other institutions	Communication on the progress and effectiveness of the company's	Log Sheet of Investor Relations Activities on 11 September 2020 on www.cninfo.com.cn

Date of visit	Reception site	Way of visit	Type of visitor	Visitor	The main contents of the discussion and the information provided	Index to main inquiry information
					marketing adjustment and transformation, product upgrading and other aspects	n ( No : 2020-003 )
15September 2020	Headquarter	Field survey	Institution	4 investors from Kaifeng Fund and Huatai Securities	Communicate on the Company's dealer inventory, marketing organization structure, marketing system and other aspects	Log Sheet of Investor Relations Activities on 15 September 2020 on www.cninfo.com.cn ( No : 2020-004 )
22October 2020	Nanjing operation center	Field survey	Institution	11 investors from CITIC and public and private equity institutions	Communicate on the effect of channel adjustment, product inventory, cost input and other aspects	Log Sheet of Investor Relations Activities on 22 October 2020, 26 October 2020, 27 October 2020 on www.cninfo.com.cn ( No : 2020-005 )
26October 2020	Nanjing operation center	Field survey	Institution	9 investors from Guosheng Securities and public and private equity institutions	Communicate on the effect of channel adjustment, product inventory, cost input and other aspects	Log Sheet of Investor Relations Activities on 22 October 2020, 26 October 2020, 27 October 2020 on www.cninfo.com.cn ( No : 2020-005 )
27October 2020	Nanjing operation center	Field survey	Institution	27 investors from Guotai Junan Securities, Sinolink Securities, Haitong Securities, HSBC Qianhai Securities, China Merchants Securities, Soochow Securities, Industrial	Communicate on the effect of channel adjustment, product inventory, cost input and other aspects	Log Sheet of Investor Relations Activities on 22 October 2020, 26 October 2020, 27 October 2020 on www.cninfo.com.cn ( No : 2020-005 )

Date of visit	Reception site	Way of visit	Type of visitor	Visitor	The main contents of the discussion and the information provided	Index to main inquiry information
				Securities, Shenggang Securities, and public and China Galaxy Securities, Pacific Securities, Changjiang Securities, Credit Suisse, Zhongtai Securities and other securities brokerages and private equity institutions		
4November 2020	Headquarter	Field survey	Institution	57 investors from CICC, CITIC, Everbright Securities, Guangfa Securities, Guotai Junan, Huatai Securities, Credit Suisse, Guosen Securities, Bank of China Securities, Northeast Securities, Soochow Securities, Dongxing Securities, Hongta Securities, Kaiyuan Securities, New Times Securities, Zheshang Securities and other securities brokerages and public offering, private offering, and QFII	Communicate on product sales and marketing of the Company	Log Sheet of Investor Relations Activities on 4November 2020 on www.cninfo.com.cn ( No : 2020-006 )

## Section V Significant Events

### 1. Profit distribution and converting capital reserves into share capital for common shareholders

Profit distribution policy for common stock during this period, especially formulation, execution or adjustments of cash dividend policy.

√ Applicable  N/A

On 22 May 2020, the Company held 2019 annual shareholders' meeting, and the plan for profit distribution for 2019 was reviewed and approved by this meeting. Plan for profit distribution: based on the share capital participating in the dividend on the equity registration date when the profit distribution plan is implemented (the base is the total share capital of 1,506,988,000 shares excluding the repurchased shares of 6,072,339 shares), the Company used undistributed profit to distribute a cash dividend of CNY 30 (tax inclusive) per 10 shares. The total cash dividend was CNY 4,502,746,983 (tax inclusive).

A special statement of cash dividend policy	
Whether it meets the requirements of the articles of incorporation or the resolution of shareholders' meeting.	Yes
Whether the standard and proportion of dividends are definite and clear.	Yes
Whether the relevant decision-making process and system are complete.	Yes
Whether non-executive directors perform their duties and play their due role.	Yes
Whether the minority shareholders have the opportunity to fully express their opinions and appeals and whether their legitimate rights and interests have been adequately protected.	Yes
Whether the conditions and procedures are compliant and transparent if the cash dividend policy is adjusted or changed.	The Company's cash dividend policy has not been adjusted or changed.

Plans (or preliminary plans) for profit distribution and converting capital reserves into share capital for common shareholders for the recent three years (including the reporting period) are as following:

2020: The Company intends to use the undistributed profits to distribute to all shareholders a cash dividend of CNY 30 (including tax) for every 10 shares of the total capital stock (excluding the repurchased shares held in the Company's repurchase special securities account) on the basis of the total capital stock on the registration date of the implementation of the profit distribution plan, and does not send bonus shares or convert to additional capital stock. Assuming that the current total capital stock of the Company is 1,506,988,000 shares, deducting 1,497,326,690 shares repurchased after 9,661,310 shares held in the special securities account for share repurchase of the Company as the base, the Company is expected to pay out a cash dividend of CNY 4,491,980,070 (tax included) this year.

2019: based on the share capital participating in the dividend on the equity registration date when the profit distribution plan is implemented (the base is the total share capital of 1,506,988,000 shares excluding the repurchased shares of 6,072,339 shares), the Company used undistributed profit to distribute a cash dividend of CNY30 (tax inclusive) per 10 shares. The total cash dividend is CNY4,502,746,983 (tax inclusive). The registration date was 23 June 2020 and the ex-right & ex-dividend day was 24 June 2020.

2018: Based on its total of 1,506.988 million shares as at 31 December 2018, the Company is to distribute a cash dividend of CNY32 (tax inclusive) per 10 shares. The total cash dividend is CNY4,822.3616 million (tax inclusive). The registration date was 26 June 2019 and the ex-right & ex-dividend day was 27 June 2019.

Cash dividend distribution over the recent three years (including the reporting period)

Unit: CNY

Year	Cash dividends (tax inclusive)	Net profit attributable to common shareholders in the consolidated statement in the year	Ratio to net profit attributable to common shareholders in the consolidated statement in the year	Cash dividends in other forms (e.g. share repurchase)	Ratio of cash dividends in other forms	Total cash dividends (including other forms)	Ratio of cash dividends (including other forms)
2020	4,491,980,070.00	7,482,228,633.63	60.04%	1,002,128,680.79	13.39%	5,494,108,750.79	73.43%
2019	4,502,987,691.00	7,382,822,726.87	60.99%	0.00	0.00%	4,502,987,691.00	60.99%
2018	4,822,361,600.00	8,115,189,794.69	59.42%	0.00	0.00%	4,822,361,600.00	59.42%

The Company made a profit in the reporting period and the profit distributed to common shareholders of the parent company was positive, but it did not put forward a preliminary plan for cash dividend distribution to its common shareholders

Applicable  N/A

## 2. Plan for profit distribution and converting capital reserves into share capital for the reporting period

Applicable  N/A

Bonus shares for every 10 shares (share)	0
Dividend for every 10 shares (CNY) (tax included)	30
Total shares as the basis for the preliminary plan for profit distribution (share)	1,497,326,690
Total cash dividends (CNY) (tax inclusive)	4,491,980,070.00
Cash dividends in other forms (e.g. share repurchase)	1,002,128,680.79
Total cash dividends (CNY) (including other forms)	5,494,108,750.79

Distributable profit (CNY)	28,279,648,717.65
Percentage of cash dividends in the total distributed profit (including other forms)	100%
Information about cash dividends	
The development stage of the Company is mature and the Company has no major fund expenditure arrangement. When the profit distribution is carried out, the proportion of cash dividends in this profit distribution should at least reach 80%.	
Details about the preliminary plan for profit distribution and converting capital reserves into share capital	
As audited by Suya Jincheng CPA LLP, the Company realized a net profit of CNY 8,225,517,084.03 for 2020. It provided CNY 0 as statutory surplus reserves, plus undistributed profit at the beginning of the year of CNY 24,556,878,616.62 and minus the distributed profit of CNY 4,502,746,983, the actual distributable profit would be CNY 28,279,648,717.65. In line with both the long-term development needs of the Company and the principle of giving appropriate returns to shareholders, The Company intends to use the undistributed profits to distribute to all shareholders a cash dividend of CNY 30 (including tax) for every 10 shares of the total capital stock (excluding the repurchased shares held in the Company's repurchase special securities account) on the basis of the total capital stock on the registration date of the implementation of the profit distribution plan. There is no bonus shares and reserves would not be converted into share capital. The profit distribution conforms to the cash dividend policy stipulated in the articles of association. Assuming that the current total capital stock of the Company is 1,506,988,000 shares, deducting 1,497,326,690 shares repurchased after 9,661,310 shares held in the special securities account for share repurchase of the Company as the base, the Company is expected to pay out a cash dividend of CNY 4,491,980,070 (tax included) this year.	

### 3. Performance of undertakings

#### 3.1. Undertakings of the Company's actual controller, shareholders, related parties and acquirer, as well as the Company and other commitment makers fulfilled during the reporting period or ongoing at the end of this period

√ Applicable □ N/A

Undertaking	Undertaking giver	Type of undertaking	Details of undertaking	Undertaking date	Term	Performance
Stock reform undertaking						
Undertaking made in the report of acquisition or change of interest						
Undertaking made in the reorganization of assets						
Undertakings given in time of IPO or refinancing	Jiangsu Yanghe Group Co.,Ltd.	Horizontal competition, related transactions and capital occupation	1. The commitment to avoid horizontal competition: (1) At present, the Company has not engaged in the business of competing with the joint stock company. The Company is committed to maintaining the existing business structure and does not directly or indirectly operate any business that competes with the actual operation of the joint stock company or may constitute	26 August 2009	Long-term	In progress

Undertaking	Undertaking giver	Type of undertaking	Details of undertaking	Undertaking date	Term	Performance
			<p>a competition, or a subsidiary or subsidiary enterprise that is engaged in the above business.</p> <p>(2) If the Company violates the above commitments, the joint stock company has the right to require the company to immediately terminate its business competition and to compensate for the economic losses caused to the joint stock company. At the same time, the Company should pay liquidated damages to the joint stock company for CNY 10 million.</p> <p>(3) The Company has committed itself to the legitimate rights and interests of the shareholders of jointstock companies, other shareholders of jointstock companies and the creditors of jointstock companies without the use of their holding shareholder status in the joint stock company.</p> <p>(4) This undertaking shall enter into force on the date of signing, and shall not be revoked without the consent of the stock company.</p> <p>2. The commitment to reduce the related transactions: the Company will strictly follow the requirements of the relevant laws as Corporation Law, Securities Law and Code of Corporate Governance for Listed Companies, and further reduce and strictly standardize the various related transactions between the Company and the joint stock companies, so as to ensure that the controlling shareholders and the actual control are not used. The status of making a person damages the interests of the shareholders of a joint stock company and other shareholders and does not occur in the case of new share holding companies.</p>			
	Jiangsu Blue Alliance Co., Ltd.	Horizontal competition, related transactions and capital	<p>The commitment to avoid horizontal competition:</p> <p>1. The Company is mainly engaged in investment</p>	23 November 2017	Long-term	In progress · Blue

Undertaking	Undertaking giver	Type of undertaking	Details of undertaking	Undertaking date	Term	Performance
		occupation	<p>management and does not operate the same or associated business with the issuer. The Company will not engage in the business of the same or associated business with the issuer, without prejudice to the interests of the issuer, nor from the issuer for unfair interests.</p> <p>2. If the Company violates the above commitment, the issuer has the right to claim compensation for the economic loss resulting from the issuer, and to pay a liquidated penalty of CNY 5 million, and the right to purchase the business item at the market price of the business item or the establishment of a cost price (which is the principle of the lowest value).3. This undertaking shall enter into force on the date of signing, and shall not be revoked without the consent of the issuer.</p>			Alliance merged Blue Sky Trade and Blue Ocean Trade. Blue Alliance carries on relevant commitments
	Jiangsu Blue Alliance Co., Ltd.	Share reduction	<p>After a year of trading in the stock exchange, the shares of the issuer will not exceed 25% of the total number of shares held by the issuer, and the issuer's shares and changes in the shares are declared to the issuer in a timely manner.</p>	23 November 2017	Long-term	In progress, Blue Alliance merged Blue Sky Trade and Blue Ocean Trade. Blue Alliance Carries on relevant commitments
	Cong Xuenian	Other undertaking	<p>As directors, supervisors and senior managers of Blue Alliance made the commitment:</p> <p>1. During the tenure of the issuer, Blue Alliance equity transferred annually shall not exceed 25% of the total number of shares held by Blue Sky Trade.</p> <p>2. If I leave the issuer, I will not transfer the shares of Blue Alliance that I have held within six months after my departure.</p> <p>3. If I leave from the issuer, the number of Blue Alliance transferred shares trade within twelve months after</p>	23 November 2017	Long-term	In progress

Undertaking	Undertaking giver	Type of undertaking	Details of undertaking	Undertaking date	Term	Performance
			six months of departure does not exceed 50% of the total share of Blue Alliance.			
	Feng Pantai	Other undertaking	As directors, supervisors and senior managers of Blue Alliance made the commitment: 1. During the tenure of the issuer, Blue Alliance equity transferred annually shall not exceed 25% of the total number of shares held by Blue Sky Trade. 2. If I leave the issuer, I will not transfer the shares of Blue Alliance that I have held within six months after my departure. 3. If I leave from the issuer, the number of Blue Alliance transferred shares trade within twelve months after six months of departure does not exceed 50% of the total share of Blue Alliance.	23 November 2017	8 January 2022	In progress
Equity incentive undertaking						
Other undertakings to non-controlling shareholders						
Whether the undertaking is fulfilled on time	Yes					
If the undertaking is overdue and not fulfilled, specific reasons for failing to fulfill any undertakings and plan for the next step	N/A					

**3.2. Where any earnings forecast was made for any of the Company's assets or projects and the reporting period is still within the forecast period, the Company shall explain whether the performance of the asset or project reaches the earnings forecast and why**

Applicable  N/A

**4. Occupation of the Company's capital by the controlling shareholder or its related parties for non-operating purposes**

Applicable  N/A

No such cases in the reporting period.

**5. Explanation of the board of directors, the supervisory committee and non-executive directors (if any) regarding the "non-standard audit opinion" for the reporting period**

Applicable  N/A

## **6. Reasons for changes in accounting policies, accounting estimates and accounting methods as compared to the financial report for the prior year**

Applicable  N/A

Since 1 January 2020, the Company has implemented the revised by Ministry of Finance on July 2017: the Accounting Standards for Business Enterprises No. 14 - Revenue (Caikuai[2017]No.22). According to the requirements of the new revenue standard, the Company presents the relevant information of financial instruments without retroactively adjusting the comparative financial statements.

## **7. Reasons for retrospective restatement of major accounting errors during the reporting period**

Applicable  N/A

No such cases in the reporting period.

## **8. Reasons for changes in scope of the consolidated financial statements as compared to the financial report for the prior year**

Applicable  N/A

### **8.1 Establishment of subsidiaries**

Su Wine Group Co.,Ltd. ,the Company's holding subsidiary,invested CNY 2 million to establishJiangsu Yanghe Painting and Calligraphy Academy. On 6 July 2020, the Registration Certificate of Private Non-Enterprise Unit (Legal Person) issued by the Civil Affairs Department of Jiangsu Province was obtained. It was included in the consolidated financial statements from July 2020.

### **8.2 Cancellation of subsidiaries**

(1) Huaian Huaqu Wine Development Co.,Ltd., Jiangsu Huaqu Wine Group Nanjing Co.,Ltd., Taizhou Huaqu Wine Development Co.,Ltd.,Guizhou Guijiu Package Co.,Ltd., the holding subsidiaries, were liquidated and terminated onJanuary 2020.FromFebruary 2020, theyare no longer included in the consolidated scope of the consolidated financial statements.

(2) Jiangsu Huaqu Wine Group Suzhou Co., Ltd., Jiangsu Huaqu Wine Group Yancheng Co., Ltd., the holding subsidiaries, were liquidated and terminatedonMarch 2020. FromApril 2020, theyare no longer included in the consolidated scope of the consolidated financial statements.

(3) Jiangsu Huaqu Wine Group Nantong Co., Ltd., Jiangsu Huaqu Wine Group Wuxi Co., Ltd., the holding subsidiaries, were liquidated and terminated on April 2020. From May

2020, they are no longer included in the consolidated scope of the consolidated financial statements.

## 9. Engagement and disengagement of accounting firm

Accounting firm at present

Name of the domestic accounting firm	Suyajincheng CPA LLP
Remuneration for the domestic accounting firm (CNY 10,000)	190.8
Consecutive years of the audit service provided by the domestic accounting firm	14
Names of the certified public accountants from the domestic accounting firm	Li Laimin, Li Yan
Consecutive years of the audit service provided by the certified public accountants	Li Laimin (1 year), Li Yan (2 years)

Whether the accounting firm was changed in the current period.

Yes  No

Engagement of any accounting firm for internal control audit, financial adviser or sponsor

Applicable  N/A

## 10. Possibility of listing suspension and termination after disclosure of this annual report

Applicable  N/A

## 11. Bankruptcy and reorganization

Applicable  N/A

No such cases in the reporting period.

## 12. Material litigation and arbitration

Applicable  N/A

No such cases in the reporting period.

## 13. Punishments and rectifications

Applicable  N/A

No such cases in the reporting period.

## 14. Credit conditions of the company as well as its controlling shareholder and actual controller

Applicable  N/A

## **15. Implementation of any equity incentive plan, employee stock ownership plan or other incentive measures for employees**

Applicable  N/A

## **16. Significant related-party transactions**

### **16.1. Related-party transactions arising from routine operation**

Applicable  N/A

No such cases in the reporting period.

### **16.2. Related-party transactions regarding purchase or sales of assets or equity interests**

Applicable  N/A

No such cases in the reporting period.

### **16.3. Related-party transactions arising from joint investments in external parties**

Applicable  N/A

No such cases in the reporting period.

### **16.4. Credits and liabilities with related parties**

Applicable  N/A

There are no non-operational related creditor's rights and debt transactions.

### **16.5. Other significant related-party transactions**

Applicable  N/A

No such cases in the reporting period.

## **17. Significant contracts and their execution**

### **17.1. Trusteeship, contracting and leasing**

#### **17.1.1. Trusteeship**

Applicable  N/A

No such cases in the reporting period.

#### **17.1.2. Contracting**

Applicable  N/A

No such cases in the reporting period.

#### **17.1.3. Leasing**

Applicable  N/A

No such cases in the reporting period.

**17.2. Major guarantees** Applicable  N/A

No such cases in the reporting period.

**17.3. Entrusted cash assets management****17.3.1. Entrust finance management** Applicable  N/A

Entrust finance in the reporting period.

Unit:CNY10, 000

Product type	Source of entrust finance	Amount	Undue closing balance	Overdue outstanding amount
Trust finance	Owned Fund	1,212,041	1,212,041	0
Bank finance	Owned Fund	391,225	391,225	0
Total		1,603,266	1,603,266	0

Information about significant amount of individual entrust finance or high-risk entrust finance with principle nonguaranteed and poor liquidity.

 Applicable  N/A

Unit : CNY10,000

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
Avic Trust Co.,Ltd.	Trust	Avic Trust apocalypse [2018] No.561 Baohua YihaoCollective Fund Trust Plan	16,000	Owned fund	2August 2019	1August 2021	Used to issue loans to Shenzhen Jushenghua Co., Ltd., to supplement the company's liquidity fund gap;Payment for the construction of Guangzhou Airport High-end Warehousing Project.	Cash	9.40%	3,008	1,504	1,508.12	0	Yes	Yes	
Chongqing Trust Co.,Ltd.	Trust	Chongqing Trust-Gusu No.2 Collective Fund Trust Plan (Phase V)	8,752	Owned fund	30August 2019	23August 2021	Used to issue trust loans to Suzhou Wuxiang Real Estate Co., Ltd., and finally used the borrowed	Cash	8.00%	1,388.81	700.16	786.27	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							funds for the development and construction of Block No. 59, Changnan Road South and Wuxing Road East, Suxiang Cooperation Zone, Xiangcheng District, Suzhou City, Jiangsu Province, as well as the repayment of shareholder loans.									
Chongqing Trust Co.,Ltd.	Trust	Chongqing Trust -Gusu No.3 Collective Fund Trust Plan	7,980	Owned fund	27 September 2019	7 August 2021	Used to issue trust loan to Suzhou Evergrande Real Estate	Cash	7.80%	1,159.61	622.44	1,016.83	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							Development Co., Ltd., and finally used for the development and construction of Block No. 60, Fangqiao Road East and Chunqiu Road North, Huangdai Town, Xiangcheng District, Suzhou City, Jiangsu Province, as well as the repayment of shareholder loan.									
Zhongrong International Trust Co.,Ltd.	Trust	ZhongrongTrust-Fengteng No.56Collective Fund Trust	16,000	Owned fund	15November 2019	15November 2021	Used to issue business property	Cash	8.70%	2,787.81	1,392	1,395.81	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
		Plan					loan to Nanchang Wanda City Investment Co., Ltd.									
Chongqing Trust Co.,Ltd.	Trust	Chongqing Trust -Qirui No.10Collective Fund Trust Plan	15,000	Owned fund	12December 2019	8May 2021	Used to participant in Chongqing Trust Hongrui No.6 Collective Fund Trust Plan	Cash	7.90%	1,665.49	1,185	1,077.86	0	Yes	Yes	
Chongqing Trust Co.,Ltd.	Trust	Chongqing Trust-Zhangxin No.2 Collective Fund Trust Plan	20,000	Owned fund	3March 2020	7August 2021	Used for "Chongqing Trust - Kunming Wanda City Project Collective Fund Trust Plan Phase I", and will eventually be used for Kunming Wanda City to invest in	Cash	8.00%	2,288.22	1,328.22	1,280.00	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							the development and construction of projects in line with the "432" conditional to repay its development loans and debts									
FOTIC	Trust	FOTIC-Furong No.160 Chengdu Evergrande Loan Project Collective Fund Trust Plan(Phase IX)	10,000	Owned fund	13March 2020	13September 2021	Used to issue loans to Chengdu Evergrande New North City Real Estate Co., Ltd. for the development and construction of Evergrande Chengdu Caojiaxian Plaza Block C Project	Cash	8.20%	1,233.37	658.25	635.78	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
FOTIC	Trust	FOTIC-Furong No.160 Chengdu Evergrande Loan Project Collective Fund Trust Plan(Phase X)	10,000	Owned fund	13March2020	13 September2021	Used to issue loans to Chengdu Evergrande New North City Real Estate Co., Ltd. for the development and construction of Evergrande Chengdu Caojiaxiang Plaza Block C Project	Cash	8.20%	1,233.375	658.25	635.78	0	Yes	Yes	
Zhongrong International Trust Co.,Ltd.	Trust	ZhongrongTrust- Rongzhu No.220 Collective Fund Trust Plan	20,000	Owned fund	24April 2020	27February2022	Used for transfer of 10% equity of Shanghai Fengshun Real Estate Co., Ltd held by Evergrande Real Estate Group or its	Cash	8.20%	3,028.38	1,127.78	1,078.36	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							designated third party; Also used for the development and construction of Block G of Zhujiajiao Residential Area, Qingpu District, Shanghai.									
Chongqing Trust Co., Ltd	Trust	Chongqing Trust-Pengrui No.1 Collective Fund Trust Plan	12,000	Owned fund	27April2020	18March2022	Used to issue a trust loan to Baoneng Automobile Co., Ltd.. Baoneng Automobile Co., Ltd., will mainly use the loan funds for workshop construction, production equipment	Cash	7.90%	1,792.11	644.12	615.55	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							procurement and other fund purposes approved by the trustee of its "Xi 'an Baoneng New Energy Automobile Parts Production Base" project.									
Avic Trust Co.,Ltd.	Trust	Avic Trust-Apocalypse[2019]No.721Kids' World Cultural and Travel ServicesCollective Fund Trust Plan	7,000	Owned fund	29April 2020	29April 2021	Used to provide financing support for the construction of Changsha "Kids' World" amusement park and the purchase of tourism equipment for the borrower	Cash	8.20%	574	386.86	369.56	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							Evergrande Tourism Group Co., Ltd by issuing trust loans.									
Avic Trust Co., Ltd	Trust	Avic Trust-Apocalypse[2019]No.19 Nanning Wuxiang Lake Project Collective Fund Trust Plan	15,000	Owned fund	29April2020	29April 2022	Used for transfer of 20% equity proceeds of Sunshine City Guangxi held by Fujian Sunshine and follow-up development and construction of the real estate project of Sunshine City Guangxi.	Cash	8.70%	2,610	879.53	851.88	0	Yes	Yes	
Zhongrong International Trust Co.,Ltd.	Trust	Zhongrong Trust-Fengying No.90Collective Fund Trust Plan	10,000	Owned fund	30April 2020	30April 2021	Used for the trustee to purchase the specific assets proceeds	Cash	7.90%	790	530.27	380.93	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )	
							of Huzhou Xiangsheng Hongjing Real Estate Development Co., Ltd., and the subscription fund is specially used for the development and construction of "Xiangsheng Xunyue" project and other purposes approved by the trustee.										
Zhongrong International Trust Co.,Ltd.	Trust	Zhongrong Trust- Junrui No.175 Collective Fund Trust Plan	11,000	Owned fund	12May 2020	12May 2021	Used to issue trust loan to Fuzhou Shengjing Sunshine City Real Estate	Cash	8.20%	902	575.8	548.61	0	Yes	Yes		

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							Development Co., Ltd., for the follow-up development and construction of Sunshine Wuyi Garden Project.									
CITIC Trust Co.,Ltd,	Trust	CITIC Trust-Light City Kunming Dianchi Lake Half Mountain Garden Financing Collective Fund Trust Plan	15,000	Owned fund	19May 2020	19May 2021	Used to transfer the specific assets proceeds of Block 7 of Kunming Dianchi Banshan Garden Project held by project company for the development and construction of Block 7.	Cash	7.20%	1,080	668.71	636.16	0	Yes	Yes	
Minmetals International	Trust	Minmetals International	10,000	Owned fund	22May 2020	22May 2021	Used to issue trust	Cash	8.30%	830	507.1	482.08		Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
Trust Co.,Ltd.		Trust-Hengxin Gongzhu No.310Fengying No.2 Collective Fund Trust Plan					loans to Xi'an Chengming Tourism Development Co., Ltd., and finally be used for the development and construction of the Block B-02 of Evergrande Cultural Tourism City Project, located in Qinhan New Town Block of West Xian New Area.									
Shaanxi International Trust Co.,Ltd,	Trust	Shaanxi International Trust-Evergrande Hainan Specific Debt Collective	18,000	Owned fund	28May 2020	28 May 2021	Used for the development and construction of Block 1601 of	Cash	8.40%	1,512	898.92	853.35	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
		Fund Trust Plan					Haikou Meilisha Project under the name of New World China Real Estate (Haikou) Co., Ltd.									
Industrial Trust Co.,Ltd.	Trust	Industrial Trust-Zhidil062(JinlingGuanlan) Collective Fund Trust Plan (Phase IV)	15,000	Owned fund	29May 2020	29May 2021	Used to transfer specific assets proceeds from "mortgage" of the 18824.4 square meters of underlined land of Cuican Jiangshan Project held by Nanjing Shirong Real Estate Co., Ltd. After the financier	Cash	7.40%	1,110	377.1	0	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )	
							obtains the transfer price, it is specially used to replace part of the development loan of Minsheng Bank under Cuican Jiangshan Project and the construction and development of Block G024 Project (Phase I)										
CITIC Trust Co.,Ltd,	Trust	CITIC Trust-Jiahe No.118 Evergrande Guiyang New World Collective Fund Trust Plan	19,000	Owned fund	29May 2020	29November 2021	Used for the development and construction of Guiyang Evergrande Jinyang New World Block 4C	Cash	7.60%	2,171.93	854.53	814.97	0	Yes	Yes		

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							and 4D project.									
Zhongrong International Trust Co.,Ltd.	Trust	ZhongrongTrust- Fengying No.91 Collective Fund Trust Plan	10,000	Owned fund	2June 2020	2 June 2021	Used for acquisition of specific assets proceeds of "Xiangsheng Jiuxi" project of Anjixiang Shenghong Real Estate Development Co., Ltd., and the funds used for the development and construction of "Xiangsheng Jiuxi"	Cash	7.90%	790	458.85	359.29	0	Yes	Yes	
Zhongrong International Trust Co.,Ltd.	Trust	Zhongrong Trust- Fengying No.99 Collective Fund Trust Plan	10,000	Owned fund	19 June 2020	19 June 2021	Used to acquire specific assets proceeds of "Taixing Future	Cash	7.90%	790	422.05	389.59	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							City" project of Taixing Xiangrui Real Estate Co., Ltd.									
AvicTrust Co.,Ltd.	Trust	AvicTrust-apocalypse [2020] Pan'an Lake Ecological Town Project LoanCollective Fund Trust Plan	14,320	Owned fund	19 June 2020	19June 2022	Used to issue trust loans to Evergrande Real Estate Group Nanjing Real Estate Co., Ltd. The fund is used for the development and construction of Xuzhou Evergrande Pan'an Lake Ecological Town Housing Project.	Cash	8.70%	2,491.68	665.39	636.76	0	Yes	Yes	
CITIC	Trust	CITIC Trust-	7,000	Owned fund	23June	12Novem	Used to	Cash	7.50%	729.25	274.73	244.59	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
Trust Co.,Ltd.		Fuli Hangzhou Project Collective Fund Trust Plan			2020	ber 2021	issue a trust loan to Zhejiang Fuli Real Estate Development Co., Ltd., for the residential and apartment development and construction of the project in Yuhang District, Hangzhou (Phase I and Phase II).									
FOTIC	Trust	FOTIC-Furong No.191 Collective Fund Trust Plan	10,000	Owned fund	8July 2020	1 August 2022	Used for the development and construction of Evergrande Tianjin Shanshui City Project (Block 4)	Cash	7.20%	1,082.96	347.18	327.45	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							and the repayment of shareholder loans.									
Avic Trust Co.,Ltd.	Trust	Avic Trust - Apocalypse[2020] No.81Sunac Chongqing Caijia Project Loan Collective Fund Trust Plan	8,000	Owned fund	10July 2020	10 January 2022	Used to issue development and construction loan forSunac HanmingChongqing Caijia Yinghu Ten-mile Project.	Cash	7.40%	890.43	282.21	264.37	0	Yes	Yes	
AvicTrust Co., Ltd	Trust	Avic Trust- Tianji Huicai No.3 Bond Investment Collective Fund Trust Plan	50,000	Owned fund	14July 2020	21June 2021	Used for investment bank deposits (current deposit, time deposit, interbank deposit), etc.	Cash	4.55%	2,131.64	1,059.59	991.03	0	Yes	Yes	
Chongqing Trust Co., Ltd.	Trust	Chongqing Trust- Jingrun No.1 Collective Fund Trust	8,800	Owned fund	14July 2020	25July2021	Used to invest in "Chongqing Trust - Gus	Cash	7.40%	670.83	303.3	283.67	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )	
		Plan					u No.1 Collective Fund Trust Plan". During idle period, the trust funds can be invested in bank deposits, bonds, bank financial products, directional asset management plans of securities companies , asset management plans of funds, trust products, trust proceeds and other investments.										
Minmetals International Trust	Trust	Minmetals International Trust-	15,000	Owned fund	23July 2020	23July 2021	Used to transferspecific assets	Cash	8.00%	1,200	529.32	493.15	0	Yes	Yes		

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )	
Co.,Ltd.		Hengxin Gongzhu No.362-Jingrong No.23 Collective Fund Trust Plan					proceeds of the project "west of Longhushan Avenue and north of Shangrao Street (part of Block JLH601-B08 and B09) in Jiulong Lake, Honggutan New Area, held by Nanchang Xinming Real Estate Development Co., Ltd., and the financier uses the transfer price for the development and										

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							construction of the target project.									
Zhongrong International Trust Co.,Ltd.	Trust	Zhongrong Trust-Fengteng No.97 Collective Fund Trust Plan	10,000	Owned fund	24July 2020	24July2021	Used to acquire specific assets proceeds of"Nanning Yongjin Bay Phase II"Project held by Nanning Senchi Real Estate Co., Ltd.	Cash	7.70%	770	337.53	179.32	0	Yes	Yes	
Avic Trust Co.,Ltd.	Trust	Avic Trust - Apocalypse [2020] No.77Qingdao Oriental Movie Capital loanCollective Fund Trust Plan	8,800	Owned fund	24 July 2020	24 July 2021	Used to issue a installment trust loan to Oriental Movie Capital Sunac Investment Co., Ltd., and the fund is used for the developme	Cash	7.30%	642.4	281.6	262.24	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							nt and construction of Block A-4-3 project of Qingdao "Oriental Movie Capital".									
Zhongrong Trust Co., Ltd	Trust	Zhongrong Trust-Rongzhu No.339 Collective Fund Trust Plan	12,000	Owned fund	29July 2020	29July 2021	Used to issue a trust loan to Beijing Fuhua Real Estate Development Co., Ltd., which is used for the development and construction of Beijing Evergrande Ligong Project (Phase IV)	Cash	7.60%	912	384.79	357.3	0	Yes	Yes	
China Minsheng Trust Co.,Ltd.	Trust	Minsheng Trust- Zhixing No.930 Chongqing Aoyuan	7,000	Owned fund	7August 2020	7February 2022	Used to acquire the proceeds of 81% equity of	Cash	8.70%	916	243.6	216.9	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
		Specific Assets Proceeds Collective Fund Trust Plan					Shanghai Aogang held by Aoyuan Group Chongqing Real Estate Co., Ltd, and the fund eventually is used for the development and construction of the large block of Dapu Aoyuan Plaza project.									
Shaanxi International Trust Co.,Ltd,	Trust	Shaanxi International Trust- Agile Hainan Specific Debt Collective Fund Trust Plan	15,000	Owned fund	14August 2020	14August 2020	Used to invest the specific debt of the debtor in Hainan Yajule Real Estate Development Co., Ltd.The	Cash	7.30%	1,095	417	384	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							fund is used for the development and construction of high-rise projects (Phase I and Phase II) in Hainan Qingshui Bay Area B09 and 26 high-rise residential buildings in B11-1 and B11-2 under the name of Hainan Agile.									
Minmetals International Trust Co.,Ltd.	Trust	Minmetals Trust - Hengxing Gongzhu No.324-Xingcheng No.30 Collective	20,000	Owned fund	14August 2020	14August 2021	Used to transfer specific assets proceeds formed by Danfu Project of	Cash	8.00%	1,600	609.32	561.1	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )	
		Fund Trust Plan					Yangguang City, Middle Lantang Road, 108 District, Duanzhou District, Zhaoqing City held by Zhaoqing Haoyang Real Estate Development Co., Ltd. The trust fund is used for the development and construction of Yangguang City Danfu Project (Block A and Block B) on the south of Middle										

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							Lantang Road, 108 District, Duanzhou District, Zhaoqing City.									
China Minsheng Trust Co.,Ltd.	Trust	Minsheng Trust- Zhixing No.1047 Baoneng Investment and Finance Project Collective Fund Trust Plan	20,000	Owned fund	21 August 2020	21 August 2022	Used to transfer 6% equity proceeds of Shenzhen Jushenghua Co.Ltd.. held by Shenzhen Baoneng Investment Group. The fund is used to supplement working capital and repayment of loans from financial institutions, bond financing, shareholder and	Cash	8.90%	3,560	643.73	614.66	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							affiliated company, etc. arising from the need to supplement working capital for Baoneng Investment and its subsidiaries									
Avic Trust Co.,Ltd.	Trust	Avic Trust-Tianji Huicai No.3 Bond Investment Collective Fund Trust Plan	50,000	Owned fund	27 August 2020	24 May 2021	Used for investment in bank deposits (current deposit, time deposit and inter-bank deposit);Reverse bond repurchase , inter-bank certificates of deposit, bonds and bills in the exchange and inter-	Cash	4.30%	1,590.41	742.19	0	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							bank markets;Bond funds (including convertible bond funds) and bond segregated accounts;Cash management financial instruments;Other inter-bank or exchange fixed income products with high security permitted by laws, regulations and regulatory authorities									
Zhongrong Trust Co.,Ltd.	Trust	Zhongrong Trust- Huijijin No.1 Monetary Collective	50,000	Owned fund	27 August 2020	24 May 2021	Used to invest in bank deposits, money	Cash	6.10%	2,256.16	1,052.88	1,052.88	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
		Fund Trust Plan					market funds, bond funds, exchange and inter-bank market bonds and fixed income products.									
Chongqing Trust Co.,Ltd.	Trust	Chongqing Trust-Jinyang No.1 Collective Fund Trust Plan	20,000	Owned fund	27 August 2020	27 February 2022	Used for operation turnover and repayment of debts of the borrower, Shenzhen Jushenghua Co., Ltd., or its subsidiaries	Cash	7.80%	2,346.41	538.52	491.51	0	Yes	Yes	
China Minsheng Trust Co.,Ltd.	Trust	Minsheng Trust-Zhongmin Yongfeng No.1 Collective Fund Trust Plan	50,000	Owned fund	28 August 2020	25 May 2021	Used to invest in bonds, money market instruments, money funds,	Cash	5.65%	2,089.73	967.47	0	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							bond funds traded on exchanges and inter-bank markets									
Shanghai Trust Co.,Ltd.	Trust	Shanghai Trust- Ruby An'xin Wenjian Series (Shanghai Trust-H-6001)	30,000	Owned fund	3 September 2020	8 June 2021	Used to invest in money market instruments, including cash, bank deposits, large negotiable certificates of deposit, and reverse repurchase of bonds	Cash	4.60%	1,051.07	449.92	0	0	Yes	Yes	
Shanghai Trust Co.,Ltd.	Trust	Shanghai Trust- Ruby An'xin Wenjian Series (Shanghai Trust-H-6001)	20,000	Owned fund	23 September 2020	15 June 2021	Used to invest in money market instruments, including cash, bank deposits, large negotiable certificates of deposit,	Cash	4.60%	667.95	249.53	0	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							and reverse repurchase of bonds									
Shaanxi International Trust Co.,Ltd,	Trust	Shaanxi International Trust- Youzhai No.28 Nantong Haian Collective Fund Trust Plan	4,000	Owned fund	24 September 2020	24 September 2022	Used to invest in specific debt of the debtor of Nantong Changhai Construction Investment Development Co.,Ltd..The fund is used to supplement the funds required by the infrastructure construction and greening and renovation projects in the market field	Cash	7.00%	560	75.18	67.67	0	Yes	Yes	
Avic Trust	Trust	Avic Trust-	6,000	Owned fund	25	24	Used to	Cash	8.50%	1,018.6	135.53	120.16	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )	
Co.,Ltd.		Apocalypse[2020] No.408 Nanjing Banqiao Project Equity Investment Trust Plan			September 2020	September 2022	increase capital and share of Nanjing Hengze Real Estate Development Co., Ltd and Nanjing Hengsheng Real Estate Development Co., Ltd through Shenzhen Hangqiao Investment Partnership (Limited Partnership), and the fund finally is used for the development and construction of Nanjing Lishui Block										

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							under the company's name									
Chongqing Trust Co.,Ltd.	Trust	Chongqing Trust-Pengrui No.3 Collective Fund Trust Plan	10,000	Owned fund	13 October 2020	18 March 2022	Used to issue a trust loan to Shenzhen Jushenghua Co., Ltd., and the loan fund is mainly used for operation turnover such as repayment of financing from financial institutions, and other fund purposes approved by the trustee.	Cash	7.60%	1,084.82	164.49	141.59	0	Yes	Yes	
Shanghai Trust Co.,Ltd.	Trust	Shanghai Trust- Xinyue Fengli Collective Fund Trust	30,000	Owned fund	14 October 2020	9 June 2021	Used to invest in bonds, including but not	Cash	4.50%	880.27	288.49	0	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
		Plan					limited to, government bonds, finance debt (including subordinated debt and hybrid capital debt), corporate bonds, corporate bonds (including non-public corporate bonds), central bank bills, (very) short-term, medium-term notes, directional (PPN), convertible bond financing tools/exchangeable bonds, project									

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							yield bonds, asset-backed securities (notes), etc									
Shanghai Trust Co.,Ltd.	Trust	Shanghai Trust- Xinyue Fengli Collective Fund Trust Plan	20,000	Owned fund	21 October 2020	16 June 2021	Used to invest in bonds, including but not limited to, government bonds, finance debt (including subordinated debt and hybrid capital debt), corporate bonds, corporate bonds (including non-public corporate bonds), central bank bills, (very) short-term,	Cash	4.50%	586.85	175.07	0	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							medium-term notes, directional (PPN), convertible bond financing tools/exchangeable bonds, project yield bonds, asset-backed securities (notes), etc									
Avic Trust Co.,Ltd.	Trust	Avic Trust-Apocalypse[2019] No.116 Kunming Evergrande Yunxi Manor Collective Fund Trust Plan	15,000	Owned fund	6 November 2020	6 November 2022	Used to issue a trust loan to Yunnan Shangju Real Estate Co., Ltd., and it specifically is used for the development and construction of Kunming "Evergrand	Cash	8.00%	2,433.33	180.82	146.67	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							the Yunxi Manor"Project in Block 5, 11, 12 and 13									
Huarun Trust Co.,Ltd.	Trust	Huarun Trust-Dingxin No.240 Fuli Taiyuan Project Collective Fund Trust Plan	10,000	Owned fund	17 November 2020	17 November 2021	Used to issue a trust loan to Taiyuan Fuli Shengda Real Estate Development Co., Ltd., for the development and construction of Block A, B, C, E and X2 projects in Jinxi City	Cash	6.90%	690	83.18	64.27	0	Yes	Yes	
Minmetals International Trust Co.,Ltd.	Trust	Minmetals Trust-Hengxin Gongzhu No.318- Xinjiu No.77 Collective Fund Trust Plan	9,500	Owned fund	20 November 2020	20 November 2021	Used to transfer specific assets proceeds formed by Block A1-2 "Evergrand e Jiulong	Cash	7.90%	750.5	84.3	61.68	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							Bay" located in Guandu District, Kunming City, which is held by Kunming Henghai, and it is specifically used for the construction and development of the target block in line with the "432" condition									
CITIC Trust Co.,Ltd.	Trust	CITIC Trust-Country Garden Suyun No.4 Finance Collective Fund Trust Plan	8,000	Owned fund	25 November 2020	25 May 2022	CITIC Trust offers financing to Nantong Ruixing in the mode of asset proceeds transfer and repurchase , and	Cash	6.70%	801.8	52.87	0	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							Nantong Ruixing uses the trust fund for the development and construction of Country Garden Xingchen Garden Project in line with the "432" condition									
Avic Trust Co.,Ltd.	Trust	Avic Trust-Tianji Huicai No.3 Bond Investment Collective Fund Trust Plan	50,000	Owned fund	30 November 2020	31 May 2021	Used to invest in bank deposits (current deposit, time deposit and inter-bank deposit);Reverse bond repurchase , inter-bank certificates of deposit,	Cash	4.45%	1,109.45	188.97	0	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							bonds and bills in the exchange and inter-bank markets;Bond funds (including convertible bond funds) and bond segregated accounts;Cash management financial instruments;Other inter-bank or exchange fixed income products with high security and permitted by laws, regulations and regulatory authorities									

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
Minmetals International Trust Co.,Ltd.	Trust	Minmetals Trust-Hengxin Gongzhu No.372-Dingning No.10 Collective Fund Trust Plan	8,000	Owned fund	4 December 2020	4 December 2022	Used to transfer specific assets proceeds of Haidian Northwest Wang Block Project held by Beijing Minghai Real Estate Co., Ltd., and the fund is ultimately used for the development and construction of the target project.	Cash	5.47%	926.29	32.37	19.45	0	Yes	Yes	
China Minsheng Trust Co.,Ltd.	Trust	Minsheng Trust-Zhongmin Yongfeng No.1 Collective Fund Trust Plan	20,000	Owned fund	18 December 2020	15 June 2021	Used to invest in bonds, money market instruments, money funds,	Used	5.30%	519.84	37.75	0	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							bond funds, etc. traded on exchanges and inter-bank markets									
China Minsheng Trust Co.,Ltd.	Trust	Minsheng Trust-Zhongmin Yongfeng No.1 Collective Fund Trust Plan	60,000	Owned fund	22 December 2020	22 June 2021	Used to invest in bonds, money market instruments, money funds, bond funds, etc. traded on exchanges and inter-bank markets	Cash	5.30%	1,585.64	78.41	0	0	Yes	Yes	
Jiangsu Trust Co.,Ltd.	Trust	Jiangsu Trust- An'xin Tianli No.1 Collective Fund Trust Plan	20,000	Owned fund	31 December 2020	24 June 2021	Used for all kinds of deposits, all kinds of reverse repurchase bonds and bonds, asset-backed securities, money	Cash	4.80%	460.27	0	0	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )	
							market funds, bond funds, other standardized debt assets and trust, securities, funds, insurance, banking and futures and fixed income asset management products issued by subsidiaries where investment scope in standardizing asset approved by laws and regulations or regulatory body										

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
Zhongrong Trust Co.,Ltd.	Trust	Zhongrong Trust- Huijijin No.1 Monetary Collective Fund Trust Plan	50,000	Owned fund	31 December 2020	29 June 2021	Used to invest in bank deposits, money market funds, bond funds, bonds in the exchange and inter-bank market, fixed income products (including but not limited to reverse repurchase with a maturity of less than one year and other fixed income products approved by the client) and	Cash	6.10%	1,479.45	0	0	0	Yes	Yes	

Name of trustee	Trustee type	Product type	Amount	Source of funding	Commencement date	Termination date	Funds allocation	Method of Remuneration	Referenced annualized return	prospective earnings ( if applicable)	Actual profit & loss for the period	Actual principal amount recovered for the period	Amount reserved for impairment (if applicable)	Whether it go through statutory procedures	Whether there will be entrust finance plans in the future	Summary and reference ( if applicable )
							other purposes as stipulated in the contract									
Total			1,022,152	--	--	--	--	--	--	76,326.13	28,337.37	--	0	--	--	--

Entrust finance expected to be failed to recover principle or other situation leading to impairment

Applicable  N/A

### 17.3.2 Entrust loans

Applicable  N/A

No such cases in the reporting period.

### 17.4 Daily operation significant contracts

Applicable  N/A

No such cases in the reporting period.

### 17.5 Other significant contracts

Applicable  N/A

No such cases in the reporting period.

## 18. Social responsibilities

### 18.1 Information about taking social responsibilities

The information about taking social responsibilities disclosed in *2020 Annual Social Responsibilities Report* in detail on [www.cninfo.com.cn](http://www.cninfo.com.cn).

## 18.2 Information about targeted poverty alleviation

### 18.2.1 Targeted poverty alleviation plan

According to the call of Suqian municipal party committee and municipal government on poverty alleviation with the work of "guacun baohu" and "three into three help", the Company actively takes actual action to practice the enterprise spirit of "serving the country and the people" and takes bravely social responsibility. According to the overall work arrangement of "guacun baohu" by Suqian municipal government, the Company supports Qiuzhuang village in Zhenglou branch, Yanghe new district and is responsible for the assistance work for 177 low-income households in Daguo village and Taiping village, Zhenglou branch, among which 88 households are in Taiping village and 89 in Daguo village. Combined with the local actual condition of Zhenglou branch, the Company makes the support plan carefully to complete the support mission. It promotes the rural development, and enhances the farmers' income, strengthens the relationship between cadres and masses, and makes due contributions to "liang ju yi gao" work.

### 18.2.2 Summary of annual targeted poverty alleviation

In 2020, each task for "guacun baohu" was completed successfully. In 2020, the Company conducted in-depth field researches, continued to follow up the village collective economic income increase projects, and invested CNY 200,000 in Qiuzhuang Village for land transfer and planning rice-shrimp farming project. The village collective economy has achieved sustainable development. The Company actively publicized local policies for the benefit of the people, organized regular poverty-alleviation visits, carried out special care activities for the Spring Festival and the epidemic, and sent holiday warm, anti-epidemic knowledge and related materials to low-income farmers. By the end of 2020, all 177 low-income households have been lifted out of poverty. The Company continues to participate in the "group" poverty alleviation and education aid in Suqian, donating CNY 4 million to help poor students realize their dreams. The Company was awarded "Group" charity enterprise in the "group" poverty alleviation and education aid activity and "Suqian Charity Award" in Suqian in 2020.

### 18.2.3 Poverty alleviation achievement

Indicator	Unit	Amount/Implementation situation
A. Overall situation	—	—
Including : 1. Fund	CNY 10,000	420
2. Goods converted into cash	CNY 10,000	11
3. Establishing card for archives of poor people out of poverty	Person	716
B. Input by project	—	—
1. Industrial development	—	—
2. Transfer and employment	—	—
3. Removal and relocation	—	—
4. Educational poverty alleviation	—	—
Including: 4.1 investment amount to subsidize poor students	CNY 10,000	400
4.2 Number of poor students subsidized	Person	2,000
5. Health poverty alleviation	—	—
6. Ecological protection	—	—
7. Basic guarantee	—	—
8. Social poverty alleviation	—	—
8.2 investment amount of fixed-point poverty alleviation work	CNY 10,000	11

9.Other project	—	—
Including : 9.1.Item	Item	1
9.2.Input amount	CNY 10,000	20
9.3. The number of registered impoverished people to be out of poverty	Person	716
C. Awards ( content and level )	—	—
Suqian		"Group" charity enterprise in the "group" poverty alleviation and education aid activity and "Suqian Charity Award" in Suqian in 2020

#### 18.2.4 Follow-up poverty alleviation plan

After several years of support, the collective economy of Qiuzhuang Village has achieved sustainable income increase, the low-income farmers in Dagou and Taiping Village have achieved comprehensive poverty alleviation, and the consolidation of the achievements of "guacun baohu" has become the top priority in the next stage of poverty alleviation work. In 2021, the Company will continue to implement the policy unremittingly. The investment will not be reduced. The support team will not withdraw to ensure that the work of "guacun baohu" continues to be carried out continuously, and the Company resolutely keep the fruits of poverty alleviation victory.

First, continue to follow up the village collective economic assistance projects. The Company actively connects with the village "two committees" team members, discusses poverty alleviation projects, focuses on Qiuzhuang village collective transfer of land, and grain farmers jointly set up grain planting base, further plans and implements collective economic projects. With the help of the Company's production and management platform, it will coordinate different stakeholders with wisdom and efforts to expand channels of assistance and unblock channels of production and marketing, and to improve the autonomy of sustainable development. The Company will help and revitalize the village collective economy, and form project experience that can be referred to and promoted, promote other projects, form an initial poverty alleviation industry, and lay an important foundation for continuing to promote the revitalization of rural industries.

Second, consolidate and expand the achievements of low-income farmers in poverty alleviation. In the process of poverty alleviation visits, timely adjustments and improvements were made to help farmers out of poverty according to the changes in their situations, so as to reduce the dependence of low-income farmers on external help. The Company will focus on rural households with relatively low incomes and the elderly, the weak, the sick and the disabled, and increase assistance to ensure that all registered poor people under the current standards continue to lift themselves out of poverty. Through in-depth investigation, the Company revitalizes the rural human capital, strengthen the excavation and cultivation of local talents in rural areas, cultivate a batch of local experts, so that they can serve the village collective economic projects nearby, and drive the employment of low-income farmers.

### 18.3 Information about environment protection

Whether the listed company and its subsidiaries belong to heavy polluting industries prescribed by the environmental protection departments

√Yes No

Company name	Name of main pollutant and particular pollutant	Discharge type	Amount of discharge outlet	Distribution of discharge outlet	Emission concentration	Pollution discharge standard	Total emission	Approved total emission	Excessive discharge
Jiangsu Yanghe Distillery Co., Ltd.	COD Ammonia nitrogen Total phosphorus Total nitrogen	Indirect discharge	1	Within site	COD:60.7mg/L;Ammonia nitrogen:1.11mg/L;Total phosphorus : 1.53mg/L; Total nitrogen:22.6mg/L	COD:400mg/L;Ammonia nitrogen :30mg/L;Total phosphorus: 3mg/L;Total nitrogen: 50mg/L	COD:91.47 ton; Ammonia nitrogen:1.52ton;Total phosphorus : 2.00tons; Total nitrogen:35.06 tons	COD:454.7 ton per year;Ammonia nitrogen:74.4 tons per year;Total phosphorus:2.07 tons per year; Total nitrogen:37.3 tons per year	No
Jiangsu Shuanggou Distillery Stock Co.,Ltd.	COD Ammonia nitrogen Total phosphorus Total nitrogen	Indirect discharge	1	Within site	COD:75mg/L;Ammonia nitrogen:3.5mg/L;Total phosphorus : 2.2mg/L; Total nitrogen:20mg/L	COD:400mg/L;Ammonia nitrogen:35mg/L;Total phosphorus:8 mg/L;Total nitrogen:45 mg/L	COD:47.63 tons; Ammonia nitrogen :2.22 tons; Total phosphorus:1.39mg/L;Total nitrogen:12.70mg/L	COD:356.48 tons per year;Ammonia nitrogen:31.19 tons per year; Total phosphorus:7.129 tons per year; Total nitrogen:40.104 tons per year	No
Jiangsu Yanghe Distillery Co., Ltd. Siyang Branch	COD Ammonia nitrogen Total phosphorus Total nitrogen	Indirect discharge	1	Within site	COD:125mg/L;Ammonia nitrogen :2.8mg/L;Total phosphorus : 1.8 mg/L; Total nitrogen:16mg/L	COD:400mg/L;Ammonia nitrogen :30mg/L;Total phosphorus : 3 mg/L; Total nitrogen:40 mg/L	COD:83.49 tons; Ammonia nitrogen :1.87 tons; Total phosphorus:1.20mg/L;Total nitrogen:10.69mg/L	COD:672 tons per year;Ammonia nitrogen:42 tons per year;Total phosphorus:5tons per year; Total nitrogen:58.5 tons per year	No
Guizhou	COD	After treatment up	1	Within site	COD :	COD;100mg/L;Ammonia	COD:1.94tons;Ammonia	COD:2.057 tons per	No

Company name	Name of main pollutant and particular pollutant	Discharge type	Amount of discharge outlet	Distribution of discharge outlet	Emission concentration	Pollution discharge standard	Total emission	Approved total emission	Excessive discharge
Guijiu Co.,Ltd.	Ammonia nitrogen Nitrogen oxides Sulfur dioxide	to the standards			32mg/L;Ammonia nitrogen:0.402mg/L; Nitrogen oxides:25mg/m <sup>3</sup> ;Sulfur dioxide:11.8mg/m <sup>3</sup>	onia nitrogen:10mg/L; Nitrogenoxides:200 mg/m <sup>3</sup> ;Sulfur dioxide :50mg/m <sup>3</sup>	onia nitrogen:0.24 tons ;Nitrogenoxides:0.06 tons;Sulfur dioxide :0.02tons	year;Ammonia nitrogen:0.308 tons per year;Nitrogen oxides:0.06244 tons per year	
Hubei Lihuacun Distillery Co.,Ltd.	COD Ammonia nitrogen	Indirect discharge	1	Within site	COD:26.0mg/L;Ammonia nitrogen:0.30mg/L	COD:400mg/L;Ammonia nitrogen:30mg/L	COD:0.14tons ;Ammonia nitrogen:0.002 tons	COD:12 ton per year;Ammonia nitrogen:0.72 tons per year	No

#### Construction and operation of pollution prevention and control facilities

(1) Jiangsu Yanghe Distillery Co., Ltd.: The sewage treatment station was built in 2012. The project total investment is CNY 96 million and it covers an area of 19,000 square meters. Its designed capacity is 10,000 tons per day. The sewage treatment adopts physical treatment method, chemical treatment method and anaerobic biological treatment method, aerobic biological treatment method, which achieves the treatment of high-concentration waste water of 250 tons per hour. It implements the "Fermentation Alcohol and Liquor Industrial Pollutants Emission Standards CB27631-2011" Indirect Emissions Standards. In 2020, CNY 12.26 million was spent on sewage treatment operations. It treated 1.52 million tons of wastewater, and the discharge concentrations of various pollutants are lower than the national discharge standards. The biogas boiler room was built, and the biogas produced by anaerobic fermentation of sewage treatment is all used for biogas boiler combustion.

(2) Jiangsu Shuanggou Distillery Stock Co.,Ltd.: The sewage treatment station was built in 2013. The project total investment is CNY 42.50 million and it covers an area of 15,000 square meters. Its designed capacity is 5,400 tons per day. The sewage treatment adopts anaerobic tower, UASB, AAO, secondary sedimentation tank and dephosphorization tank treatment process, and implements "Shuanggou Town Sewage Treatment Plant Takeover Standard". In 2020, the anaerobic tank of sewage treatment facilities and equipment was repaired and cleaned, and the deodorant system was maintained and upgraded, and pollution equipment and facilities in the Qu-making workshop was reformed. In 2020, CNY 13 million was invested and it treated 635,100 tons of wastewater, and the discharge concentration of various pollutants is lower than the national discharge standard. The biogas boiler room was built, and the biogas produced by anaerobic fermentation of sewage treatment is all used for biogas boiler combustion.

(3) Jiangsu Yanghe Distillery Co., Ltd. Siyang Branch: The sewage treatment station was built in 2015. The project total investment is CNY 50 million and it covers an area of 15,000 square meters. Its designed capacity is 6,000 tons per day. In terms of process treatment, EGSB+AAO+deep treatment technology is adopted. The high-concentration waste water can be treated up to 250 tons per hour. After treatment, all indicators reached the indirect emission standard of "*Fermented Alcohol and Liquor Industrial Pollutant Emission Standard GB27631-2011*". In 2020, a total of CNY 11.32 million was invested to further optimize the effluent index through the implementation of measures such as improvement of aerobic cooling equipment, fan improvement and deodorization equipment. A total of 667,900 tons of wastewater was treated, and the discharge concentration of various pollutants is lower than the national discharge standard. The biogas boiler room was built, and the biogas produced by anaerobic fermentation of sewage treatment is all used for biogas boiler combustion.

(4) Guizhou Guijiu Co., Ltd.: The sewage treatment station was built in 2013. The project total investment is CNY 3.58 million and it covers an area of 600 square meters. Its designed capacity is 220 tons per day. The wastewater was treated by UASB anaerobic/contact oxidation aerobic process. The discharge of waste water is in accordance with the *Discharge Standards for Water Pollutants in Fermented Alcohol and Liquor Industry GB27631-2011 Table 2 Emission Standards*. At the same time, an online detection system is installed and the facilities are in good condition. The discharge concentration of various pollutants is lower than the national discharge standard in 2020. The boiler uses gas-fired boiler, and its fuel is natural gas.

(5) Hubei Lihuacun Distillery Co., Ltd.: The sewage treatment station was built in 2020. The project total investment is CNY 4.76 million and it covers an area of 702 square meters. The production and living wastewater was treated by AAO process. Its designed capacity is 240 tons per day. The discharge of waste water is in accordance with the *Discharge Standards for Water Pollutants in Fermented Alcohol and Liquor Industry GB27631-2011 Table 2 Emission Standards*. The discharge concentration of various pollutants is lower than the national discharge standard in 2020. The boiler uses gas-fired boiler, and its fuel is natural gas.

Environmental impact assessment of construction projects and other administrative permits for environmental protection

The Company and each subsidiary's construction project environmental impact reports and "three at the same time" acceptance materials, pollutant discharge permit and other materials are complete.

#### Emergency plan for environmental emergencies

The Company and its subsidiaries have made emergency plans for environmental emergencies, among which the Company and Shuanggou Distillery have filed with Jiangsu Province Environmental Protection Department. Siyang Branch of the Company has filed with Siyang Town Environmental Protection Bureau. Guijiu Company has filed with Xiuwen Town Environmental Protection Bureau, which is managed by Guizhou Province Environmental Emergencies Center. Lihuacun Distillery has filed with Yunyang District Environmental Protection Bureau.

#### Environmental self-monitoring programme

(1) The Company has installed COD, ammonia nitrogen, total nitrogen, total phosphorus, PH online monitoring instruments, conducted daily manual sampling and self-testing, monthly commissioned a third-party qualification agency to carry out a sampling inspection;

(2) Shuanggou Distillery has installed COD, ammonia nitrogen, total nitrogen, total phosphorus, PH online monitoring instruments, conducted daily manual sampling and self-testing, monthly commissioned a third-party qualification agency to carry out a sampling inspection;

(3) Siyang Branch of the Company has installed COD, ammonia nitrogen, total nitrogen, total phosphorus, PH online monitoring instruments, conducted daily manual sampling and self-testing, quarterly commissioned a third-party qualification agency to carry out a sampling inspection;

(4) Guijiu Company has installed COD, ammonia nitrogen, total nitrogen, total phosphorus, PH online monitoring instruments, conducted daily manual sampling and self-testing, quarterly commissioned a third-party qualification agency to carry out a sampling inspection;

(5) Lihuacun Distillery monitors wastewater discharge index daily, and entrusts a third-party qualification agency to monitor it every six months.

#### Other environmental information that should be made public

N/A

#### Other environmental related information

During the reporting period, Shuanggou Distillery was awarded the title of "Jiangsu Green Factory", and Shuanggou Distillery and Siyang Branch of the Company were also awarded the title of "2020 Suqian Environmental Protection and Green Trusted Enterprise".

## 19. Other significant events

Applicable  N/A

1. The Company indirectly held partnership share of Jiangsu Jiequan Emerging Industry Development Fund (Limited Partnership) via Jiangsu Xinghe Investment Management Co., Ltd. and Nanjing Xingnahe Venture Capital Investment partnership (Limited Partnership). Jiangsu Jiequan Emerging Industry Development Fund (Limited Partnership) completed fund-raising and put on record in AMAC. The record numbers are SCF515 and SCL005. It was disclosed in detail on the *Announcement of cooperative investment with professional investment institutions (No: 2017-021)* on 30 December 2017 and the *Announcement of progress of cooperative investment with professional investment institutions (No: 2018-011)* on 12 April 2018.

2. Su Wine Wealth Management Co., Ltd., a wholly-owned subsidiary of the Company, subscribed the partnership shares of Suzhou Danqing Phase II Innovative Pharmaceutical Industry Investment Partnership (limited partnership). Danqing Phase II completed fund-raising and put on record in AMAC. The record number is SED720. For details, please refer to the *Announcement on cooperation and investment with professional investment institutions (Announcement No: 2018-021)* and *Announcement on cooperation, Announcement on cooperation and investment with professional investment institutions (Announcement No: 2018-030)* and *Announcement on cooperation and investment with professional investment institutions (Announcement No: 2019-004)* disclosed by the Company on 28 April 2018, 16 November 2018 and 11 April 2019 respectively.

3. Jiangsu Yanghe Investment Management Co., Ltd. subscribed the partnership shares of Panmao (Shanghai) Investment Center (limited partnership). For details, please refer to the *Announcement on cooperation and investment with professional investment institutions (Announcement No: 2018-025)* disclosed by the Company on 22 June 2018.

4. Jiangsu Yanghe Investment Management Co., Ltd. subscribed the partnership shares of Jiangsu Zijin Hongyun Health Industry Investment Partnership (limited partnership), Suqian Yida Industry Venture Capital Fund (limited partnership), and Hunan Huaye Tiancheng Venture Capital Partnership (limited partnership). For details, please refer to the *Announcement on cooperation and investment with professional investment institutions (Announcement No: 2019-002)* disclosed by the Company on 28 March 2019, *Announcement on participating in Suqian Yida Industrial Venture Capital Fund and related transaction (Announcement No: 2019-012)* disclosed by the Company on 30 April 2019, and *Announcement on the subscription of Hunan Huaye Tiancheng Venture Capital Fund (Announcement No: 2019-021)* disclosed by the Company on 6 September 2019.

5. Jiangsu Yanghe Investment Management Co., Ltd. subscribed the partnership shares of Nanjing Xingna Heyuan Venture Capital Partnership (Limited Partnership), Suzhou Zhongxin Xingfu Shuzhi Venture Capital Partnership (Limited Partnership), Nanjing Hongyang Equity Investment Partnership (Limited Partnership). For details, please refer to the *Announcement on cooperation and investment with professional investment institutions (Announcement No: 2020-031)* disclosed by the Company on 12 August 2020, *Announcement on the subscription of Suzhou Zhongxin Xingfu Shuzhi Venture Capital Fund (Announcement No: 2019-035)* disclosed by the Company on 19 October 2020, *Announcement on the subscription of Nanjing Hongyang Equity Investment Fund (Announcement No: 2020-038)* disclosed by the Company on 4 November 2020.

## 20. Significant events of subsidiaries

Applicable  N/A

## Section VI Changes in Shares and Information about Shareholders

### 1. Changes in shares

#### 1.1 Changes in shares

Unit : Share

	Before		Changes in this year ( + , - )					After	
	Number	Proportion	Issuance of new shares	Bonus shares	Capitalization of capital reserves	Other	Subtotal	Number	Proportion
I.Restricted shares	258,048,426	17.12%	0	0	0	1,421,297	1,421,297	259,469,723	17.22%
1.Shares held by the state	0	0.00%	0	0	0	0	0	0	0.00%
2.Shares held by state-owned corporations	0	0.00%	0	0	0	0	0	0	0.00%
3.Shares held by other domestic investors	258,048,426	17.12%	0	0	0	1,421,297	1,421,297	259,469,723	17.22%
Including:Shares held by domestic corporations	249,480,000	16.55%	0	0	0	0	0	249,480,000	16.55%
Shares held by domestic individuals	8,568,426	0.57%	0	0	0	1,421,297	1,421,297	9,989,723	0.67%
4.Shares held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Including: Shares held by foreign corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign individuals	0	0.00%	0	0	0	0	0	0	0.00%
II.Non-restricted shares	1,248,939,574	82.88%	0	0	0	-1,421,297	-1,421,297	1,247,518,277	82.78%
1.CNY common shares	1,248,939,574	82.88%	0	0	0	-1,421,297	-1,421,297	1,247,518,277	82.78%
2.Domestically listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
3.Overseas 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 shares	1,506,988,000	100.00%	0	0	0	0	0	1,506,988,000	100.00%

Reasons for the change in shares

√ Applicable □ N/A

The reasons for the change of the Company's shares are mainly caused by changes of the locked shares held by the Company's executives.

Approval of share changes

Applicable  N/A

Transfer of share ownership

Applicable  N/A

Implementation progress of share repurchase

Applicable  N/A

On 29 October 2019, the sixth session of the ninth meeting of the board of directors was held. It reviewed and approved the plan about repurchasing part of the social public shares, and agreed to use its own funds to repurchase shares through centralized bidding. The total amount of repurchase is not less than CNY 1 billion (inclusive) and not more than CNY 1.5 billion (inclusive). The repurchase price is not more than CNY 135.00 per share (inclusive). The period of repurchases is within 12 months since the repurchase plan is reviewed and approved by the sixth session of the ninth meeting of the board of directors. This share repurchased is used to implement equity incentive or employee stock ownership plan for core key employees of the Company. The repurchase affairs was disclosed in details in "About the plan of share repurchase from part of public shares" (Announcement No. 2019-026), "Repurchase report" (Announcement No.2019-028), etc. on China Securities Journal, Shanghai Securities News and Securities Times, Securities Daily and [www.cninfo.com.cn](http://www.cninfo.com.cn) on 30 October 2019 and on 5 November 2019.

The Company's 2019 annual equity distribution plan has been implemented on 24 June 2020. According to the Company's repurchase plan, the upper limit of the price of repurchased shares has been adjusted from no more than RMB 135 / share (inclusive) to no more than RMB 132.01 / share (inclusive). For details, please refer to the "Announcement on Adjusting the Price Limit of Repurchased Shares After Implementing the 2019 Annual Equity Distribution Plan" disclosed by the Company in China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and [www.cninfo.com.cn](http://www.cninfo.com.cn) on 20 June 2020 (Announcement No. 2020-024).

On 21 January 2020, the Company repurchase shares for the first time. On 22 January 2020, the Company disclosed the repurchase of shares for the first time. On 3 February, 4 March, 2 April, 8 May, 3 June, 3 July, 5 August, 3 September, 9 October 2020, the Companies disclosed the progress of repurchase of shares. For details, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and [www.cninfo.com.cn](http://www.cninfo.com.cn).

The actual repurchase period of the Company was from 21 January 2020 to 29 October 2020. The Company has repurchased 9,661,310 shares of the Company through the special securities account of share repurchase with its own funds in the way of centralized bidding, accounting for 0.6411% of the total share capital of the Company. The highest purchase price was CNY 131.99 per share, and the lowest was CNY 80.37 per share. The total amount of funds used was CNY 1,002,128,680.79 (including transaction costs). The repurchase amount of the Company reached the lower limit of the total amount of repurchase funds in the repurchase plan and not exceeded the upper limit of the total amount of repurchase funds, and the repurchase plan has been completed.

Implementation progress of share repurchase reduction through centralized bidding

Applicable  N/A

Effects of changes in shares on the basic EPS, diluted EPS, net assets per share attributable to common shareholders of the Company and other financial indexes over the last year and the last reporting period

Applicable  N/A

Increased basic earnings per share and diluted earnings per share by CNY 0.0193 per share due to the number of shares repurchased.

Other contents that the Company considers necessary or is required by the securities regulatory authorities to disclose

Applicable  N/A

## 2. Changes in restricted shares

Applicable  N/A

Unit : Share

Name of shareholder	Opening restricted shares	Increase in this period	Unlocked in this period	Closing restricted shares	Reason	Date of unlocking
Feng Pantai	4,258,489	1,419,497	0	5,677,986	Locked due to leaving executive position (Supervisor)	The sales restriction was not unlocked during the reporting period. The restricted sale of 25% of the shares held will be

						unlocked on 8 January 2021, and the restricted sale of the remaining shares locked will be unlocked in accordance with the relevant rules.
Wang Kai	0	1,800	0	1,800	Locked due to current executive position (Director)	N/A
Total	4,258,489	1,421,297	0	5,679,786	--	--

## 2. Issuance and listing of securities

### 2.1 Securities (excluding preference shares) issued in the reporting period

Applicable N/A

### 2.2 Changes in total shares of the company and the shareholder structure, as well as the asset and liability structure

Applicable N/A

### 2.3 Existing staff-held shares

Applicable N/A

### 3. Shareholders and actual controller

#### 3.1 Total number of shareholders and their shareholdings

Unit:share

Total number of common shareholders at the end of the reporting period		Total number of common shareholders at the prior month-end before the disclosure date of the annual report		Total number of preference shareholders with resumed voting rights at the period-end(if any)(see Note 8)		Total number of preference shareholders with resumed voting rights at the period-end(if any)(see Note 8)		
77,730		136,216		0		0		
Shareholdings of shareholders with a shareholding percentage over 5% or the top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/decrease during the reporting period	Number of restricted shares held	Number of non-restricted shares held	Pledged or frozen shares	
							Status of shares	Number of shares
Jiangsu Yanghe Group Co.,Ltd.	State-owned corporation	34.16%	514,858,939	0	0	514,858,939		
Jiangsu Blue Alliance Co., Ltd.	Domestic non-state-owned corporation	19.55%	294,591,926	-28,546,700	249,480,000	45,111,926		
Shanghai Haiyan Logistics Development Co.,Ltd.	State-owned corporation	9.67%	145,708,137	0	0	145,708,137		
Shanghai Jieqiang Tobacco Sugar &Wine(Group)Co.,Ltd	State-owned corporation	3.96%	59,744,099	-864,400	0	59,744,099		
Hong Kong Securities Clearing Company Ltd. (HKSCC)	Outboundcorporation	3.06%	46,048,354	-72,536,890	0	46,048,354		
Bank of China Co.,Ltd. – Liquor index classification securities investment fund by China Merchants Fund	Other	1.92%	28,882,107	13,964,550	0	28,882,107		
Bank of China Co.,Ltd. – E-funds blue chip selected and hybridsecurities investment funds	Other	1.80%	27,200,000	27,200,000	0	27,200,000		
Bank of China Co.,Ltd. – E-funds SME hybrid securities investment funds	Other	1.11%	16,700,000	9,219,999	0	16,700,000		
China Securities Finance Corporation limited	State-owned corporation	0.92%	13,790,044	0	0	13,790,044		

Central Huijin Asset Management Co., Ltd.	Outbound corporation	0.85%	12,766,400	0	0	12,766,400	
Strategic investors or general corporations to be top 10 shareholders due to placing of new shares(if any)(see Note 3)		Nil					
Related-parties or acting-in-concert		N/A					
Explanation of above shareholders involving in entrusting/ entrusted voting rights and abandonment of voting rights		Nil					
Shareholdings of the top 10 non-restricted shareholders							
Name of shareholder	Number of non-restricted shares held in the period end	Type of shares					
		Type	Number				
Jiangsu Yanghe Group Co.,Ltd.	514,858,939	CNY common shares	514,858,939				
Shanghai Haiyan Logistics Development Co.,Ltd.	145,708,137	CNY common shares	145,708,137				
Shanghai Jieqiang Tobacco Sugar & Wine(Group)Co.,Ltd.	59,744,099		59,744,099				
Hong Kong Securities Clearing Company Ltd. (HKSCC)	46,048,354	CNY common shares	46,048,354				
Jiangsu Blue Alliance Co., Ltd.	45,111,926	CNY common shares	45,111,926				
Bank of China Co.,Ltd. – Liquor index classification securities investment fund by China Merchants Fund	28,882,107	CNY common shares	28,882,107				
Bank of China Co.,Ltd. – E-funds blue chip selected and hybridsecurities investment funds	27,200,000	CNY common shares	27,200,000				
Bank of China Co.,Ltd. – E-funds SME hybrid securities investment funds	16,700,000		16,700,000				
China Securities Finance Corporation limited	13,790,044	CNY common shares	13,790,044				
Central Huijin Asset Management Co., Ltd.	12,766,400	CNY common shares	12,766,400				
Description of the relationship or concerted action between the top 10 unlimited outstanding shareholders, and between the top 10 outstanding shareholders and the top 10 shareholders		N/A					
Description of the top 10 common shareholders participating in securities margin trading(if any)(see Notes 4)		N/A					

Whether any of the top 10 common shareholders or the top non-restricted common shareholders of the Company conduct any promissory repurchase during the reporting period.

Yes  No

No such cases in the reporting period.

### 3.2 Controlling shareholder

Nature of controlling shareholder : Local state-owned

Type of controlling shareholder : Corporation

Name of controlling shareholder	Legal representative/ Company principal	Date of establishment	Organization code	Main business
Jiangsu Yanghe Group Co.,Ltd.	Li Minfu	8 May 1997	91321300142334989Y	Sales of brewing mechanical equipment, Liquor Export, Import of various raw and auxiliary material used for production, equipment and accessories, Industrial investment; municipal public engineering, building engineering, tourism cultural industry investment.
Shareholdings of the controlling shareholder in other listed companies at home or abroad during the reporting period	N/A			

Change of the controlling shareholder during the reporting period

Applicable N/A

No such cases in the reporting period.

### 3.3 Actual controller and its persons acting in concert

Nature of actual controller : Local State-owned Assets Supervision and Administration Commission

Type of actual controller : Corporation

Name of actual controller	Legal representative/ Company principal	Date of establishment	Organization code	Main business
State-owned Assets Supervision and Administration Commission of Suqian	Zhao Xiaoli	22 October 2005	N/A	Execution of duty of state-owned enterprise's investor on behalf of the People's Government of Suqian and implementation of supervision management on state-owned assets and state-owned enterprises.
Share holdings of the controlling shareholder in other listed companies at home or abroad during the reporting period.	N/A			

Change of the actual controller during the reporting period

Applicable N/A

No such cases in the reporting period.

Ownership and control relations between the actual controller and the Company

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The actual controller control the company via trust or other ways of assets management

Applicable  N/A

### 3.4 Other corporate shareholders with a shareholding proportion over 10%

Applicable  N/A

Name of actual controller	Legal representative/ Company principal	Date of establishment	Registered capital	Main business
Jiangsu Blue Alliance Co., Ltd.	Cong Xuenian	28 July 2016	CNY 105,600,000.00	Sales of daily products, research and development of biology technology, furniture production, Business management consulting service, fruit tree planting, Sales of prepackaging food.

### 3.5 Limits on the Company's shares held by its controlling shareholder, actual controller, restructuring party and other commitment entities.

Applicable  N/A

## Section VII Information about Preference Shares

Applicable  N/A

No such cases in the reporting period

## **Section VIII Information about Convertible Bonds**

Applicable  N/A

No such cases in the reporting period

## Section IX Profiles of Directors, Supervisory, Senior Management and Employees

### 1. Change in shares owned by directors, members of supervisory committee, senior management and employees

Name	Office title	Incumbent / Former	Gender	Age	Start date of term	Termination date of term	Shares held at the period-begin (share)	Shares increased at the reporting period (share)	Shares decreased at the reporting period (share)	Other increase/decrease (share)	Shares held at the period-end (share)
Zhang Liandong	Chairman of the board	Incumbent	Male	53	23 February 2021	23 February 2024	0	0	0	0	0
Zhong Yu	Vice Chairman of the board, President	Incumbent	Male	57	10 February 2015	23 February 2024	0	0	0	0	0
Li Minfu	Director	Incumbent	Male	47	22 May 2020	23 February 2024	0	0	0	0	0
Wang Kai	Director	Incumbent	Male	44	19 May 2017	23 February 2024	0	2,400	0	0	2,400
Liu Huashuang	Director, Vice President	Incumbent	Male	51	29 January 2018	23 February 2024	0	0	0	0	0
Cong xuenian	Director	Incumbent	Male	55	10 February 2015	23 February 2024	2,778,291	0	0	0	2,778,291
Zhou xinhu	Director, Vice President, Chief engineer	Incumbent	Male	59	10 February 2015	23 February 2024	2,878,291	0	0	0	2,878,291
Zhao Shuming	Non-executive Director	Incumbent	Male	69	23 February	23 February	0	0	0	0	0

Name	Office title	Incumbent / Former	Gender	Age	Start date of term	Termination date of term	Shares held at the period-begin (share)	Shares increased at the reporting period (share)	Shares decreased at the reporting period (share)	Other increase/decrease (share)	Shares held at the period-end (share)
					2021	2024					
Nie Yao	Non-executiveDirector	Incumbent	Male	44	23 February 2021	23 February 2024	0	0	0	0	0
Lu Guoping	Non-executiveDirector	Incumbent	Male	61	23 February 2021	23 February 2024	0	0	0	0	0
Mao Lingxiao	Non-executiveDirector	Incumbent	Male	57	23 February 2021	23 February 2024	0	0	0	0	0
Chen Taiqing	Chairman of supervisory committee	Incumbent	Male	56	13July2020	23 February2024	0	0	0	0	0
Xu Youheng	Supervisor	Incumbent	Male	44	23May 2019	23 February 2024	0	0	0	0	0
Xu Lili	Supervisor	Incumbent	Female	42	23 February 2021	23 February 2024	0	0	0	0	0
Chen Fuya	Supervisor	Incumbent	Male	56	6July 2020	23 February 2024	0	0	0	0	0
Chen Taisong	Supervisor	Incumbent	Male	53	10 February 2015	23 February 2024	0	0	0	0	0
Lin Qing	Vice President	Incumbent	Female	46	10 February 2015	23 February 2024	0	0	0	0	0

Name	Office title	Incumbent / Former	Gender	Age	Start date of term	Termination date of term	Shares held at the period-begin (share)	Shares increased at the reporting period (share)	Shares decreased at the reporting period (share)	Other increase/decrease (share)	Shares held at the period-end (share)
Zheng Bujun	Vice President	Incumbent	Male	54	10 February 2015	23 February 2024	60,000	0	15,000	0	45,000
Fu Hongbing	Vice President	Incumbent	Male	59	17 January 2020	23 February 2024	0	0	0	0	0
Yin Qiuming	Vice President, responsible person for accounting affairs	Incumbent	Male	49	13 July 2020	23 February 2024	0	0	0	0	0
Li Yuling	Vice President	Incumbent	Male	51	13 July 2020	23 February 2024	0	0	0	0	0
Lu Hongzhen	Secretary of the board	Incumbent	Female	43	23 February 2021	23 February 2024	0	0	0	0	0
Wang Yao	Chairman of the board	Former	Male	56	10 February 2015	23 February 2021	30,002	0	0	0	30,002
Han Feng	Director	Former	Male	59	10 February 2015	24 April 2020	0	0	0	0	0
Xu Zhijian	Non-executive Director	Former	Male	57	10 February 2015	23 February 2021	0	0	0	0	0
Cai Yunqing	Non-executive Director	Former	Female	69	10 February 2015	23 February 2021	0	0	0	0	0
Ji Xueqing	Non-executive Director	Former	Male	50	10 February 2015	23 February 2021	0	0	0	0	0

Name	Office title	Incumbent / Former	Gender	Age	Start date of term	Termination date of term	Shares held at the period-begin (share)	Shares increased at the reporting period (share)	Shares decreased at the reporting period (share)	Other increase/decrease (share)	Shares held at the period-end (share)
Chen Tongguang	Non-executive Director	Former	Male	55	10 February 2015	23 February 2021	0	0	0	0	0
Feng Pantai	Chairman of supervisory committee	Former	Male	61	10 February 2015	8 July 2020	5,677,986	0	0	0	5,677,986
Zhou Wenqi	Supervisor	Former	Female	55	10 February 2015	23 February 2021	0	0	0	0	0
Zhu Wei	Vice President	Former	Male	44	10 February 2015	18 January 2020	0	0	0	0	0
Total							11,424,570	2,400	15,000	0	11,411,970

## 2. Changes in directors, supervisors, senior management and employees

√Applicable □ N/A

Name	Office title	Type	Date	Reason
Han Feng	Director	Former	24 April 2020	Job transfer
Feng Pantai	Chairman of supervisory committee	Former	8 July 2020	Job change
Zhu Wei	Vice President	Former	18 January 2020	Personal reason

## 3. Employment information

Professional background, work experience and major duties of directors, supervisors and senior management

### 3.1 Directors

Mr. Zhang Liandong, born in September 1968, a Party school postgraduate. He was a Party organization committee member of Zhikou Village, Suqian, a Party organization committee member of Sucheng Town, Sucheng District, a vice secretary of Party working committee and a secretary of discipline working committee, an office director in Xingfu Street, Sucheng District, an office director and a secretary of Party working committee in Xiangli Street, Sucheng District, a management committee director of economic development zone, a vice secretary of Party working committee, a director of Suqian Direct Merchants Bureau, a deputy district head of Sucheng Direct, a member of Standing Committee of Sucheng District Committee, a secretary of Party working committee of Sucheng economic development zone, a deputy secretary of Suqian Municipal Government, a director of Suqian Urban Management Bureau, a deputy secretary of the Party leadership group, a deputy general secretary of Suqian Municipal Government (department level), a secretary of the Party working committee of Yanghe New District, Suqian. At present, he is the chairman and deputy secretary of Party committee of the Company, the chairman of Shuanggou Distillery, and the executive director of Jiangsu Shuanggou Distillery Sales Co., Ltd.

Mr. Zhong Yu, born in May 1964, Master degree, senior engineer, Master of Chinese Liquor and Jiangsu 13<sup>th</sup> NPC member. He was a director of technology and environmental protection department in Shuanggou Distillery; a vice chief engineer, a president assistant and a director of production and technology center of Shuanggou Distillery; a vice general manager of Yanghe Branch of the Company; a brewing director, a president assistant, a vice president of the Company, a general manager of Siyang Branch of the Company. At present, he is a vice chairman of the board, the president, the vice secretary of the party committee, the general manager of Yanghe Branch of the Company.

Mr. Li Minfu, born in October 1974, Master degree. He was a member of the standing committee of the Sucheng District Committee, a secretary of the Party working committee of the Sucheng Economic Development Zone, an executive deputy district head, a member of the standing committee of Siyang County Committee, an executive deputy county chief, etc. At present, he is the director of the Company, the secretary of Party committee and chairman of Suqian Industrial Development Group Co., Ltd., the chairman of Jiangsu Yanghe Group Co., Ltd., and the chairman of Jiangsu Shuanggou Group Co., Ltd.

Mr. Wang Kai, born in August 1977, Bachelor degree, Intermediate Economist. He is a brand department manager of marketing center of Shanghai Tobacco Group Co., Ltd., a general manager assistant of Shanghai Haiyan Logistics Development Co., Ltd.. At present, he is the director of the Company and the vice general manager of Shanghai Haiyan Logistics Development Co., Ltd..

Mr. Liu Huashuang, born in December 1970, MBA from Fudan University, accountant. He was a director of marketing department and a deputy general manager of Jiangsu Yanghe Distillery, a general manager of Yanghe Blue Classic, a general manager of Jiangsu Yanghe Distillery, a member of the standing party committee of Company, a director of strategic studies, a vice executive general manager and a vice secretary of party committee of Jiangsu Su Wine Industrial Co., Ltd., a secretary of party committee and a vice chairman of the board of Su Wine Trade Group. At present, he is the director, the vice executive president and a member of the standing party committee and the secretary of the party committee and the chairman of Su Wine Trade Group.

Mr. Cong Xuenian, born in January 1966, Master degree, senior economist. He was a chief accountant and finance director of Yanghe Distillery, a finance minister of Yanghe Group, a chief accountant, a secretary of the board, a responsible person for accounting affairs, a director and vice president of the Company. At present, he is the director, and the chairman of the board of Blue Alliance.

Mr. Zhou Xinhui, born in August 1962, Master degree, senior engineer, a member of the expert group of Baijiu professional committee of China Food Industry Association, and chief liquor taster of China, master of Chinese liquor critic and China craftsman of light industry. He was a technician of Yanghe Group, a director of quality inspection department and blending and storage department, a vice general manager of Yanghe Distillery, a vice chief engineer, a chief engineer and a vice president of the Company. At present, he is the director, the vice president and the chief engineer of the Company.

Mr. Zhao Shuming, born in December 1952, Doctor. He was an officer, deputy chief, chief and deputy director of foreign affairs office in Nanjing University, an assistant to the President, associate professor, professor, senior professor, vice dean, dean of the Business School of Nanjing University. At present, he is the non-executive director of the Company, senior professor/doctoral advisor in Nanjing University, honorary president of Business School, at the same time as an vice president of Ministry of Education of MBA discipline education guiding committee, vice president of Chinese Research Council of Modern Management and China Society of Human Resource Development, excellent part-time professor of University of Missouri-St. Louis, USA, visiting professor of Drucker School of Management, Claremont Graduate University, California, USA, president of Jiangsu Human Resources Association; non-executive director of Jiangsu Lianfa Textile Co., Ltd., Jsti Group Co., Ltd. and Nanjing Securities Co., Ltd.

Mr. Nie Yao, born in June 1977, doctoral candidate. He was a visiting scholar of Advanced Biotechnology and Medicine Center of Rutgers University (State University of New Jersey), an associate professor of Bioengineering College of Jiangnan University, and a non-executive director of Jinhui Liquor. At present, he is the non-executive director of the Company and professor and deputy dean of Bioengineering School of Jiangnan University.

Mr.Lu Guoping, born in March 1960, Bachelor degree, Professor of accounting, CPA, Excellent educator in Jiangsu province. He was a lecturer, an associate professor and a director of teaching and research office in Nanjing Agricultural University. At present, he is the deputy dean, professor and master tutor of Guofu Zhongshen College in Nanjing Audit University, an accounting lecturer of CPA exam counseling in Jiangsu province, course director of advanced financial accounting in national-level MOOCs, course director of advanced financial accounting in national first-class undergraduate courses, part-time professor of Network Teacher Training Center of the Ministry of Education, the non-executive director of Langbo Technology, Huaxin New Materials, Baosheng Technology and other companies.

Mr.Mao Lingxiao, born in January 1964, Bachelor degree, First-Grade Lawyer (Senior). He was an officer of Justice Department of Jiangsu Province, a full-time lawyer of Jiangsu International Economic and Trade Law Firm, a senior partner of Jiangsu Lingxiao Law Firm, a senior partner of Jiangsu Jinding Law Firm, a senior partner and director of Jiangsu Tianzhe Law Firm, a full-time lawyer, senior partner, executive director of Beijing Zhongyin (Nanjing) Law Firm. At present, he is the non-executive director of the Company and a full-time lawyer, senior partner and chairman of partners' meeting of Beijing Haotian Xinhe (Nanjing) Law Firm.

### **3.2 Supervisors**

Mr. Chen Taiqing, born in May 1965, Master degree, Senior political engineer, member of communist party of China. He was a member of the party committee of Yanghe Group, office director, member of the Company's party committee, director of human resource department, director of integrated department, president assistant, vicegeneral manager of Yanghe Branch of the Company, vice general secretary of the Company's party committee and discipline inspection committee of the Company, general secretary and general manger of Shuanggou Distillery's party committee. At present, he is the chairman of supervisory committee, vice secretary of the party committee, chairman of the labor union .

Mr.Xu Youheng, born in March 1977, Master degree. He was a director of organization department, a director of cadre supervision department, a director of cadre education department, an officedirector,a vice officedirector of leading group for party construction of Suqian municipal party committee. At present, he is the supervisor of the Company, the vice secretary of the party committee and vice general manager of Suqian Industrial Development Group Co., Ltd.

Ms.Xu Lili, born in March 1979, Bachelor degree. She was a secretary of the communist youth league of Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co.,Ltd., a marketing department deputy manager of Shanghai Jieqiang Tobacco Sugar & Wine Group Distribution Center, a deputy general manager of Shanghai Qinzhou Trade Co., Ltd., a general manager assistant of Shanghai Jieqiang Tobacco Sugar & Wine Group Distribution Center, a deputy general manager, executive deputy general manager and general manager of Shanghai Jieqiang Tobacco Sugar & Wine (Group) Chain Co.,Ltd. At present, she is the supervisor of the Company, the general manager of Shanghai

Jieqiang Tobacco Sugar & Wine Group Distribution Co., Ltd., and Shanghai Jieqiang Food Sales Co.,Ltd..

Mr.Chen Fuya, born in November 1965, Bachelor degree. He was a member of the standing committee of the discipline inspection commission of Suqian, a office director of Party conduct and government integrity, a departmental-level discipline inspection supervisor of the discipline inspection commission of Suqian, a deputy secretary of the Party committee and a secretary of the discipline inspection commission of the Company. At present, he is the supervisor, deputy secretary of the party committee and secretary of the discipline inspection commission of the Company.

Mr. Chen Taisong, born in January 1968, Master degree. He was a officer andsecretary of Siyang Legal Bureau, and an office secretary,deputychief, chief, director assistant, deputydirector of Siyang government, alcalde and secretary of the party committee of Chuancheng Town in Siyang country, deputysecretary of the party committee and secretary of discipline inspection commission and chairman of the supervisory committee of Su Wine Industrial Co., Ltd., deputysecretary of discipline inspection committee of the Company. At present, he is the supervisor, a member of standing committee, director of organization department of the Company;deputysecretary of the party committee and secretary of discipline inspection committee and chairman of the supervisory committee of Su Wine Trade Group.

### **3.3 Senior management**

Mr. Zhong Yu, President of the Company, resume as above.

Mr. Liu Huashuang, Executive president of the Company, resume as above.

Mr. Zhou Xinqu, vice president of the Company, resume as above.

Ms. Lin Qing, born in May 1975, Master degree, senior accountant, CPA. She was a vicedirector of enterprise department of Suqian Finance Bureau, a director assistant of Suqian Price Bureau, a member and a vice director of the party committee of National Development and Reform Commission, a member of the standing committee of the Company, a vice president of the Company. At present, she is thevice president of the Company and director of the internal audit institution, a member of the standing committee of the Company, and vice chairman of the board of Su Wine Trade Co.,Ltd.

Mr. Zhen Bujun, born in January 1967, MBA, senior engineer. He was a general manager of Yanghe Group, general manager of Suqian State-owned Investment Co., Ltd., vicegeneral manager of Shuanggou Distillery, director and president assistant of logistics andpurchasing department of the Company. At present, he is a vice president, a member of the standing committee of the Company, general manager and secretary of the party committee of Siyang Branch of the Company.

Mr. Fu Hongbing, born in January 1962, Chinese liquor craft master, senior winemaker. He has won many honors, such as "National May Day Labor Medal", "Jiangsu Province May Day Labor Medal" and "Advanced Science and Technology Leader" of China Food

Industry Science and Technology Progress. He was a director of management and quality department of Jiangsu Yanghe Group Co., Ltd., a vice chief engineer of the Company, director of the quality department, a general manager assistant of Yanghe Branch, a director of the quality department, a vice general manager, a president assistant of the Company, and the chairman of the board of Guizhou Guijiu Group Co., Ltd. At present, he is the vice president of the Company, the chairman of the board and secretary of the party committee of Guizhou Guijiu Group Co., Ltd.

Mr. Yin Qiuming, born in July 1972, College degree, auditor. He was an assistant director of audit, director of audit, deputy secretary of discipline inspection commission of Jiangsu Yanghe Group Co., Ltd., director of the Company's management department, deputy general manager of Jiangsu Yanghe Sales Co., Ltd., deputy general manager of Jiangsu Yanghe Liquor Co., Ltd., a member of Party committee, director of Finance, supervisor of the Company and deputy secretary of discipline inspection commission, deputy general manager, finished product dispatching director, the responsible person for accounting affairs, CFO, general manager of finance center of Yanghe Branch. At present, he is the vice president of the Company, a member of the Party committee and the responsible person for accounting affairs.

Mr. Li Yuling, born in December 1980, Nanjing University MBA, Intermediate economist. He was an assistant director of supply department, assistant director of finance department, deputy chief dispatcher of general dispatching office, director of supply department, assistant general manager of Yanghe branch, director of procurement and supply logistics, supply chain management director, deputy director of procurement and supply logistics center and office director. At present, he is the vice president of the Company, a member of the Party committee, the secretary of the Party committee and general manager of Shuanggou Distillery.

Ms. Lu Hongzhen, born in October 1978, Bachelor degree, a member of China Association for the Promotion of Democracy and has obtained the Board Secretary Qualification Certificate issued by Shenzhen Stock Exchange. On September 2001, she joined Jiangsu Yanghe Group Co., Ltd., serving successively as office secretary, deputy director of the comprehensive department, deputy office, deputy director of the securities department and representative of securities affairs. At present, she is a secretary of the board and director of the securities department of the Company.

#### Position in shareholder-holding companies

Applicable  N/A

Name	Name of shareholder holding companies	Position in shareholder holding companies	Beginning date of office term	Ending date of office term	Any remuneration received from shareholder holding companies
Cong Xuenian	Jiangsu Blue Alliance Co., Ltd.	Chairman of the board	31 March 2021		Yes
Wang Kai	Shanghai Haiyan Logistics Development Co., Ltd.	Vice general manager	1 March 2017		Yes

Name	Name of shareholder holding companies	Position in shareholder holding companies	Beginning date of office term	Ending date of office term	Any remuneration received from shareholder holding companies
Description of position in the shareholders' unit	Nil				

## Position in other companies

√ Applicable  N/A

Name	Name of other companies	Position in other companies	Beginning date	Ending date	Any remuneration received from other companies
Zhao Shuming	Nanjing Shenghe Pharmaceutical Co., Ltd.	Non-executive director	11 May 2015		Yes
Zhao Shuming	Jsti Group Co., Ltd.	Non-executive director	24 April 2015		Yes
Zhao Shuming	Nanjing Securities Co., Ltd.	Non-executive director	15 November 2018		Yes
Zhao Shuming	Jiangsu Lianfa Textile Co., Ltd.	Non-executive director	13 May 2020		Yes
Zhao Shuming	Jiangsu Human Resources Association	President	1 September 2016		No
Zhao Shuming	China Society of Human Resource Development	Vice president	1 September 2010		No
Zhao Shuming	Education of MBA discipline education guiding committee	Vice president	1 September 2013		No
Zhao Shuming	Chinese Research Council of Modern Management	Vice president	2 November 2015		No
Lu Guoping	Changzhou Langbo Sealing Technology Co., Ltd.	Non-executive director	12 October 2015		Yes
Lu Guoping	Jiangsu Huaxin New Materials Co., Ltd.	Non-executive director	1 March 2016		Yes
Lu Guoping	Baosheng Technology Innovation Co., Ltd.	Non-executive director	9 May 2019		Yes
Lu Guoping	Changzhou Academy of Architectural Sciences Co., Ltd.	Non-executive director	28 June 2020		Yes
Xu Lili	Shanghai Jieqiang Tobacco Sugar & Wine Group Distribution Co., Ltd.	General manager	14 July 2020		Yes
Xu Lili	Shanghai Jieqiang Food Sales Co., Ltd.	General manager	14 July 2020		Yes

Description of position in the shareholders' unit	Nil
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Punishments imposed in the recent three years by the securities regulators on the incumbent directors, supervisors and senior management as well as those who left in the reporting period

Applicable  N/A

#### 4. Remuneration of directors, supervisors and senior management

The decision-making procedures, decision basis and actual remuneration payment of directors, supervisors and senior management.

Decision-making procedures: Implementation is based on the "Trial Implementation Measures for the Annual Salary of General Manager (Revision)" approved by the 9<sup>th</sup> meeting of the second board of directors on 29 December 2008 and "Trial Implementation Measures for the Annual Salary of Chairman of the Board (Revision)" approved by the first extraordinary general meeting of shareholders on 18 January 2009.

Decision basis: Based on the Company's operating conditions and considering the standard of regional economic, industry and market.

Actual remuneration payment: Based on the performance and payment on time according to the salary system.

Remuneration of directors, supervisors and senior management during the reporting period

Unit: CNY0,000

Name	Position	Gender	Age	Incumbent/ Former	Total before-tax remuneration from the Company	Remuneration from related parties of the Company
Zhang Liandong	Chairman of the board	Male	53	Incumbent	0	No
Zhong Yu	Vice Chairman of the board, President	Male	57	Incumbent	135.15	No
Li Minfu	Director	Male	47	Incumbent	0	Yes
Wang Kai	Director	Male	44	Incumbent	0	Yes
Liu Huashaung	Director, executive President	Male	51	Incumbent	104.37	No
Cong Xuenian	Director	Male	55	Incumbent	105.94	No
Zhou xinhu	Director, Vice President, Chief Engineering	Male	59	Incumbent	105.64	No
Zhao Shuming	Non-executive Director	Male	69	Incumbent	0	No
Nie Yao	Non-executive Director	Male	44	Incumbent	0	No
Lu Guoping	Non-executive Director	Male	61	Incumbent	0	No
Mao Lingxiao	Non-executive Director	Male	57	Incumbent	0	No
Chen Taiqing	Chairman of supervisory committee, Chairman of labor union	Male	56	Incumbent	103.01	No
Xu Youheng	Supervisor	Male	44	Incumbent	0	Yes
Xu Lili	Supervisor	Female	42	Incumbent	0	Yes
Chen Fuya	Supervisor	Male	56		104.57	No

Name	Position	Gender	Age	Incumbent/ Former	Total before-tax remuneration from the Company	Remuneration from related parties of the Company
Chen Taisong	Supervisor	Male	53	Incumbent	99.97	No
Lin Qing	Vice President	Female	46	Incumbent	108.59	No
Zhen Bujun	Vice President	Male	54	Incumbent	104.77	No
Fu Hongbing	Vice President	Male	59	Incumbent	105.8	Yes
Yin Qiuming	Vice President, responsible person for accounting affairs	Male	49	Incumbent	98.23	No
Li Yuling	VicePresident	Male	51	Incumbent	96.89	No
Lu Hongzhen	Secretary of the board	Female	43	Incumbent	17.36	No
Wang Yao	Chairman of the board	Male	56	Former	135.09	No
Han Feng	Director	Male	59	Former	0	Yes
Xu Zhijian	Non-executive Director	Male	57	Former	6	No
Cai Yunqing	Non-executive Director	Female	69	Former	6	No
Ji Xueqing	Non-executive Director	Male	50	Former	6	No
Chen Tongguang	Non-executive Director	Male	55	Former	6	No
Feng Pantai	Chairman of supervisory committee	Male	61	Former	96.91	No
Zhou Wenqi	Supervisor	Female	55	Former	0	Yes
Zhu Wei	VicePresident	Male	44	Former	55.63	No
Total					1,601.92	

Share incentives for directors, supervisors and senior executives in the reporting period

Applicable  N/A

## 5. Staff in the Company

### 5.1 Number, functions and educational backgrounds of the staff

Number of in-service staff of the Company	7,116
Number of in-service staff of main subsidiaries	8,715
Total number of in-service staff	15,831
Total number of staff with remuneration during this period	15,831
Number of retirees to whom the Company or its main subsidiaries need to pay retirement pension	0
Functions	
Function by category	Number of staff
Production personnel	6,073
Sales personnel	5,644
R&D personnel	1,854
Financial personnel	226
Administrative personnel	1,821
Inner retired personnel	213
Total	15,831
Educational backgrounds	
Educational background by category	Number of staff
Master	284
Bachelor	3,843
Junior college	4,380
Senior high school and below	7,324
Total	15,831

### 5.2 Staff remuneration policy

The remuneration consists of basic payments, performance-related payments and benefit float award. The Company implemented the mechanism of position self-promotion, and

prepared the *Management Measures for Position Self-promotion*. In respect of quantity, quality, efficiency and economic value of the work, the Company further improved a quantified and assessable quantitative and qualitative indicators. It encourages employees to be spontaneous and to improve their work efficiency. It further improves the Company's management level, and achieves a win-win situation between the Company and employees

### **5.3 Staff training plans**

In 2020, the training work closely around the Company's annual meeting, in the form of project scheme, were carry out for senior and middle-level mangers, strategic reserve talents, Geshibai talents, Yanghe university lecturers, to improve leadership of senior and middle-level management personnel and strategic reserve talent capacity, ability to enhance performance and improve performance increase, professional knowledge learning of Geshibai technical personnel, the course development and teaching ability of the lecturers of Yanghe University. The Company innovatively organized training activities such as reading activities, teacher-led apprentices, and new employee induction. A total of 846 training sessions were organized throughout the year, with 62,670 participants, and 381 action results, among which 37 first-prize projects, 35 second-prize projects and 34 third-prize projects were evaluated for the improvement of all staff.

### **5.4 Labor outsourcing**

Applicable  N/A

## Section X Corporate Governance

### 1. Basic situation of corporate governance

The Company constantly optimizes the modern enterprise system and corporate governance structure with actual development of the Company, strictly in accordance with the *Corporate Law*, the *Securities Law*, *The Listed Company Governance Standards*, *Rules Governing Listing of Stocks on Shenzhen Stock Exchange* and *Guidelines on Standard Operation of SME Board Listed Companies on Shenzhen Stock Exchange* and other relevant laws and regulations. During the reporting period, the Company operates normatively with sound corporate governance. The situation of corporate governance of the Company meets the requirements of authority files of listed company corporate governance by CSRC.

#### 1.1. Shareholders and shareholders' general meeting

The shareholders' meeting of the Company has clear responsibilities, clear rules of procedure and effective implementation. According to the regulations such as *Articles of Incorporation* and *Company Rules of Procedure of The Shareholders' General Meeting*, the Company convenes and holds the shareholders' general meeting and discusses business affairs in the meeting normatively. The Company can treat all shareholders equally, and especially makes minority shareholders have equal status and fully exercise their own power. The board carried out all the decisions made by the annual meeting of shareholders carefully.

#### 1.2. Directors and board of directors

The responsibilities of the board of directors are clear and all the directors can perform their duties conscientiously and responsibly. The directors are elected carefully under the regulations of the *Corporate Law* and *Articles of Incorporation*. The board of the Company consists of 11 directors including 4 non-executive directors. The structure of the board of directors satisfies the requirements of laws and regulations. The board discusses business affairs according to *Corporate Law* and *Articles of Incorporation*. All the directors are able to attend the meeting and take responsibilities diligently according to the *Discussion Rules of the Board of Directors*, *The Working System of Non-executive Directors*, and other rules. All the directors seriously consider proposals and make scientific and reasonable decisions for significant events. They also protect the legal interests of the Company and all shareholders. Strategy Committee, Nomination Committee, Audit Committee, Remuneration and Appraisal Committee are four professional committees set under the board. The Committees have clear division of work and responsibilities and fully play professional role to offer scientific and professional suggestions for the decision-making of the board.

#### 1.3. Supervisors and board of supervisors

The duties of the board of supervisors are clear and all the supervisors can perform their duties conscientiously and responsibly. The supervisors are elected according to the *Corporate Law* and the *Articles of Incorporation*. The board of supervisors of the Company consists of 5 supervisors, including 2 staff representative supervisors. The

structure of the board of supervisors satisfies the requirements of laws and regulations. The board of supervisors discusses business affairs according to corporate law and articles of incorporation. Supervisors can attend the meeting according to the requirements of *Rules of Discussion Rules of the Board of Supervisors*. They take their own responsibilities seriously, supervise and make independent suggestions for the Company's significant events, financial conditions and the duties of directors and president, thereby, protecting legal interests of the Company and shareholders.

#### **1.4. Mechanism of evaluation and motivation**

The appointment of directors, supervisor and senior managers is open and transparent, which satisfies the requirements of relevant regulations and laws. The fair and transparent evaluation mechanism of the management has been built. During the reporting period, the management carried out the performance assessment according to the goal of annual operation plan. The management takes their responsibilities seriously and fulfills the duties.

#### **1.5. Relationship between controlling shareholders and listed company**

According to the requirement of the *Company Law*, the controlling shareholders take duties and rights of sponsor. The Company and the controlling shareholders implement independent accounting of personnel, assets, finance, organizations and business. They take responsibilities and risks separately. During the reporting period, controlling shareholders have no priority beyond the rights of shareholders' general meeting to directly and indirectly affect the decision-making and operation of the Company. There is no situation that controlling shareholders damage the legal interests of other shareholders. There is no significant related party transaction between the Company and the controlling shareholders. There is no situation that controlling shareholders occupy the funds of the listed company and the listed company tenders guarantee for controlling shareholders and the subsidiaries.

#### **1.6. Investors relationship management**

The Company focuses on the management of investors relationship to protect legal rights of investors. Except for the duties like diligence or honesty, the chairman of the board, the president, the board secretary has good communications and interactions with investors through reception of investor investigation and participating in performance explanation session and broker strategy meeting online. As the professional organization for investor relationship management, the securities department strengthens the communication with investors through telephone, email and [irm.cninfo.com.cn](http://irm.cninfo.com.cn). It fully makes sure that investors have right to know and protects their legal interests.

#### **1.7. Stakeholders, environmental protection and social responsibility**

The Company fully respects and protects legal interests of stakeholders and fulfills the duties of social responsibility. The Company strengthens the awareness of social responsibility and achieves the interest balance among society, government, shareholders, company, employees, etc. They jointly promote the harmonious and steady

development of the Company. The Company advocates the governance concept of "green brewery and ecological enterprise", and integrates ecological and environmental protection requirements into the Company's development strategy and corporate governance process. While maintaining the sustainable development, the Company actively participates in social public welfare and takes social responsibilities.

### **1.8. Information disclosure and transparency**

The information disclosure of the Company is implemented according to the requirements of supervision departments. The Company seriously implements the rules including *Information Disclosure Management Rule and Investors Relationship Management Rule*. The Company enhances the management of information disclosure affairs and takes responsibility of information disclosure legally and carefully, achieving the accuracy, integrity, fairness, timeliness of information disclosure. The information can be equally obtained by all shareholders.

### **1.9. Methods of improving internal control system construction**

The Company keeps on enhancing the corporate governance and the internal control system, which improves the management to a higher level. The Audit Committee fully examines and supervises the financial condition, the efficiency of internal control, the efficiency and rationality of corporate governance. The audit department of the Company, as an internal audit unit, carries out regular and continuous examination on perfection and implement situation of internal control system. It finds the Internal control defects and improves deficiencies timely, thus the effectiveness of internal control can be guaranteed. The operation management and anti-risk capacity are enhanced.

Any significant variances between the normative documents issued by the CSRC supervising the corporate governance of listed companies and the actual state of the Company's corporate governance.

Yes  No

No such cases in the reporting period.

## **2. Independency of businesses, personnel, assets, organizations and finance which are separate from the controlling shareholder**

### **2.1. In the aspect of business**

The Company has independent and integrated business structure and the ability to operate independently in the market. There is no peer competition between controlling shareholders and the Company. Besides, there is no such kind of situation that controlling shareholders intervene with operation of the Company directly or indirectly.

### **2.2 In the aspect of personnel**

The Company has built independent personnel management system and salary management system. Furthermore, the Company signed labor contracts with employees, chairman of the board, the president, vicepresident, the board secretary and

the responsible person for the Company's financial affairs obtain compensation from the Company rather than the controlling shareholders. The directors, senior managers and supervisors do not have positions illegally in other companies that have the same or similar business.

### 2.3 In the aspect of assets

There are clear property relations between the Company and controlling shareholders. The Company owns the independent land usage right and ownership of buildings. The Company independently registers and manages the properties with setting up accounts and accounting treatment for them. There is no situation that the controlling shareholders occupy and control the assets of the Company or intervene the operation management of the assets.

### 2.4 In the aspect of organization

The Company has well-structured organization system, including the shareholders' general meeting, the board of directors, supervisory committee, the management and functional departments. Related internal management and control system is established for clear division of function and interaction with each other. It forms an organic whole that ensures the legal operation. There is no affiliation with functional departments of controlling shareholders.

### 2.5 In the aspect of finance

Our company has completed and independent organization with professional financial employees. Independent accounting system and financial management are established. The Company sets bank accountants, pays taxes and makes financial decisions separately. There is no situation that controlling shareholders intervene with the financial management of the Company.

## 3. Horizontal competition

Applicable N/A

## 4. Annual meeting of shareholders and special meetings of shareholders convened during the reporting period

### 4.1. Meetings of shareholders convened during the reporting period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Disclosure index
2019 Annual general meeting of shareholders	General meeting of shareholders	78.61%	22May 2020	23May 2020	Announcement No. 2020-021, disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>

### 4.2. Special meetings of shareholders convened at the request of preference shareholders with resumed voting rights

Applicable N/A

## 5. Performance of non-executive directors during the reporting period

### 5.1. Attendance of non-executive directors in board meeting and meeting of shareholders

Attendance of non-executive directors in board meeting							
Non-executive director	Presence due in the reporting period(times)	Presence on site(times)	Presence by telecommunication(times)	Presence through proxy(times)	Absence(time s)	Absence for two consecutive times	Presence (times)
Xu Zhijian	6	4	2	0	0	No	1
Cai Yunqing	6	4	2	0	0	No	1
Ji Xueqing	6	4	2	0	0	No	1
Chen Tongguang	6	4	2	0	0	No	1

Explanation of absence of non-executive directors in meetings of the board for twice

N/A

### 5.2. Objections from non-executive directors in related issues of the company

Whether there are any objections on related issues of the Company from non-executive directors

Yes  No

No such cases in the reporting period.

### 5.3. Other details about the performance of duties by non-executive directors

Whether there are any suggestions from non-executive directors adopted by the Company?

Yes  No

Explanation about suggestions of non-executive directors is adopted by the Company or not

Company adopted the reasonable suggestions by non-executive directors.

## 6. Performance of duties by special committees under the broad during the reporting period

1). During the reporting period, the Strategic Committee held 1 meeting. It investigated 2019 the board work report in advance, made the 2020 annual work plan, offered scientific and reasonable suggestions and fulfilled the duties.

2). During the reporting period, the Nominations Committee held 3 meeting. It examined the qualification of Candidates nominated for directors and senior management to be appointed. The committee fulfilled the duties.

3). During the reporting period, the Audit Committee held 4 meetings. It earnestly urged the internal audit department to carry out daily audit and special audit, strictly examined the implementation of internal control system related to financial report and daily operation, and actively coordinated and supervised the audit and reappointment of accountants. The committee fulfilled the duties.

4). During the reporting period, the Remuneration and Appraisal Committee held 1 meeting. It examined and supervised the salary of directors, senior managers and remuneration performance in 2019. The information disclosure of the Company about the salary of directors and senior managers is correct and true and as the same as the examination in 2019. The committee fulfilled the duties.

## 7. Performance of duties by the supervisory committee

Whether there are any risks to the Company identified by supervisory committee when performing its duties during the reporting period.

Yes  No

No such cases in the reporting period.

## 8. Evaluation and motivation mechanism for the senior management

At the beginning of the establishment of the evaluation and motivation mechanism, it was explicitly illustrated in *Trial Implementation Measures for the Annual Salary of General Manager (Revision)*. The evaluation and motivation of senior managers are mainly reflected in annual salary system. The board of directors evaluates and motivates the senior managers mainly according to the satisfaction of clients, safety index, quality index and financial index. The management implements the annual salary system. The basic part of annual salary is paid monthly on average and the remaining part will be paid at the end of the year according to the results of evaluation. If it does not reach the evaluation index, the remaining parts will not be paid. In 2020, based on the above rules, the Remuneration and Appraisal Committee examined the situation of the management's performance in 2019.

## 9. Internal control

### 9.1. Significant internal control deficiencies found in the reporting period

Yes  No

### 9.2. Internal control self-assessment report

Disclosure date of the internal control self-assessment report	29 April 2021
Disclosure index of the internal control self-assessment report	The internal control self-assessment report disclosed on www.cninfo.com.cn on 29 April 2021
Ratio of the total assets of the appraised entities to the consolidated total assets	99.27%
Ratio of the operating revenues of the appraised entities to the	100.00%

consolidated operating revenue		Defect identification standard	
Type	Financial-report related	Non-financial-report related	
Qualitative standard	<p>(1) The indicators of significant deficiencies of financial report including : i. Corrupt transaction of directors, senior managers and supervisors ; ii. The management cannot figure out the significant misstatement during the operation process of operation, but these misstatements are found by others ; iii. Based on the results of evaluation of internal control, the significant deficiencies are not rectified ; iv. Audit Committee and Internal Audit Agency are not effective in supervising the internal control. (2) The indicators of material deficiencies including : i. Accounting policy has not been chosen or used under the general accepted accounting principles ; ii. The anti-fraud program and control measures have not been built ; iii. The controlling system or compensation system of accounting treatment of irregular or special trade has not formed ; iv. The control of the process of financial reporting at the period end exist the situation that one or more deficiencies are found and the veracity and accuracy cannot be proved. (3) general control deficiencies refer to the other control defects except for significant defects and important defects above.</p>	<p>If condition below appears, it can be considered as significant deficiencies, others can be divided into material defect or general defect according to impact extent. : (1) The Company suffer from serious mistakes and major property loss due to lake of democratic decision-making procedures or unscientific procedures ; (2) Violate national regulations and laws seriously ; (3) Lake of important management system or it doesn't work ; (4) Significant or material deficiencies of internal control cannot be regulated in time ; (5) Material deficiencies of internal control appear continuously or in quantity.</p>	
Quantitative standard	<p>Significant deficiencies: Misstatement &gt; 3% of total operating revenue; Misstatement &gt; 5% of gross profits; Misstatement &gt; 2% of total assets.  Material deficiencies: 1% of total operating revenue &lt; Misstatement ≤ 3% of total operating revenue; 3% of gross profits &lt; Misstatement ≤ 5% of gross profits; 1% of total assets &lt; Misstatement ≤ 2% of total assets.  General deficiencies: Misstatement ≤ 1% of total operating revenue; Misstatement ≤ 3% of net profits; Misstatement ≤ 1% of total assets</p>	<p>Significant deficiencies: ratio of loss of total assets ≥ 1%.  Material deficiencies: 0.5% ≤ ratio of loss of total assets &lt; 1%  General deficiencies: ratio of loss of total assets &lt; 0.5%</p>	
Number of financial-report significant defects	0		
Number of non-financial-report significant defects	0		
Number of important financial-report related defects	0		
Number of important Non-financial-report related defects	0		

## 10. Auditor's report on internal control

N/A

## **Section XI Information about Corporate Bond**

Whether there exists a public issue and listing of corporate bond that is not yet due or failed to be redeemed at the date of the financial report authorized.

No

## Section XII Financial Report

### I. Auditor's report

Type of audit report	Standard and unqualified opinion
Date of signature	27 April 2021
Name of Audit	Suya Jincheng Certified Public Accountants LLP
No. of auditor's report	Suya Audit [2021] No.735
Names of auditors	Li Laimin, Li Yan

### Auditor's Report

To the shareholders of Jiangsu Yanghe Distillery Co., Ltd.:

#### Opinion

We have audited the financial statements of Jiangsu Yanghe Distillery Co., Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated balance sheet and balance sheet as at 31 December 2020, consolidated income statement and income statement, consolidated cash flow statement and cash flow statement, consolidated statement of changes in owners' equity and statement of changes in owners' equity for the year then ended and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the company as at 31 December 2020 and its operating results and cash flow for the year then ended.

#### Basis for opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs") for Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of professional ethics for Certified Public Accountants in China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>1. Recognition of revenue</b>	
Please refer to Significant accounting policies and accounting estimates, and Notes to the main items of the consolidated financial statements.	
<b>Key audit matters</b>	<b>How our audit addressed the key audit matter</b>
The Company's specific condition of revenue recognition is that revenue is recognized after customer acceptance based on transfer of control. In 2020, the Company's annual operating revenue was CNY21.101 billion. The amount substantial and operating revenue is an important component of income statement. Therefore, we identified operating revenue as a key audit matter.	Our procedures in relation to revenue recognition included: (1) Understood, tested and evaluated the effectiveness of internal control of sales and cash receipts cycle designed and executed by the management. (2) Through sampling inspection of the sales contract, identified the contractual rights and obligations, evaluated the point of time of performance obligations and evaluated whether the judgment of the transfer of control related to revenue recognition conforms to the Company's accounting policies and Accounting Standards for Business Enterprises. (3) Judged whether there is an abnormal fluctuation of revenue in the reporting period with the analytic review of revenue and gross profit margin in combination with product category. (4) Sampling inspection of supporting documents related to revenue recognition including sales contracts or orders, invoices, delivery lists or receiving reports, shipping lists and bank slips. (5) Implemented the external confirmation of selected major franchisers and inspected the payback of account receivables after the reporting period in combination with audit of accounts receivable and contract liabilities. (6) Sampling inspection of calculation and accounting treatment of sales discount and sales allowance (7) Chose samples from sales revenue records before and after the balance sheet date, inspected related supporting documents and evaluated whether the revenue recorded in the appropriate accounting period.
<b>2. Existence, valuation and allocation of inventories</b>	
Please refer to Significant accounting policies and accounting estimates and Notes to the Main Items of the Consolidated Financial Statements.	
<b>Key audit matters</b>	<b>How our audit addressed the key audit matter</b>
As at 31 December 2020, the book value	Our procedures in relation to existence,

<p>of inventory is CNY 14.853 billion, accounting for 27.57% of the total assets and 39.89% of all current assets. The book value of the inventories at year end is relatively large and accounts for a relatively large proportion of the total assets at year end. Therefore, the existence, valuation and apportionment of inventories are identified as a key audit matter.</p>	<p>valuation, allocation of inventories included:</p> <p>(1) Understood and evaluated the effectiveness of management's design and implementation of inventory-related internal control.</p> <p>(2) Carried out the inventory analysis review procedure.</p> <p>(3) Implement stock-taking procedures at the end of the period.</p> <p>(4) Sample check of production cost calculation table and other cost accounting data, and conducted valuation test on inventory, and evaluated the accuracy of closing balance of inventory.</p> <p>(5) Obtained the calculation table of provision for stock obsolescence, conduct the inventory impairment test, reviewed the inventory impairment test process, and checked whether the provision for stock obsolescence is made sufficiently.</p>
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### Other information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of directors and those charged with governance for the financial statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with the disclosure requirements of Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to ensure the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

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

(4) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all

relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Suya Jincheng Certified Public Accountants LLP

Nanjing, China

Li Laimin

Certified Public Accountant of China

Li Yan,

Certified Public Accountant of China

27 April 2021

## II. Financial statements

The unit of statement in financial notes is: CNY

Prepared by: Jiangsu Yanghe Distillery Co., Ltd.

### Consolidated balance sheet As at 31 December 2020

Unit: CNY

Item	Balance as at 31 December, 2020	Balance as at 31 December, 2019
<b>Current assets:</b>		
Cash and cash equivalents	7,243,186,362.29	4,300,144,848.67
Settlement reserves		
Lending funds		
Financial assets held for trading	14,301,978,905.17	17,976,767,209.45
Derivative financial assets		
Notes receivables	613,496,333.71	659,266,780.81
Accounts receivables	4,225,230.90	16,080,618.65
Account receivables financing		
Prepayment	9,358,846.48	200,115,325.19
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve		

Other receivables	30,318,938.67	37,521,590.52
Including:Interests receivable		
Dividends receivable		
Buying back the sale of financial assets		
Inventories	14,852,694,146.30	14,433,244,696.27
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	182,837,070.99	183,119,654.47
<b>Total current assets</b>	<b>37,238,095,834.51</b>	<b>37,806,260,724.03</b>
<b>Non-current assets:</b>		
Disbursement of loans and advances		
Investment in debt instruments		
Investment in other debt instruments		
Long-term receivables		
Long-term equity investments	29,528,377.16	25,361,651.38
Investment in other equity instruments		
Other non-current financial assets	6,366,958,225.81	5,050,851,671.16
Investment property		
Fixed assets	6,882,953,634.34	7,256,557,503.85
Construction in progress	223,468,482.24	263,153,505.12
Productive biological assets		
Oil and gas assets		
Right-of-use asset		
Intangible assets	1,713,526,693.10	1,747,134,144.14
Development expenses		
Goodwill	276,001,989.95	276,001,989.95
Long-term deferred expenses	127,071.76	254,143.60
Deferred tax assets	925,921,403.51	825,064,057.57
Other non-current assets	209,677,594.21	204,398,450.18
<b>Total non-current assets</b>	<b>16,628,163,472.08</b>	<b>15,648,777,116.95</b>
<b>Total assets</b>	<b>53,866,259,306.59</b>	<b>53,455,037,840.98</b>
<b>Current liabilities:</b>		
Short-term loans		
Borrowings from the central bank		
Loans from other banks		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payables	1,151,871,136.29	1,330,649,116.82
Advance from customer		6,753,595,187.64
Contract liabilities	8,801,346,891.32	
Financial assets sold for repurchase		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Receivings from vicariously sold securities		
Employee benefits payable	196,241,487.31	116,094,163.25

Taxes payable	2,152,806,156.43	1,815,288,006.47
Other payables	1,556,699,290.45	6,521,146,762.07
Including: Interests payable		
Dividends payable		
Handling charges and commissions payable		
Reinsurance accounts payables		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	798,216,651.49	
<b>Total current liabilities</b>	<b>14,657,181,613.29</b>	<b>16,536,773,236.25</b>
<b>Non-current liabilities:</b>		
Insurance contract reserves		
Long-term loans	36,360.00	72,723.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities		
Long-term payables	197,049,341.93	197,623,728.85
Long-term payroll payables		
Accrued liabilities		
Deferred income	85,999,500.00	89,756,500.00
Deferred tax liabilities	456,339,414.38	139,259,083.16
Other non-current liabilities		
Total non-current liabilities	739,424,616.31	426,712,035.01
<b>Total liabilities</b>	<b>15,396,606,229.60</b>	<b>16,963,485,271.26</b>
<b>Shareholders' equity</b>		
Share capital	1,506,988,000.00	1,506,988,000.00
Other equity instruments		
Including: preference shares		
Perpetual bonds		
Capital reserves	741,532,550.13	741,532,550.13
Less: treasury stock	1,002,128,680.79	
Other comprehensive income	-5,213,248.93	-3,608,771.16
Special reserves		
Surplus reserves	753,494,000.00	753,494,000.00
General risk reserve		
Undistributed profits	36,489,911,363.13	33,510,429,712.50
<b>Total equity attributable to owners of the parent company</b>	<b>38,484,583,983.54</b>	<b>36,508,835,491.47</b>
Non-controlling interests	-14,930,906.55	-17,282,921.75
<b>Total owners' equity</b>	<b>38,469,653,076.99</b>	<b>36,491,552,569.72</b>
<b>Total liabilities and owners' equity</b>	<b>53,866,259,306.59</b>	<b>53,455,037,840.98</b>

Legal representative: Zhang Liandong

Person in charge of accounting affairs: Yin Qiuming

Person in charge of accounting department: Zhao Qike

**Balance sheet of parent company  
As at 31 December 2020**

Unit: CNY

Item	Balance as at 31 December	Balance as at 31 December
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	2020	2019
<b>Current assets:</b>		
Cash and cash equivalents	5,713,353,085.92	3,741,676,596.22
Financial assets held for trading	2,096,497,598.93	6,991,814,305.98
Derivative financial assets		
Notes receivables	74,100,000.00	493,500.00
Accounts receivables	387,657,700.12	900,252,229.11
Account receivables financing		
Prepayment	84,206,238.58	110,564,280.51
Other receivables	10,403,769,305.69	8,154,899,373.55
Including: Interests receivable		
Dividends receivable	1,775,818,203.33	
Inventories	10,343,443,087.16	10,476,945,420.09
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets		303,163.88
<b>Total current assets</b>	<b>29,103,027,016.40</b>	<b>30,376,948,869.34</b>
<b>Non-current assets:</b>		
Investment in debt instruments		
Investment in other debt instruments		
Long-term receivables		
Long-term equity investments	7,964,291,378.23	7,964,291,378.23
Investment in other equity instruments		
Other non-current financial assets	2,480,599,923.11	1,467,783,926.91
Investment property		
Fixed assets	4,416,370,356.00	4,641,909,489.16
Construction in progress	58,004,537.10	183,652,813.42
Productive biological assets		
Oil and gas assets		
Right-of-use asset		
Intangible assets	1,208,261,829.54	1,230,216,202.93
Development expenses		
Goodwill		
Long-term deferred expenses		
Deferred tax assets	8,032,095.76	6,181,509.39
Other non-current assets	173,867,010.21	170,318,838.68
<b>Total Non-current Assets</b>	<b>16,309,427,129.95</b>	<b>15,664,354,158.72</b>
<b>Total Assets</b>	<b>45,412,454,146.35</b>	<b>46,041,303,028.06</b>
<b>Current liabilities:</b>		
Short-term loans		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payables	839,199,956.37	1,066,947,279.95
Advance from customer		16,238,064,053.40
Contract liabilities	10,764,681,770.37	
Employee benefits payable		
Taxes payable	809,734,252.60	202,771,495.61
Other payables	186,265,132.79	180,236,563.85

Including:Interests payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	1,396,504,456.42	
<b>Total current liabilities</b>	<b>13,996,385,568.55</b>	<b>17,688,019,392.81</b>
<b>Non-current liabilities:</b>		
Long-term loans	36,360.00	72,723.00
Bonds payable		
Including : preference shares		
Perpetual bonds		
Lease liabilities		
Long-term payables	144,254,229.73	144,680,616.65
Long-term payroll payables		
Provisions		
Deferred income	5,000,000.00	
Deferred tax liabilities	387,147,470.28	49,541,198.05
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b>536,438,060.01</b>	<b>194,294,537.70</b>
<b>Total liabilities</b>	<b>14,532,823,628.56</b>	<b>17,882,313,930.51</b>
<b>Owners' equity (or shareholders' equity)</b>		
Share capital	1,506,988,000.00	1,506,988,000.00
Other equity instruments		
Including: preference shares		
Perpetual bonds		
Capital reserves	1,341,628,480.93	1,341,628,480.93
Less: treasury stock	1,002,128,680.79	
Other comprehensive income		
Special reserves		
Surplus reserves	753,494,000.00	753,494,000.00
Undistributed profits	28,279,648,717.65	24,556,878,616.62
<b>Total owners' equity</b>	<b>30,879,630,517.79</b>	<b>28,158,989,097.55</b>
<b>Total liabilities and owners' equity</b>	<b>45,412,454,146.35</b>	<b>46,041,303,028.06</b>

### Consolidated Income Statement For the year ended 31 December 2020

Unit: CNY

Item	Year 2020	Year 2019
<b>1. Total operating revenue</b>	21,101,051,131.79	23,126,476,885.07
Including:Operating revenue	21,101,051,131.79	23,126,476,885.07
Interest income		
Earned premium		
Fee and commission income		
<b>2. Total operating costs</b>	13,773,294,252.09	14,457,584,017.39
Including: cost of sales	5,851,904,596.71	6,626,362,251.24
Interest expense		
Handling charges and commission expenses		
Refunded premiums		
Net payments for insurance claims		

Net provision for insurance contracts		
Bond insurance expense		
Reinsurance expenses		
Taxes and surcharges	3,415,645,769.03	3,201,479,826.09
Selling and distribution expenses	2,603,804,157.78	2,691,711,170.59
General and administrative expenses	1,729,080,201.93	1,856,491,727.00
Research and Development expenses	260,094,291.03	159,965,593.88
Financial expenses	-87,234,764.39	-78,426,551.41
Including: Interest expenses	1,964.00	2,618.00
Interest income	104,495,154.37	77,589,503.94
Plus: Other income	98,969,626.89	84,977,755.15
Investment income ("-" for losses)	1,206,683,362.49	850,554,207.62
Including: income from investment in associates and joint ventures	3,940,820.47	-4,447,288.34
Disposal of financial instruments at amortised cost ("-" for losses)		
Foreign exchange gains ("-" for losses)		
Net exposure to hedging gains("-"for loss)		
Gains from the changes in fair values ("-" for losses)	1,267,682,598.52	158,679,505.33
Losses from credit impairment ("-" for losses)	246,482.45	-18,956,346.26
Losses from asset impairment ("-" for losses)	-6,196,876.85	-2,248,496.85
Gains from disposal of assets ("-" for losses)	45,438.89	19,983,101.67
<b>3. Operating profits ("-" for losses)</b>	<b>9,895,187,512.09</b>	<b>9,761,882,594.34</b>
Plus: non-operating income	25,039,870.29	22,245,954.37
Less: non-operating expenses	41,325,490.38	13,324,291.70
<b>4. Total profits before tax ("-" for total losses)</b>	<b>9,878,901,892.00</b>	<b>9,770,804,257.01</b>
Less: income tax expenses	2,394,295,578.08	2,384,713,341.80
<b>5. Net profit ("-" for net loss)</b>	<b>7,484,606,313.92</b>	<b>7,386,090,915.21</b>
Classification by operating continuity		
Net profit from continuing operation ("-" for losses)	7,484,606,313.92	7,386,090,915.21
Net profit from discontinued operation ("-" for losses)		
Classification by owners		
Attributable to owners of the parent company	7,482,228,633.63	7,382,822,726.87
Attributable to non-controlling interests	2,377,680.29	3,268,188.34
<b>6. Net of tax from other comprehensive income</b>	<b>-1,630,142.86</b>	<b>-2,228,748.45</b>
Net of tax from other comprehensive income to the owner of the parent company	-1,604,477.77	-2,238,030.31
Other comprehensive income cannot reclassified into the profit and loss:		
Including: Changes in rereasured defined benefit obligations		
Share in other comprehensive		

income that cannot be classified into profit and loss under equity method		
Changes in the fair value of other equity instruments		
Fair value changes in enterprise's own credit risk		
Others		
Other comprehensive income that will be reclassified into the profit and loss	-1,604,477.77	-2,238,030.31
Including: Share in other comprehensive income that will be classified into profit and loss under equity method	-342,416.50	178,619.29
Net gain on debt instruments at fair value through other comprehensive income		
Profit and loss of fair value changes of financial assets available for sale		
The amount of financial assets reclassified into other comprehensive income		
Hold-to-maturity investments are reclassified as gains and losses on financial assets available for sale		
Other debt investment credit impairment provision		
Cash flow hedging reserve		
Balance arising from the translation of foreign currency financial statements	-1,262,061.27	-2,416,649.60
Others		
Net of tax from other comprehensive income to non-controlling interests	-25,665.09	9,281.86
<b>7. Total comprehensive income</b>	<b>7,482,976,171.06</b>	<b>7,383,862,166.76</b>
Total comprehensive income attributable to owners of the parent company	7,480,624,155.86	7,380,584,696.56
Total comprehensive income attributable to non-controlling interests	2,352,015.20	3,277,470.20
<b>8. Earnings per share</b>		
(1) Basic earnings per share	4.9843	4.8991
(2) Diluted earnings per share	4.9843	4.8991

Where an enterprise is merged under the same control in the current period, the net profit realized by the merged party before the merger is: CNY 0.00, and the net profit realized by the merged party in the previous period is: CNY 0.00.

Legal representative: Zhang Liandong

Person in charge of accounting affairs: Yin Qiuming

Person in charge of accounting department: Zhao Qike

### Income statement of parent company For the year ended 31 December 2020

Unit: CNY

Item	Year 2020	Year 2019
<b>1. Operating revenue</b>	9,815,174,332.42	9,617,136,329.14
Less: Cost of sales	4,803,282,641.30	5,300,856,882.21

Taxes and surcharges	2,935,628,072.08	2,584,040,346.46
Selling and distribution expenses	3,062,752.15	6,153,145.12
General and administrative expenses	886,635,671.06	981,489,516.86
Research and Development expenses	244,483,533.34	157,807,557.00
Financial expenses	-61,151,383.38	-56,610,787.22
Including: Interest expenses	1,964.00	2,618.00
Interest income	75,649,553.46	58,715,233.69
Plus: Other income	16,130,425.67	15,964,590.12
Investment income ("-" for losses)	6,468,741,332.69	6,858,473,174.64
Including: income from investment in associates and joint ventures		
Disposal of financial instruments at amortised cost ("-" for losses)		
Net exposure to hedging gains ("-" for loss)		
Gains from the changes in fair values ("-" for losses)	1,350,425,088.90	-106,912,987.67
Losses from credit impairment ("-" for losses)	1,891,472.97	-3,495,447.82
Losses from asset impairment ("-" for losses)	-6,196,876.85	-2,248,496.85
Gains from disposal of assets ("-" for losses)		9,155,544.78
<b>2. Operating profits ("-" For Losses)</b>	<b>8,834,224,489.25</b>	<b>7,414,336,045.91</b>
Plus: non-operating income	10,689,415.40	3,926,021.74
Less: non-operating expenses	32,071,726.22	4,260,647.57
<b>3. Total profits before tax ("-" For Total Losses)</b>	<b>8,812,842,178.43</b>	<b>7,414,001,420.08</b>
Less: income tax expenses	587,325,094.40	207,035,832.38
<b>4. Net profit ("-" For Net Loss)</b>	<b>8,225,517,084.03</b>	<b>7,206,965,587.70</b>
Net profit from continuing operation ("-" for losses)	8,225,517,084.03	7,206,965,587.70
Net profit from discontinued operation ("-" for losses)		
<b>5. Net of tax from other comprehensive income</b>		
Other comprehensive income cannot reclassified into the profit and loss:		
Including: Changes in remeasured defined benefit obligations		
Other comprehensive income that cannot be transferred under the equity method		
Net gain on equity instrument at fair value through other comprehensive income		
Fair value changes in enterprise's own credit risk		
Others		
Other comprehensive income that will be reclassified into the profit and loss		

Including: Share in other comprehensive income that will be classified into profit and loss under equity method		
Net gain on debt instruments at fair value through other comprehensive income		
Profit and loss of fair value changes of financial assets available for sale		
The amount of financial assets reclassified into other comprehensive income		
Hold-to-maturity investments are reclassified as gains and losses on financial assets available for sale		
Other debt investment credit impairment provision		
Cash flow hedging reserve		
Balance arising from the translation of foreign currency financial statements		
others		
<b>6. Total comprehensive income</b>	8,225,517,084.03	7,206,965,587.70
<b>7. Earnings per share</b>		
(1)Basic earnings per share		
(2)Diluted earnings per share		

### Consolidated Statement of Cash Flows For the year ended 31 December 2020

Unit: CNY

Item	Year 2020	Year 2019
<b>1. Cash flows from operating activities</b>		
Cash received from sale of goods and rendering of services	21,527,429,733.96	28,157,803,517.41
Net increase in customer bank deposits and placement from banks and other financial institutions		
Net increase in loans from central bank		
Net increase in loans from other financial institutions		
Premiums received from original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits and investments from policyholders		
Cash received from interest, handling charges and commissions		
Net increase in placements from other financial institutions		
Net capital increase in repurchase business		
Net cash received for the sale of		

securities		
Refunds of taxes and surcharges	3,754,079.47	
Cash received from other operating activities	369,789,635.60	260,350,164.67
<b>Sub-total of cash inflows from operating activities</b>	<b>21,900,973,449.03</b>	<b>28,418,153,682.08</b>
Cash paid for goods purchased and services received	6,286,561,510.66	6,764,469,880.73
Net increase in loans and advances to customers		
Net increase in deposits in central bank and other banks and financial institutions		
Cash paid for original insurance contract claims		
A net increase in divested funds		
Cash paid for interests, handling charges and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	2,154,721,871.26	2,248,376,328.48
Cash paid for taxes and surcharges	7,194,164,716.07	9,642,918,810.91
Cash paid for other operating activities	2,286,734,515.24	2,964,496,790.55
<b>Sub-total of cash outflows from operating activities</b>	<b>17,922,182,613.23</b>	<b>21,620,261,810.67</b>
<b>Net cash flows from operating activities</b>	<b>3,978,790,835.80</b>	<b>6,797,891,871.41</b>
<b>2. Cash flows from investing activities</b>		
Cash received from disposal of investments	29,694,068,687.78	39,845,997,675.65
Cash received from returns on investments	1,202,721,025.76	828,033,083.69
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	210,268.97	24,075,082.94
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
<b>Sub-total of cash inflows from investing activities</b>	<b>30,896,999,982.51</b>	<b>40,698,105,842.28</b>
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	353,104,399.72	317,159,366.30
Cash paid for investments	26,071,060,798.23	41,674,161,609.88
Net increase in pledge loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
<b>Sub-total of cash outflows from investing activities</b>	<b>26,424,165,197.95</b>	<b>41,991,320,976.18</b>

<b>Net cash flows from investing activities</b>	4,472,834,784.56	-1,293,215,133.90
<b>3. Cash flows from financing activities</b>		
Cash received from investors		
Including: cash received by subsidiaries from investments by minority shareholders		
Cash received from borrowings		
Cash received from other financing activities		
<b>Sub-total of cash inflows from financing activities</b>		
Cash paid for debt repayments	36,363.00	36,365.00
Cash paid for distribution of dividends and profits or payment of interest	4,502,748,947.00	4,822,364,218.00
Including: dividends and profits paid to minority shareholders by subsidiaries		
Cash paid for other financing activities	1,002,128,680.79	750,000.00
<b>Sub-total of cash outflows from financing activities</b>	5,504,913,990.79	4,823,150,583.00
<b>Net cash flows from financing activities</b>	-5,504,913,990.79	-4,823,150,583.00
<b>4. Effect of fluctuation in exchange rate on cash and cash equivalents</b>	-3,670,115.95	3,270,386.19
<b>5. Net increase in cash and cash equivalents</b>	2,943,041,513.62	684,796,540.70
Plus: balance of cash and cash equivalents at the beginning of the period	4,300,144,848.67	3,615,348,307.97
<b>6. Balance of cash and cash equivalents at the end of the period</b>	7,243,186,362.29	4,300,144,848.67

**Cash flow statements of parent company  
For the year ended 31 December 2020**

Unit: CNY

Item	Year 2020	Year 2019
<b>1. Cash flows from operating activities</b>		
Cash received from sale of goods and rendering of services	7,298,161,290.23	12,584,198,907.24
Refunds of taxes and surcharges	3,748,884.67	
Cash received from other operating activities	115,821,893.81	132,079,899.80
<b>Sub-total of cash inflows from operating activities</b>	7,417,732,068.71	12,716,278,807.04
Cash paid for goods purchased and services received	4,754,965,644.22	4,836,044,878.55
Cash paid to and on behalf of employees	976,080,459.90	1,068,195,037.31
Cash paid for taxes and surcharges	3,310,811,322.45	4,436,521,595.18

Cash paid for other operating activities	658,812,311.64	7,532,523,407.67
<b>Sub-total of cash outflows from operating activities</b>	9,700,669,738.21	17,873,284,918.71
<b>Net cash flows from operating activities</b>	-2,282,937,669.50	-5,157,006,111.67
<b>2. Cash flows from investing activities</b>		
Cash received from disposal of investments	14,332,925,799.75	22,661,938,083.48
Cash received from returns on investments	4,692,923,129.36	6,816,504,503.68
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	53,146.71	11,230,158.55
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
<b>Sub-total of cash inflows from investing activities</b>	19,025,902,075.82	29,489,672,745.71
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	165,081,329.81	218,187,673.01
Cash paid for investments	9,100,000,000.00	17,400,106,712.99
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
<b>Sub-total of cash outflows from investing activities</b>	9,265,081,329.81	17,618,294,386.00
<b>Net cash flows from investing activities</b>	9,760,820,746.01	11,871,378,359.71
<b>3. Cash flows from financing activities</b>		
Cash received from investors		
Cash received from loans		
Cash received from other financing activities		
<b>Sub-total of cash inflows from financing activities</b>		
Cash paid for debt repayments	36,363.00	36,365.00
Cash paid for distribution of dividends and profits or payment of interest	4,502,748,947.00	4,822,364,218.00
Cash paid for other financing activities	1,002,128,680.79	
<b>Sub-total of cash outflows from financing activities</b>	5,504,913,990.79	4,822,400,583.00
<b>Net cash flows from financing activities</b>	-5,504,913,990.79	-4,822,400,583.00
<b>4. Effect of fluctuation in exchange rate on cash and cash equivalents</b>	-1,292,596.02	130,761.11
<b>5. Net increase in cash and cash</b>	1,971,676,489.70	1,892,102,426.15

<b>equivalents</b>		
Plus: balance of cash and cash equivalents at the beginning of the period	3,741,676,596.22	1,849,574,170.07
<b>6. Balance of cash and cash equivalents at the end of the period</b>	5,713,353,085.92	3,741,676,596.22

**Consolidated statement of changes in shareholders' equity**  
**For the year ended 31 December 2020**

Unit: CNY

Item	Year 2020														
	Equity attributable to owners of the parent company												Non-controlling interests	Total shareholders' equity	
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others			Subtotal
	Preferred stock	Perpetual bond	Others												
<b>1. Balance as at 31 December of last year</b>	1,506,988,000.00				741,532,550.13		-3,608,771.16		753,494,000.00		33,510,429,712.50		36,508,835,491.47	-17,282,921.75	36,491,552,569.72
Plus: adjustments for changes in accounting policies															
Adjustments for correction of accounting errors in prior year															
Business combinations under common control															
Others															
<b>2. Balance as at January 1 of the current</b>	1,506,988,000.00				741,532,550.13		-3,608,771.16		753,494,000.00		33,510,429,712.50		36,508,835,491.47	-17,282,921.75	36,491,552,569.72

year														
<b>3.Increases/d eases in the current year (“-” for decreases)</b>						1,002,1 28,680. 79	- 1,604,477.7 7				2,979,481,6 50.63	1,975,748, 492.07	2,352,01 5.20	1,978,10 0,507.27
(1) Total comprehensiv e income							- 1,604,477.7 7				7,482,228,6 33.63	7,480,624, 155.86	2,352,01 5.20	7,482,97 6,171.06
(2) Capital contributed or reduced by owners						1,002,1 28,680. 79						- 1,002,128, 680.79		- 1,002,12 8,680.79
Capital contributions by owners														
Capital contributions by other equity instruments holders														
Amounts of share-based payments recognized in owners' equity														
Others						1,002,1 28,680. 79						- 1,002,128, 680.79		- 1,002,12 8,680.79
(3) Profit distribution											- 4,502,746,9 83.00	- 4,502,746, 983.00		- 4,502,74 6,983.00
Withdrawal of														

surplus reserves															
Withdrawal of general risk reserve															
Profit distributed to owners (or shareholders)											4,502,746,983.00	-	4,502,746,983.00	-	4,502,746,983.00
Others															
(4) Internal carry-forward of owners' equity															
Conversion of capital reserves into paid-in capital															
Conversion of surplus reserves into paid-in capital															
Surplus reserves offsetting losses															
Amount of Changes in setting benefit plan transfer to retained earnings															
Other															

comprehensive income transferred to retained earnings															
Others															
(5) Special reserves															
Withdrawal for the period															
Use for the period															
Others															
<b>4. Balance as at 31 December of the current year</b>	1,506,988,000.00				741,532,550.13	1,002,128,680.79	-5,213,248.93		753,494,000.00		36,489,911,363.13		38,484,583,983.54	-14,930,906.55	38,469,653,076.99

Item	Year 2019														
	Equity attributable to owners of the parent company												Non-controlling interests	Total shareholders' equity	
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others			Subtotal
	Preferred stock	Perpetual bond	Others												
<b>1. Balance as at 31 December of last year</b>	1,506,988,000.00				741,704,076.44		-141,964,710.15		753,494,000.00		30,784,308,899.94		33,644,530,266.23	-20,011,735.87	33,624,518,530.36
Plus: adjustments for changes in							140,593,969.30				165,659,685.69		306,253,654.99	29,817.62	306,283,472.61





Conversion of surplus reserves into paid-in capital															
Surplus reserves offsetting losses															
Carry-forward of retained earnings from changes in defined benefit plans															
Other comprehensive income transferred to retained earnings															
Others															
(5) Special reserves															
Withdrawal for the period															
Use for the period															
(6) Others															
<b>4. Balance as at 31 December of the current year</b>	1,506,988,000.00				741,532,550.13		3,608,771.16		753,494,000.00		33,510,429,712.50		36,508,835,491.47	-17,282,921.75	36,491,552,569.72

**Statement of changes in shareholders' equity of parent company**  
**For the year ended 31 December 2020**

Unit: CNY

Item	Year 2020											
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Others	Total shareholders' equity
		Preferred stock	Perpetual bond	Others								
<b>1. Balance as at 31 December of last year</b>	1,506,988,000.00				1,341,628,480.93				753,494,000.00	24,556,878,616.62		28,158,989,097.55
Plus: adjustments for changes in accounting policies												
adjustments for correction of accounting errors in prior year												
Others												
<b>2. Balance as at January 1 of the current year</b>	1,506,988,000.00				1,341,628,480.93				753,494,000.00	24,556,878,616.62		28,158,989,097.55
<b>3. Increases/decreases in the current year ("-" for decreases)</b>						1,002,128,680.79				3,722,770,101.03		2,720,641,420.24
(1) Total comprehensive income										8,225,517,084.03		8,225,517,084.03
(2) Capital contributed or reduced by owners						1,002,128,680.79						-1,002,128,680.79
Capital contributions by owners (common stock)												
Capital contributions by other equity instruments												

holders												
Amounts of share-based payments recognized in owners' equity												
Others						1,002,128,680.79						-1,002,128,680.79
(3)Profit distribution										-4,502,746,983.00		-4,502,746,983.00
Withdrawal of surplus reserves												
Profit distributed to owners (or shareholders)										-4,502,746,983.00		-4,502,746,983.00
Others												
(4) Internal carry-forward of owners' equity												
Conversion of capital reserves into paid-in capital												
Conversion of surplus reserves into paid-in capital												
Surplus reserves offsetting losses												
Amount of Changes in setting benefit plan transfer to retained earnings												
Other comprehensive income transferred to retained earnings												

Others											
(5) Special reserves											
Withdrawal for the period											
Use for the period											
(6) Others											
<b>4. Balance as at 31 December of the current year</b>	1,506,988,000.00				1,341,628,480.93	1,002,128,680.79			753,494,000.00	28,279,648,717.65	30,879,630,517.79

### Statement of Changes in Shareholders' Equity For the year ended 31 December 2020

Unit: CNY

Item	Year 2019											
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Others	Total shareholders' equity
		Preferred stock	Perpetual bond	Others								
<b>1. Balance as at 31 December of last year</b>	1,506,988,000.00				1,341,628,480.93				753,494,000.00	21,942,516,695.42		25,544,627,176.35
Plus: adjustments for changes in accounting policies										229,757,933.50		229,757,933.50
adjustments for correction of accounting errors in prior year												
Others												
<b>2. Balance as at January 1 of the current year</b>	1,506,988,000.00				1,341,628,480.93				753,494,000.00	22,172,274,628.92		25,774,385,109.85
<b>3. Increases/decreases in the current year ("-" for decreases)</b>										2,384,603,987.70		2,384,603,987.70

(1) Total comprehensive income											7,206,965,587.70		7,206,965,587.70
(2) Capital contributed or reduced by owners													
Capital contributions by owners (common stock)													
Capital contributions by other equity instruments holders													
Amounts of share-based payments recognized in owners' equity													
Others													
(3) Profit distribution												-	-
Withdrawal of surplus reserves												4,822,361,600.00	4,822,361,600.00
Profit distributed to owners (or shareholders)												-	-
Others												4,822,361,600.00	4,822,361,600.00
(4) Internal carry-forward of owners' equity													
Conversion of capital reserves into paid-in capital													
Conversion of surplus reserves into paid-in capital													
Surplus reserves offsetting losses													
Amount of Changes in													

setting benefit plan transfer to retained earnings												
Other comprehensive income transferred to retained earnings												
Others												
(5) Special reserves												
Withdrawal for the period												
Use for the period												
(6) Others												
<b>4. Balance as at 31 December of the current year</b>	1,506,988,000.00				1,341,628,480.93				753,494,000.00	24,556,878,616.62		28,158,989,097.55

### III. Company profile

Jiangsu Yanghe Distillery Co., Ltd.(hereinafter referred to as “the Company”)was established on 26 December 2002, verified by the Government of Jiangsu Province, details referred to *Reply on The approval of Establishment of Jiangsu Yanghe Distillery Co., Ltd.* by the provincial government (SuZhengFu [2002]No.155), and it was a company founded by Jiangsu Yanghe Group Co.,Ltd., Shanghai Haiyan Logistics Development Co.,Ltd., Nantong Zongyi Investment Co.,Ltd.,Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co.,Ltd., Jiangsu Venture Capital Co.,Ltd., China National Research Institute of Food and Fermentation Industries Co. Ltd., Nantong Shengfu Industrial Trade Co., Ltd. and Yang Yandong and other totally 14 nature persons. On 27 December, the Company obtained the unified social credit code (91460000201357188U) issued by Jiangsu Provincial Administration for Industry and Commerce. The registered capital was CNY 68 million and the share capital was 68,000,000 (CNY 1 per share). According to the documents verified by Jiangsu Provincial Department of Finance (Su Cai Guo Zi [2002] No.178), all the fund capital converts into share capital according to the ratio 1:0.65561,among which, Jiangsu Yanghe Group Co.,Ltd contributed CNY 52,264,100 of evaluated physical assets and CNY 735,900 of currency, covered into 34,747,330 shares, accounting for 51.099% of the total share capital; Shanghai Haiyan Logistics Development Co.,Ltd contributed CNY 15,000,000 of currency, converted into 9,834,150 shares, accounting for the 14.462% of the total share capital; Nantong Zongyi Investment Co.,Ltd. contributed CNY 15,000,000 of currency, converted into 9,834,150 shares, accounting for 14.462% of the total share capital; ShangHai Jieqiang Tobacco Sugar & Wine (Group) Co.,Ltd. contributed CNY 7,000,000 of currency converted into 4,589,270 shares, accounting for 6.749% of the total share capital; Jiangsu Venture Capital Co.,Ltd. contributed CNY 3,000,000 of currency converted into 1,966,830 shares, accounting for 2.892% of the total share capital; China National Research Institute of Food and Fermentation Industries Co. Ltd. contributed CNY 1,000,000 of currency, converted into 655,611 shares, accounting for 0.964% of the total share capital; Nantong Shengfu Industrial Trade Co., Ltd. contributed CNY 1,000,000 of currency, converted into 655,611 shares, accounting for 0.964% of the total share capital; Yang Yandong and other totally 14 nature persons contributed CNY 8,720,200 of currency, converted into 5,717,050 shares, accounting for 8.408% of the total share capital.

On 13 September 2009, the Company was verified by China Securities Regulatory Commission, according to the document *Reply on Approving Initial Public Offering of Jiangsu Yanghe Distillery Co., Ltd.* ( Zheng Jian Approval [2009] No.1077 ).The Company announced the initial public offering of 45,000,000 common shares on 27 February 2009 and was listed for transactions in SZSE since 6 November 2009.

According to the decisions of 2010 Shareholders' General Meeting on 23 April 2011, based on the total capital of 450,000,000 shares on 31 December 2010, the capital reserves per 10 shares were converted into 10 shares. After the conversion, the total share capital of the Company was 900,000,000 as well as registered capital of CNY 900,000,000.

According to the decision of 2011 Shareholders' General Meeting on 17 May 2012, based on the total capital of 900,000,000 shares on 31 December 2011, the capital reserves per 10 shares were converted into 2 shares. After the conversion, the total share capital of the Company was 1,080,000,000 as well as registered capital of CNY 108,000,000.

According to the *Proposal of Initial Share Repurchase of Public Shares* approved by 2012 Shareholders' General Meeting on 17 May 2013, the Company used owned funds to repurchase public shares and the price of public shares was no more than CNY 70.00 per share, as well as the total amount of repurchase shares was no more than CNY 10 billion. The form of repurchase was centralized competitive bidding approved by SZSE. Until May 2014, the amount of repurchase shares was 3,580,000 and the total amount of payment CNY 157,793,218.58. The shares repurchased had been canceled according to the law with the procedure of capital reduction. After the repurchase, the registered capital became CNY 1,076,420,000 and the total share capital of the Company became 1,076,420,000.

According to the decision of 2014 Shareholders' General Meeting on 26 May 2015, based on the total capital of 1,076,420,000 shares on 31 December 2014, the capital reserves per 10 shares were converted into 4 shares. After the conversion, the total share capital of the company was 1,506,988,000 as well as the registered capital of CNY 1,506,988,000.

Registered address of the Company: 118 Middle Avenue, Yanghe Town, Suqian City, Jiangsu Province

Company type: Incorporated company (Listed)

Industry of the Company: Brewing food industry

Business scope of the Company: production and sale of liquor, wholesaling and retailing of prepackaged food, grain purchase, self-operating and agency of import and export of various types of merchandise and technology excluding merchandise and technology limited or prohibited by the state for import and export, domestic trade, construction of e-commerce platform and online sales. ( Business activities of projects needed to be approved by law must be approved according to related departments )

Parent company of the Company: Jiangsu Yanghe Group Co., Ltd.

The scope of the Company's consolidated financial statements is based on control, and all subsidiaries are included in the consolidation scope of the consolidated financial statements.

Changes of the scope of consolidation are as follows:

**Subsidiaries that are newly incorporated into the scope of consolidation are shown in the following table:**

Name	Measure of acquisition
Jiangsu Yanghe Painting and Calligraphy	Newly establishment

Academy	
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**Subsidiaries that are no longer incorporated into the scope of consolidation are shown in the following table:**

Name	Reason
Huaian Huaqu Wine Development Co.,Ltd.	Liquidation and cancellation
Jiangsu Huaqu Wine Group Nanjing Co.,Ltd.	Liquidation and cancellation
Jiangsu Huaqu Wine Group Nantong Co., Ltd.	Liquidation and cancellation
Jiangsu Huaqu Wine Group Suzhou Co., Ltd.	Liquidation and cancellation
Taizhou Huaqu Wine Development Co.,Ltd.	Liquidation and cancellation
Jiangsu Huaqu Wine Group Wuxi Co., Ltd.	Liquidation and cancellation
Jiangsu Huaqu Wine Group Yancheng Co., Ltd.	Liquidation and cancellation
Guizhou Guijiu Package Co.,Ltd.	Liquidation and cancellation

Details of the subsidiaries incorporated into the consolidated financial statements show on “Note 9. 1. Interests in subsidiaries”, Changes in the scope of consolidation show on “Note 8. Change in consolidated scope”.

## **IV. Basis of preparation of financial statements**

### **1. Basis of preparation**

The Company has prepared its financial statements on a going concern basis, and recognized and measured its accounting items in compliance with the Accounting Standards for Business Enterprises—Basic Standards and various concrete accounting standards, and other relevant provisions on the basis of actual transactions and events.

### **2. Going concern**

The Company has sustainable operation ability for at least 12 months from the end of the reporting period. In addition, there is no significant event affecting going concern.

## **V. Significant accounting policies and accounting estimates**

### **(1) Sales contract**

The Company's sales products, promotional products and other goods belong to the performance obligations performed at a certain point.

The Company recognizes the sales revenue when the goods are delivered to the customer and the control of the goods is transferred. For export sales business, the Company recognizes the revenue after the goods are delivered and the customs clearance procedures are completed.

According to the marketing policy, and the dealer sales of final product, the Company gives the dealer a percentage discount, and regularly or irregularly settles with dealers. At the time of settlement, the discounts are recorded in a sales invoice issued. The net

amount of invoice value after the deduction of the discount sales income is recognized as revenue according to the accrual principle. The discounts that have occurred and have not yet been settled at the end of the current period shall be taken provision from the sales revenue and recorded into the contract liabilities.

## (2) Service Contract

The service contract provided by the Company contains the performance obligation of the lease service provided. Since the customer obtains and consumes the economic benefits brought by the performance of the contract at the same time, it is regarded as the performance obligation performed within a certain period of time and is equally apportioned and confirmed during the service provision.

## **1. Statement of compliance with the ASBE**

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the group's financial position, the Company's and results of operations, and changes in shareholders' equity, cash flows and other related information for the reporting period.

## **2. Accounting period**

The Company's accounting period is calendar year as its accounting year, i.e. from 1 January to 31 December.

## **3. Operating cycle**

The Company's accounting period is 12 months.

## **4. Functional currency**

The Company has adopted China Yuan (CNY) as functional currency.

## **5. The accounting treatment of business combinations involving enterprises under common control and not under common control**

### (1) Accounting treatment method for business combination under common control

Business combination under common control is accounted for under pooling of interest method.

Assets and liabilities obtained by the Company through business combination under common control shall be measured at the book value as stated in the combine's accounting record on the combination date. The share of the book value of the merged party's owner's equity in the consolidated financial statements is taken as the initial investment cost of long-term equity investments in individual financial

statements. The capital reserve (stock premium or capital premium) is adjusted according to the difference between the book value of net asset acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the capital reserve (stock premium or capital premium) is insufficient to offset, the retained earnings shall be adjusted.

(2) Accounting treatment method of business combination not under common control

The Company accounts for business combination not under common control under purchase method.

a) All the net identifiable assets, liabilities or contingent liabilities obtained by the Company through business combination not under common control shall be measured at fair value. Assets paid, liabilities incurred or assumed and the equity securities issued as consideration for combination are generally measured at fair value on the acquisition date, and differences between their fair values and book values shall be included in the current profit and loss.

b) The cost of acquisition shall be respectively determined for the following conditions;

i. Business combination of a transaction implementation, the combination cost shall be the sum of the fair value of the assets given, the liabilities incurred or assumed and the equity securities issued by the Company in exchange for the control on the acquisition date, and contingent considerations meeting the recognition conditions. The combination cost is the initial investment costs of long-term equity investments in individual financial statements.

ii. Business combination through multiple transactions step by step to realized, the combination cost shall be the sum of the fair value measurement on the acquisition of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. Long-term equity investment cost in individual financial statements shall be the sum of the book value of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. A package deal is excluded.

The Company, on the acquisition date, allocates the combination costs between the identifiable assets and liabilities acquired

i. All assets of the acquiree obtained by the Company through business combination (not limited to those that have been recognized by the acquiree), other than intangible assets, shall be separately recognized and measured at fair value when the future economic benefits arising thereafter are expected to flow into the Company and the fair value can be reliably measured.

ii. Intangible assets of the acquiree obtained by the Company through business combination shall be separately recognized and measured at fair value when their fair values can be reliably measured.

iii. All liabilities of the acquiree obtained by the Company through business combination, other than contingent liabilities, shall be separately recognized and measured at fair value when fulfillment of relevant obligations are expected to bring future economic benefits to the Company and the fair value can be reliably measured.

iv. Contingent liabilities of the acquiree obtained by the Company through business combination shall be separately recognized as liabilities and measured at fair value when their fair values can be reliably measured.

v. When the Company allocates the cost of business combination and recognizes the identifiable assets and liabilities acquired through combination, it shall not include any goodwill and deferred income taxes that have been recognized by the acquiree before the business combination.

c) Treatment of the difference between the business combination costs and the fair value of net identifiable asset acquired from the acquiree through combination

i. The Company shall recognize the difference of the combination costs in excess of the fair value of the net identifiable asset acquired from the acquiree through combination as goodwill.

ii. The Company shall recognize the difference of the combination costs in short of the fair value of the net identifiable asset acquired from the acquiree through combination according to the following provisions:

Review the measurement of fair values of all the identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the combination costs; After the review, if the combination costs are still in short of the fair value of the net identifiable asset acquired from the acquiree through combination, include the difference in the current profit and loss.

(3) Treatment of relevant expenses arising from the Company's business combination

a) Relevant expenses directly arising from the business combination of the Company (including the expenses for audit, legal services, evaluation and consultation or other intermediary costs for business combination) shall be included in the current profit and loss when they are incurred.

b) Commissions, fees and other expenses paid on issuance of bonds and undertaking of other debts for the business combination shall be included in the initial measurement amount of debt securities.

i. Where the bonds are issued at discount or par value, that part of expenses will increase the amount of the discount;

ii. Where the bonds are issued at premium, that part of expenses will decrease the amount of the premium.

c) Fees, commissions, and other transaction expenses paid on issuance of equity securities as combination consideration in the business combination shall be included in the initial measurement amount of equity securities.

i. Where the equity securities are issued at premium, that part of expenses shall be deducted from capital reserves (stock premium);

ii. Where the equity securities are issued at par value or discount, that part of expenses shall be deducted from the retained earnings.

## **6. Preparation of consolidated financial statements**

### **(1) Consistency of accounting policies and accounting period**

All the subsidiaries within the consolidation scope of consolidated financial statements shall adopt the same accounting policies and accounting periods as those of the Company. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the financial statements of the subsidiary, upon preparation of consolidated financial statements, shall be adjusted according to the accounting policies and accounting periods of the Company.

### **(2) Preparation method of consolidated financial statements**

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries, and are prepared by the parent company according to other relevant information after the adjustment to long-term equity investments in subsidiaries under the equity method and the elimination of effects of the internal transactions between the Company and its subsidiaries and between the subsidiaries on the consolidated financial statement.

### **(3) Reflection of excess losses incurred to a subsidiary in the consolidated financial statements**

In the consolidated financial statements, where the current losses undertaken by the parent company are in excess of its share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the owners' equity (retained earnings) of the parent company; where the current losses undertaken by a subsidiary's non-controlling shareholders exceed those non-controlling shareholders' share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the non-controlling interests.

(4) Changes in number of subsidiaries during the reporting period

a) Acquisition of subsidiaries during the reporting period

i. Treatment of acquiring subsidiaries from business combination under common control during the reporting period

During the reporting period, if the Company acquires subsidiaries from the business combination under common control, the opening balance in the consolidated balance sheet shall be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated statement of cash flows.

ii. Treatment of acquiring subsidiaries from business combination not under common control during the reporting period

During the reporting period, if the Company acquires subsidiaries from the business combination not under common control, the opening balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flows.

b) Treatment of disposing subsidiaries during the reporting period

During the reporting period, if the Company disposes subsidiaries, the opening balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly disposed subsidiaries from the beginning to the disposal date shall be included in the consolidated income statement. The cash flows from the beginning to the disposal date shall be included in the consolidated statement of cash flows.

## **7. Classification of joint venture arrangements and the accounting treatment method of common operation**

(1) Classification of joint venture arrangements

A joint arrangement is classified as either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint ventures only have the rights to the net assets under this arrangement.

A joint arrangement that is not structured through a separate vehicle shall be classified

as a joint operation. A separate vehicle refers to a separately identifiable financial structure, including separate legal entities or entities without a legal personality but recognized by statute.

A joint arrangement that is structured through a separate vehicle is usually classified as a joint venture. However, when a joint arrangement provides clear evidence that it meets any of the following requirements and complies with applicable laws and regulations as a joint operation:

- a) The legal form of the joint arrangement indicates that the parties that have joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement.
- b) The terms of the joint arrangement specify that the parties that have joint control have the rights to the assets, and the obligations for the liabilities, relating to the arrangement.
- c) Other facts and circumstances indicate that the parties that have joint control have rights to the assets, and the obligations for the liabilities, relating to the arrangement--for example, the parties that have joint control have rights to substantially all of the output of the arrangement, and the arrangement depends on the parties that have joint control on a continuous basis for settling the liabilities of the arrangement.

## (2) Accounting treatment of a joint operation

A joint operator shall recognize the following items in relation to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- a) Its solely-held assets, and its share of any assets held jointly;
- b) Its solely-assumed liabilities, and its share of any liabilities incurred jointly;
- c) Its revenue from the sale of its share of the output arising from the joint operation;
- d) Its share of the revenue from sale of the output by the joint operation; and
- e) Its solely-incurred expenses and its share of any expenses incurred jointly.

## 8. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand.

Cash equivalents are the company's short-term (due within 3 months from purchase date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **9. Foreign currency transactions and translation of foreign currency statements**

### (1) Accounting method of foreign currency transactions

#### a) Initial recognition of foreign currency transactions

For foreign currency transactions incurred, the Company converts the amount in foreign currency into the amount in functional currency at the spot exchange rate (middle rate) announced by the People's Bank of China on the transaction date. Among them, for foreign currency exchange occurred or transaction involving foreign currency exchange, the Company converts at the exchange rate actually adopted on the transaction date.

#### b) Adjustment or settlement on the balance sheet date or settlement date

On the balance sheet date or the settlement date, the Company handles foreign currency monetary items and foreign currency non-monetary items separately in accordance with the following methods:

##### i. Accounting principles for handling foreign currency monetary items

For foreign currency monetary items, on the balance sheet date or the settlement date, the Company converts them by using the spot exchange rate (middle rate) prevailing on the balance sheet date or settlement date, and adjusts the amount in functional currency of foreign currency monetary items in respect of the difference arising from exchange rate fluctuations, which shall be treated as exchange difference at the same time. Among them, the exchange differences arising from foreign currency loans relating to the acquisition, construction or production of assets eligible for capitalization shall be included in the costs of assets eligible for capitalization; other exchange differences shall be included in the current financial expenses.

##### ii. Accounting principles for handling foreign currency non-monetary items

For foreign currency non-monetary items measured at historical cost, the Company shall convert them at the spot exchange rate (middle rate) prevailing on the transaction date, with their amounts in functional currency remaining unchanged and no exchange differences incurred.

For an inventory that is measured at the lower of its costs or its net realizable values, if the net realizable value is determined in foreign currency, the Company, when determining the value of the inventory at the end of the period, shall firstly convert the net realizable value into functional currency and then compare it with the inventory cost reflected in functional currency.

Non-monetary items measured at fair value that is reflected in foreign currency at the end of the period, the Company shall firstly translate the foreign currency into the amount in functional currency at the spot exchange rate on the date when the fair value is determined, and then compare it with the original functional currency amount. Difference between the translated functional currency amount and the original functional currency amount is treated as profit or loss from changes in fair value (including changes in exchange rate) and is recognized in current profit and loss.

(2) Accounting treatment method for translation of foreign currency statements

a) The Company shall translate the financial statements of foreign operations in accordance with the following methods:

i. Assets and liabilities in the balance sheets shall be translated at the spot exchange rates on balance sheet date. Shareholders' equity items, except for the item of "undistributed profits", are translated at the spot exchange rates on the dates when the transactions occur.

ii. Revenue and expense items in the income statement are translated at the spot exchange rates on the dates when the transactions occur or at the exchange rate determined in a systematical and reasonable method and similar to the spot exchange rate on the day when the transactions occur.

Differences arising from the above translations of foreign currency financial statements are separately listed under 'other comprehensive income' in the consolidated balance sheet.

The translation of comparative financial statements is handled by reference to the above approach.

b) The Company shall translate the financial statements of foreign operations that are in virulent inflation economy in accordance with the following methods:

i. The Company restates the items in the balance sheet by using the general price index, and restates the items in the income statement by using the changes in general price index, and then converts those items at the spot exchange rate on the latest balance sheet date.

ii. Where the foreign operations are no longer in virulent inflation economy, the Company ceases to restate the financial statements and converts the financial statements restated according to the price level on such cease.

c) Where the Company disposes of an overseas business, it shall transfer the foreign currency financial statements exchange difference, which relates to the business disposed of and is presented under the items of the other comprehensive income in the balance sheet, from the other comprehensive income item to the gain

or loss on disposal for the current period. If the overseas business is partly disposed of, the foreign currency financial statements exchange difference shall be calculated in proportion to the percentage of disposal and transferred to gain or loss on disposal for the current period.

## 10. Financial Instruments

Financial instruments are the financial asset, financial liability or (equity) instrument will be recognised when the Company became one of the parties under a contract.

### (1) Classification of financial instruments

#### (a) Classification of financial assets

According to the company's business model of managing financial assets and the characteristics of contract cash flow of financial assets, financial assets are classified into the following three categories: financial assets measured at amortised cost; financial assets measured at fair value through other comprehensive income (including financial assets directly designated to be measured at fair value through other comprehensive income); and financial assets measured at fair value through the current profit or loss.

#### (b) Classification of financial liabilities

The Company classifies the financial liabilities into the following two categories: financial liabilities measured at fair value through current profit and loss (including financial liabilities held for trading and financial liabilities directly designated to be at fair value through current profit and loss); and financial liabilities measured at amortized cost.

### (2) Recognition basis and measurement method of financial instruments

#### (a) Recognition basis of financial instruments

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability.

#### (b) Measurement method of financial instruments

##### i. Financial assets

Financial assets are measured at fair value upon initial recognition. For financial assets at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss for the period. For other categories of financial assets, relevant transaction costs are included in the amount initially recognised. Accounts receivable or notes receivable arising from sales of goods or rendering services and without significant financing component or the company decided not to consider financing elements for less than one year are initially recognised based on the amount of consideration expected to be entitled to receive according to *Accounting Standard for Business Enterprises No. 14 - Revenue*.

#### ① Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method after initial recognition. Gains/losses on financial assets that are measured at amortised cost and are not a part of any hedging relationship shall be recognised in profit or loss when the financial asset is derecognised or reclassification or amortised using the effective interest method or recognized the impairment allowance.

② Financial assets measured at fair value through other comprehensive income

These assets are subsequently measured at fair value after initial recognition. Except impairment, foreign exchange gains and losses, interest income calculated using the effective interest method are recognised in profit or loss; other gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are transferred to profit or loss.

In addition, the company designated some non-tradable equity instruments as financial assets measured at fair value through other comprehensive income; the company shall recognise the relevant dividend income of such financial assets into the current profit and loss, and recognise the change of fair value in other comprehensive income. On derecognition, the accumulated gains/losses previously recognized in other comprehensive income shall be transferred to retained earnings and not be recognised in current profit and loss.

③ Financial assets measured at fair value through profit or loss

The Company classifies the financial assets, except for financial assets measured at amortized cost or at fair value through other comprehensive income as mentioned above, into the financial assets measured at fair value through profit or loss for the current period. In addition, the company may designate some financial assets as financial assets measured at fair value through profit or loss for the current period upon the initial recognition to eliminate or significantly reduce accounting mismatch. For such financial assets, the company adopts the fair value for subsequent measurement, and changes in fair value are recognized in the profit or loss for the current period.

ii. Financial liabilities

Financial liabilities shall be classified into financial liabilities measured at fair value through profit or loss for the current period upon initial recognition and other financial liabilities. For financial liabilities measured at fair value through profit or loss, relevant transaction costs are directly recognized in the current profit and loss, and the relevant transaction costs of other financial liabilities are recognized in the initial recognition amount.

① Financial liabilities measured at fair value through profit or loss

Financial liabilities held for trading (including derivatives of financial liabilities) shall be subsequently measured at the fair value. Except for those related to hedge accounting, changes in the fair value shall be recognized in the profit or loss of the current period. For financial liabilities designated to be at fair value through profit or loss, fair value changes caused by the Company's own credit risk changes which is recognised in other comprehensive income, when the liability is derecognition, the accumulated change in its fair value caused by the change in its own credit risk recognized in other comprehensive income is transferred to retained earnings, the remaining changes of fair value is record in profit of loss. If the above treatment of the impact of the change in the credit risk of such financial liabilities will cause or expand the accounting mismatch in the profit and loss, the company will record all the gains/losses of such financial liabilities (including the amount affected by fair value changes in enterprise's own credit risk) into the current profit and loss.

② Financial liabilities measured at amortized cost

Except financial liabilities that arise when a transfer of a financial assets does not qualify for derecognition or when the continuing involvement approach applies security contract are classified as financial liabilities measured by amortized cost, or financial subsequently measurement at amortized cost, and record the profits or losses guarantee contracts recognition or amortization into the current profit and loss.

(3) Financial assets transfer

If the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, the Company derecognises the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; if the Company retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognise the transferred financial assets. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it is accounted for as follows: if the Company has not retained control, it derecognises the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; and if the Company has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the relevant liability.

Where transfer of financial assets qualify for derecognition entirety, the difference between the following two amounts will be included into current profit or loss: The book value measured at the date of derecognition; and The sum of the consideration for the derecognition part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in OCI (involving the situation where the financial asset transferred is a debt instrument investment measured at fair value and recognized in other comprehensive income). The Company transferred the partial transfer of

financial assets which qualify for derecognition, the overall carrying amount of the transferred financial asset shall be apportioned according to their respective relative fair value between the portion of derecognition and the remaining.

(4) Derecognition of financial liabilities

If the current obligation of the financial liability (or part thereof) has been discharged, the company shall remove financial liability (or part thereof), and the company shall recognize the difference between its book value and the consideration paid (including any non-cash assets transferred or liabilities assumed) in the current profit and loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities shall be shown separately in the balance sheet and shall not be offset against each other. If the following conditions are met at the same time, the net value offset each other after amount listed in the balance sheet:

The company has offset the confirmed amount of legal rights of financial assets and financial liabilities, and this kind of legal rights is the executable; and

The company plans to net or cash at the same time when the financial assets and liquidation of the financial liability.

If the transfer of financial assets does not meet the conditions for derecognition, the transferor shall not offset the transferred financial assets and related liabilities.

(6) Equity instruments

Equity instruments are contracts that prove ownership of the residual interest in the company's assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of the equity instruments of the company shall be treated as changes in the equity. The company does not recognize changes in the fair value of equity instruments, and the transaction fees related to the equity transactions shall be deducted from the equity. Where the equity instrument of the company distributes dividends during the term of its existence, it shall be treated as profit distribution, and the total amount of shareholders' equity will not be affected by the stock dividends issued.

(7) Method for determining the fair value of financial assets and financial liabilities

Where there is an active market for a financial instrument, the company shall determine its fair value by quoting in the active market. Where there is no active market for the financial instrument, the company shall determine its fair value by means of valuation technology. In valuation, the company uses valuation techniques applicable in the current situation and supported by sufficient available data and other information to select input values consistent with the characteristics of assets or liabilities considered by market participants in transactions of related assets or liabilities, and gives priority to relevant observable input values as far as

possible. Use unobservable inputs only when relevant observable inputs cannot be obtained or are impracticable to obtain.

Upon initial recognition, the fair value of financial assets or financial liabilities is determined by the quoted price of the same assets or liabilities in the active market or other valuation technology that only uses observable market data, the Company defers the difference between the fair value and the transaction price. After initial recognition, the Company recognizes the deferred difference as gain or loss in the corresponding accounting period according to the changes of a certain factor in the corresponding accounting period.

#### (8) Impairment of Financial Assets

Based on the expected credit loss, the Company shall recognise the impairment loss on financial assets measured at amortized cost, debt instrument investment at fair value through other comprehensive income.

##### (a) The approach of recognition loss allowance for expected credit losses

Considering the reasonable and valid information such as past events, current conditions and forecast of future economic conditions, and weighted by the risk of default, the Company calculates the probability weighted amount of the present value of the difference between the cash flow receivable under the contract and the expected cash flow to be received, and confirms the expected credit loss.

##### i. General approach

The Company assess whether the credit risk of financial instruments in different stages at each reporting date has increased significantly. If the financial instruments' credit risk have not increased significantly after initial recognition, it will be included in phase 1, and the Company measures the loss allowance for those instruments at an amount equal to 12-month expected credit losses; if the financial instruments' credit risk have increased significantly but without objective evidence for impairment after initial recognition, it will be included in phase 2, and the Company measures the loss allowance of those instruments at an amount equal to lifetime expected credit losses; if the financial asset that is evidently credit-impaired after initial recognition, it will be included in phase 3, and the Company measures the loss allowance of those financial instruments at an amount equal to lifetime expected credit losses. For financial instruments with low credit risk on the balance sheet date (e.g. fixed deposits in commercial banks with higher credit rating, financial instruments with external credit rating above "investment grade"), the Company assumes that the credit risk has not increased significantly since the initial recognition and chooses to measure the loss provision according to the expected credit loss in the next 12 months.

##### ii. Simplified approach

For accounts receivables and notes receivables related to revenues, the Company does not include the significant financing component or does not consider the financing components in contracts less than one year, it

will measure the loss allowance according to the expected credit loss of the whole duration.

(b) Criteria for determining whether credit risk has increased significantly subsequent to the initial recognition

If the probability of default of a financial asset in lifetime as determined on the balance sheet date is significantly higher than the probability of default in lifetime as determined at the initial recognition, the credit risk of the financial asset increases significantly.

No matter what method the Company is applied to evaluate whether credit risk has increased significantly, it usually inferred that the credit risk of the financial instrument has increased significantly if the contract payment delay exceeds 30 days, unless the Company can get the reasonable and valid information at reasonable cost to evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

Except in special cases, the Company shall use the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in lifetime to determine whether the credit risk has increased significantly to the initial recognition

(c) Approach of assessing expected credit risk on a portfolio basis and determine basis

The company evaluates credit risk individually for the credit risk of significantly different notes receivables, accounts receivables and other receivables with the following characteristics. Such as: accounts receivables in dispute with the other party or involving litigation or arbitration; notes receivables, accounts receivables that have shown clear signs that the debtor is likely to be unable to meet repayment obligations.

When it is impossible to evaluate the expected credit loss information of an individual financial asset at a reasonable cost, the Company divides the receivables into several portfolio according to the credit risk characteristics, and calculates the expected credit loss on collective basis. The basis for determining the portfolio is as following:

Name	Approach of assessing expected credit risk
Bank acceptance bill Portfolio; Commercial acceptance bill Portfolio	For notes receivables divided into portfolio, the bank acceptance bill and commercial acceptance bill refer to the historical credit loss experience, and combines the current situation and the forecast of future economic situation respectively. The Company calculates the expected credit loss based on the default risk exposure and the expected credit loss rate of the whole duration.

Risk Portfolio	For accounts receivables divided into risk portfolio, the Company refers to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, and prepares a comparison table between overdue ages of accounts receivables and expected credit loss rate of the whole duration to calculate the expected credit loss.
Other Portfolio	The Company classifies items without significant recovery risk receivables as other portfolio such as items from subsidiaries in the consolidation scope, tax refunds receivable, collection and withholding of funds. There is no provision for bad debt for them.

The Company shall take the provision or transfer the loss into the current profit and loss. For the debt instrument investment measured at fair value through other comprehensive income, the Company shall adjust other comprehensive income while recording the impairment loss or gain into the current profit and loss.

## 11. Inventory

### (1) Classification of inventory

Inventories are classified as: raw materials, semi-finished goods, stock commodities, consigned processing materials, goods in progress and revolving materials (including low-cost consumables), etc.

#### Measurement method of dispatched inventories

Dispatched materials and stock commodities are accounted for by using the weighted average method.

### (2) Basis to determine net realizable values of inventories and method of provision for stock obsolescence

#### a) Determination basis of net realizable values of inventories

- i. In normal operation process, for merchandise inventories held directly for sale, including stock commodities (finished goods) and materials for sale, their net realizable values are determined at their estimated selling prices minus their estimated selling expenses and relevant taxes and surcharges.
- ii. In normal operation process, for material inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.
- iii. For inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in the sales contracts are less than the quantities held

by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.

iv. The materials held for production shall be measured at cost if the net realizable value of the finished products is higher than the cost. If a decline in the value of materials shows that the net realizable value of the finished products is lower than the cost, the materials shall be measured at the net realizable value.

b) Provision for stock obsolescence

i. Provisions for stock obsolescence are made at the lower of costs or net realizable values on a single basis.

ii. For inventories with large quantity and relatively low unit prices, the provision for stock obsolescence shall be made on the ground of the categories of inventories.

(3) Inventory system

The Company adopts perpetual inventory system and takes physical inventory counts on a regular basis.

(4) Amortization method of revolving materials

A. Amortization method of low-cost consumables:

Low-cost consumables are amortized in full at once.

B. Amortization method of packaging materials

Packing materials are amortized in full at once when fetched for use by the Company.

## 12. Contract assets

A contract asset is a company's right to receive consideration for goods transferred to a customer, and this right depends on factors other than the passage of time. The company's contract assets mainly include completed and unsettled assets and quality guarantee deposit. The contract assets and contract liabilities under the same contract shall be shown on a net basis, and the contract assets and contract liabilities under different contracts shall not be set off.

## 13. Assets held for sale

(1) Scope of a non-current asset held for sale and a disposal group

A non-current asset or disposal group is classified as held for sale when a company recovers its carrying value primarily through the sale (including the exchange of non-

monetary assets of a commercial nature) rather than through the continuous use of such a group.

A disposal group is a group of assets that are disposed as a whole through sales or other ways in one transaction and liabilities directly related to these assets delivered in the transaction.

(2) Recognition criteria of a non-current asset held for sale and a disposal group

The Company recognizes its component (or non-current asset) that satisfies the following conditions as assets held for sale:

a) The assets or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups;

b) Its sale must be highly probable. The Company has already made a decision to dispose the component and has a commitment from the purchaser, the transfer will be completed within one year. If it requires shareholders' approval or supervisors' approval according to regulations, it has already received approval from the general meeting of stockholders or relative authority institution.

(3) Accounting treatment and presentation of a non-current asset held for sale and a disposal group

a) The non-current asset or disposal group is first classified as held for sale, the Company should measure the non-current assets or assets and liabilities made up of disposal group in accordance with relevant accounting standards.

b) When the Company measure a non-current asset or disposal group held for sale initially or re-measure at balance sheet date subsequently, the impairment loss should be recognized if the book value is higher than fair value less costs to sell at the amount of the difference of these two in profit and loss, the provision for assets held for sale need to be recognized at the same time. For the impairment of disposal group, should write off goodwill if existing, and then write down the related assets proportionally. Depreciation or amortization should cease for the non-current asset held for sale.

c) No matter the asset is classified as individual asset held for sale or asset belonging to disposal group, the asset is presented as current assets under "assets held for sale" item; liabilities related to the asset transferred in the disposal group held for sale is presented as current liabilities under "liabilities held for sale" item in the balance sheet.

d) The Company is committed to a sale plan involving loss of control of subsidiary shall classify all the assets and liabilities of that subsidiary held for sale in consolidated balance sheets when the above criteria are met, regardless of whether the Company retain a non-controlling interests in its former subsidiary after the sale. In the balance sheets of parent company the investment should be classified as held for sale in full. In the consolidated financial statements, all assets and liabilities of the subsidiaries are classified as held for sale.

## 14. Long-term equity investment

(1) Recognition of the initial investment costs of long-term equity investments

a) For long-term equity investments from business combinations, the initial investment cost shall be recognized in accordance with the provisions mentioned in Notes V.5. Accounting Method for Long-term Equity Investment from Business Combinations under Common Control and Business Combination not under Common Control.

b) Except for the long-term equity investments arising from business combinations, those obtained by other means shall recognize their initial investment costs in accordance with the following provisions:

i. For the long-term equity investments obtained by cash paid, the Company recognizes the actual purchase price as the initial investment costs. The initial investment costs include directly related expense, taxes and other necessary expenses of obtaining long-term equity investments.

ii. For the long-term equity investments acquired by the issue of equity securities (equity instrument), the initial investment cost shall be the fair value of the equity securities (equity instrument) issued. If the fair value of the long-term equity investment obtained is more reliable than equity securities issued, the initial investment cost shall be the fair value of the long-term equity investment made by the investors. The cost directly attributable to the issue of equity securities (equity instrument), including fees, commissions, etc., write-downs premium price of the issue, if premium price of the issue is insufficient, write-downs surplus reserve and undistributed profit in turn. For the long-term equity investments acquired by the issue of debt securities (debt instrument) , reference through the issuance of equity securities (equity instrument).

iii. For long-term equity investments obtained by debt restructuring, the Company recognizes the fair value of shares of debt-for-equity swap as the initial investment costs.

iv. For long-term equity investments obtained by non-monetary assets exchange, under the condition that an exchange of non-monetary assets is of commerce nature and the fair value of assets exchanged can be reliably measured, non-monetary assets traded in is initially stated at the fair value of the assets traded out, unless there is conclusive evidence indicating that the fair value of the assets traded in is more reliable; if the above conditions are not satisfied, initial investment costs of long-term equity investments traded in shall be recognized at the book value of the assets traded out and the relevant taxes and surcharges payable.

Expenses, taxes and other necessary expenses incurred to the Company and that are directly related to the obtainment of long-term equity investments shall be recognized as the initial investment costs of long-term equity investments.

For long-term equity investments obtained by the Company by any means, cash dividends or profits declared but not yet distributed in the actual payments

or the consideration actually paid for the investment shall be separately accounted as dividends receivable and shall not constitute the costs of long-term equity investments.

(2) Subsequent measurement and recognition of gains and losses of long-term equity investments

a) Long-term equity investment measured under cost method

If a company can control an investee, namely investment in subsidiary, the long-term equity investment shall be measured under the cost method.

For long-term equity investments accounted at the cost method, except cash dividends or profits declared but not yet distributed which are included in the actual payments or the consideration actually paid for the investment, the cash dividends or profits declared by the investee shall be recognized as the investment income irrespective of net profits realized by the investee before investment or after investment.

b) Long-term equity investments measured under the equity method

i. For the long-term equity investment which has joint control or significant influence over the investee, the equity method is adopted for accounting.

ii. For long-term equity investments measured at the equity method, if the initial investment costs are higher than the investor's attributable share of the fair value of the investee's identifiable net assets, no adjustment will be made to the initial costs of the long-term equity investments; if the initial investment costs are lower than the investor's attributable share of the fair value of the investee's identifiable net assets, the difference shall be recognized in current profit and loss and at the same time the adjustment will be made to the initial costs of the long-term equity investments.

iii. After obtaining the long-term equity investments, the Company shall, according to the shares of net profits and other comprehensive income realized by the investee that shall be enjoyed or borne by the Company, recognize the profit and loss on the investments and adjust the book value of the long-term equity investments. When recognizing the net profits and losses and other comprehensive income of the investee that the Company shall enjoy or bear, the Company shall make a recognition and calculation based on the net book profits and losses of the investee after appropriate adjustments. However, where the Company is unable to obtain the relevant information due to failure to reasonably determine the fair value of the investee's identifiable assets, minor difference between the investee's identifiable assets and the book value thereof

or other reasons, the profits or losses on the investments shall be directly calculated and recognized based on the net book profits and losses of the investee. The Company shall calculate the part distributed from cash dividends or profits declared by the investee and correspondingly reduce the book value of the long-term equity investments.

When recognizing the income from investments in associates and joint ventures, the Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company and recognize the profit and loss on investments on such basis. Where the losses on internal transactions between the Company and the investee fall into the scope of losses on assets impairment, full amounts of such losses shall be recognized. Profit and loss from internal unrealized transactions between the Company's subsidiaries included into the combination scope and associates and joint ventures shall be written off according to the above principles and the profit and loss on investments thereafter shall be recognized on such basis.

When the share of net loss of the investee attributable to the Company is recognized, it is treated in the following sequence: Firstly, write off the book value of the long-term equity investments; where the book value of the long-term equity investments is insufficient to cover the loss, investment losses are recognized to the extent that book value of long-term equity which form net investment in the investee in other substances and the book value of long-term receivables shall be written off; after all the above treatments, if the Company still assumes additional obligation according to investment contracts or agreements, the obligation expected to be assumed should be recognized as provision and included into the investment loss in the current period. If the investee is profitable in subsequent accounting periods, the Company shall treat the loss in reverse order against that described above after deducting unrecognized share of loss: i.e. write down the book value of the recognized provision, then restore the book value of long-term interests which substantially form net investments in the investee, then restore the book value of long-term investments, and recognize investment income at the same time.

(3) Basis for judgment of common control or significant influence over the investee

a) Basis for judgment of common control over investee

Common control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities of an arrangement usually

include selling and purchasing of goods or services, managing financial assets, acquiring or disposing of assets, researching and developing activities and financing activities. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. The parties have rights to the assets, and obligations for the liabilities, relating to the arrangement, which is a joint operation, but not a joint venture.

c) Basis for judgment of significant influence over investee

The term “significant influence” refers to the power to participate in decision-making on the financial and operating policies of the investee, but with no control or joint control over the formulation of these policies. Where the Company is able to exert significant influence over the investee, the investee is its associate.

## 15. Fixed assets

### (1) Recognition of fixed assets

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful life exceeding one accounting year. Fixed assets are recognized when the following criteria are satisfied simultaneously:

- a) It is probable that the economic benefits relating to the fixed assets will flow into the Company;
- b) The cost of the fixed assets can be measured reliably.

### (2) Depreciation of fixed assets

Category	Depreciation method	Estimated useful life (Yr)	Estimated residual value rate (%)	Annual depreciation rate (%)
Buildings and constructions	Straight-line method	20 ~ 25	5	3.80 ~ 4.75
Machinery equipments	Straight-line method	10	5	9.50
Transportation equipments	Straight-line method	10	5	9.50
Other equipments	Straight-line method	8	5	11.88

### (3) Recognition standard, valuation method and depreciation method for fixed assets acquired under financing lease

- a) At the inception of the lease, the Company recognizes the leased fixed assets meeting the standards for financial leases as fixed assets acquired under financing leases
- b) At the inception of the lease, the Company shall state the assets acquired under financing lease at the lower of the fair value of the leased assets or the present

value of the minimum lease payments, as well as the initial and direct expenses occurred, recognize a long-term payable at the amount of the minimum lease payments, and shall charge the difference of the lower of the fair value of the leased assets or the present value of the minimum lease payments and the minimum lease payments to unrecognized finance expenses. Unrecognized finance expenses shall be amortized at the effective interest rate method in each period during the lease term.

c) Adapt the same depreciation method as the one used on other fixed assets owned by the company. If there is reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over its useful life; if there is no reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over the shorter of the lease term or the useful life of the leased assets.

## **16. Construction in progress**

### (1) Categories of constructions in progress

Constructions in progress are accounted on individual project basis.

### (2) Criteria and commencement of conversion of constructions in progress into fixed assets

The book entry values of the fixed assets are stated at total expenditures incurred before construction in progress reaches the working condition for their intended use. For self-operating projects, total expenditures are measured according to the expenditures of direct materials, direct labor, direct measurement mechanical construction costs and other expenditures; for contracting projects, total expenditures are measured according to project costs payable and other expenditures. Borrowing costs incurred before the projects that are undertaking with borrowing costs reach working condition for their intended use and meeting the condition for capitalization shall be capitalized and included into the costs of construction in progress.

For construction in progress that has reached working condition for intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. from the date when it reaches the working condition for intended use and the fixed assets shall be depreciated in accordance with the Company's policy on fixed asset depreciation; adjustment shall be made to the estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.

## **17. Borrowing costs**

### (1) Scope of borrowing costs

The Company's borrowing costs include interest thereon, amortization of discounts or premiums, ancillary expenses and exchange differences incurred from foreign currency loan, etc.

### (2) Recognition principles of capitalization of borrowing costs

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit and loss.

Assets eligible for capitalization include fixed assets, investment properties, inventories and other assets which may reach the working condition for their intended use or sale by acquisition and construction or production activities for quite long time.

### (3) Recognition of capitalization period of borrowing costs

#### a) Recognition of commencement of capitalization of borrowing costs

Borrowing costs may be capitalized when asset disbursements have already been incurred, borrowing costs have already been incurred and the acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started. Among which, asset disbursements include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization.

#### b) Recognition of period of capitalization suspension of borrowing costs

If the acquisition and construction or production activities of assets eligible for capitalization are interrupted abnormally and this condition lasts for more than three months, the capitalization of borrowing costs should be suspended. The borrowing costs incurred during interruption are charged to profit or loss for the current period, and the capitalization of borrowing costs continues when the acquisition and construction or production activities of the asset resume. If the interruption is necessary for the acquisition and construction or production to prepare the assets for their intended use or sale, the capitalization of borrowing costs should continue.

#### c) Recognition of period of capitalization cessation of borrowing costs

Capitalization of borrowing costs should cease when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their intended use or sale. Borrowing costs incurred after the assets eligible for capitalization have reached the working condition for their intended use or sale should be recognized as the current profit and loss when they incur.

If all parts of the acquired and constructed or produced assets are completed, each part may be used or sold externally in the process of continuous construction of other parts and the necessary acquisition or production activities have been substantially completed to make the part of assets reach the working condition for their intended use or sale, the capitalization of borrowing costs related to the part of assets should be ceased; if all parts of the acquired and constructed or produced assets are completed but the assets cannot be used or sold externally until overall completion, the capitalization of borrowing costs should cease at the time of overall completion of the said assets.

#### (4) Recognition of capitalized amounts of borrowing costs

##### a) Recognition of capitalized amounts of interest on borrowing costs

During the period of capitalization, capitalized amount of the interest of each accounting period (including amortization of discounts or premiums) shall be recognized according to the following provisions:

i. As for special loan borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special loan actually incurred in the current period less the interest income of the loans unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.

ii. As for general loans used for acquiring and constructing or producing assets eligible for capitalization, the interest of general loans to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements in excess of special loans by the capitalization rate of used general loans. The capitalization rate is calculated by weighted average interest rate of general loans.

iii. Where there are discounts or premiums on loans, the amounts of interest for each accounting period should be adjusted taking account of amortizable discount or premium amounts for the period by effective interest method.

iv. During the period of capitalization, the capitalized amount of interest of each accounting period shall not exceed the current actual interest of the relevant loans.

b) Recognition of capitalized amounts of auxiliary expenses of loans

i. Auxiliary expenses incurred from special loans before the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be capitalized when they incur and charged to the costs of assets eligible for capitalization; those incurred after the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be recognized as costs according to the amounts incurred when they incur and charged to the current profit or loss.

ii. Auxiliary expenses incurred from general loans shall be recognized as costs according to the amounts incurred when they occur and included in the current profit and loss.

c) Recognition of capitalized amount of exchange differences

During the period of capitalization, exchange differences incurred from the principal and interest of special foreign currency loans should be capitalized and included in the costs of the assets eligible for capitalization.

## **18. Intangible assets**

### (1) Measurement, useful life and impairment test

#### Initial measurement of intangible assets

##### Initial measurement of outsourcing intangible assets

Costs of outsourcing intangible assets shall be recognized according to the purchase price, related taxes and other expenses directly attributed to reaching the working condition for their intended use. The cost of intangible assets shall be recognized based on present value of purchase price when deferred payment over normal credit conditions with financial nature. The difference between actual payment and purchase price, expect for capitalized amount, shall be included into the current profit and loss in the period of credit.

##### Initial measurement of internally researched and developed intangible assets

Costs of internally researched and developed intangible assets shall be recognized according to the total expenses during the period after the assets are eligible for capitalization and before they reach the intended purpose and the expenses that have been included in the previous periods shall no longer be adjusted.

Expenses on the research phase of internally researched and developed intangible assets shall be included in the current profit and loss when they incur; those on the development phase ineligible for capitalization shall be included in the current profit and loss; those eligible for capitalization shall be recognized as intangible assets. If it is

unable to distinguish expenditure on the research phase and expenditure on development phase, the research and development expenditures shall be all included in the current profit and loss.

#### Subsequent measurement of intangible assets

The useful lives of intangible assets are analyzed on acquisition. Intangible assets obtained by the Company are divided into intangible assets with limited useful lives and intangible assets with indefinite useful lives.

#### Subsequent measurement of intangible assets with limited useful lives

The intangible assets with limited useful lives are amortized on a straight-line basis when they reach intended use over their useful lives with no residual value reserved. Amortizations of intangible assets are usually recorded into the current profit and loss; where the economic benefits of an intangible asset are realized by the products or other assets produced thereafter, the amortizations are recorded into the costs of the relevant assets.

Category, estimated useful life, estimated net residual value rate and annual amortization rate of intangible assets are shown below:

Category of intangible assets	Estimated useful life (years)	Estimated net residual value rate (%)	Annual amortization rate (%)
Land use right	50	0	2.00
Trademark	7-10	0	14.29-10.00
Computer software	10	0	10.00

The useful lives and amortization methods of intangible assets with limited useful lives on the balance sheet date shall be reviewed.

#### Subsequent measurement of intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortized in the holding period, but impairment tests are performed at the end of each year.

#### Estimates of useful lives of intangible assets

- a) For intangible assets from any contractual right or other statutory rights, their useful lives shall be recognized according to the period no more than that of the contractual or other statutory rights; when the contractual right or other statutory rights contract is extended due to renewal of contracts and there is evidence that the renewal of the Company does not need large costs, the renewal period shall be included into the useful lives.

b) Where the contract or the law fails to specify the useful lives, the Company integrates situations in all aspects and determine the period of intangible assets that can bring economic benefits for the Company by hiring the relevant experts to demonstrate or comparing with the situation of the industry as well as referring to the Company's historical experience or otherwise.

c) If it is still unable to reasonably determine that intangible assets may bring economic benefits for the Company according to the above methods, the intangible assets are taken as intangible assets with indefinite useful lives.

## (2) Accounting policies of internal research and development expenditure

According to the actual situation of the research and development, the Company classifies the research and development project into that on the research phase and that on the development phase.

### a) Research stage

Research stage is the stage when creative and planned investigations and research activities are conducted to acquire and understand new scientific or technological knowledge.

### b) Development stage

Development stage is the stage when the research achievements or other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

Expenditure of an internal research and development project on the research phase shall be included in current profit and loss when it occurs.

Specific criteria for qualifying expenditure on the development phase for capitalization

Expenditure on the development phase of an internal research and development project shall be recognized as intangible assets only when the following conditions are simultaneously satisfied:

a) It is technically feasible to finish intangible assets for use or sale;

b) It is intended to finish and use or sell the intangible assets;

c) The usefulness of intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets themselves or the intangible assets will be used internally;

d) It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources

and other resources;

e) The expenditure attributable to the intangible asset during its development phase can be measured reliably.

## **19.Non-current assets impairment**

If there are impairment indicators of long-term equity investment, investment property measured at cost model, fixed assets, construction in progress, intangible assets with indefinite useful lives and other long-term assets at balance sheet date, impairment test should be performed. If the result of impairment test shows that recoverable amount is less than its book value, the difference should be provided for impairment and recorded into impairment loss. The recoverable amount is the higher of fair values less costs of disposal and the present values of the future cash flows expected to be derived from the asset. Provision for impairment is calculated and recognized on the basis of individual asset. If recoverable amount of individual asset is difficult to be estimated, the Company should recognize the recoverable amount of the asset group which the individual asset belongs to. Asset group is the minimum asset group which can generate cash inflow separately.

The Company should perform impairment test for goodwill and intangible assets with indefinite life at least at each year end, no matter whether there is impairment indicator.

When the Company performs impairment test, book value of goodwill arising from business combination should be amortized to relevant asset group using the reasonable method from the date of purchase. If it is difficult to amortize it to relevant asset group, amortize it to relevant asset group portfolio. Apportion book value of goodwill to relevant asset group or asset group portfolio according to the proportion of fair value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. If fair value is difficult to be measured reliably, amortize according to the proportion of book value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. When perform impairment test for asset group or asset group portfolio including goodwill, if there is impairment indicator of asset group or asset group portfolio relevant to goodwill, perform impairment test for asset group or asset group portfolio without goodwill firstly, calculate its recoverable amount, compare with relevant book value and recognize impairment loss. Then perform impairment test for asset group or asset group portfolio including goodwill, compare book value of the asset group or asset group portfolio (including proportional book value of goodwill) and its recoverable amount, if recoverable amount of relevant asset group or asset group portfolio is less than its book value, recognize impairment loss of goodwill.

Once impairment loss stated above is recognized, reversal is not allowed in the subsequent accounting periods.

## **20. Long-term deferred expenses**

### (1) Scope of long-term deferred expenses

Long-term deferred expenses refer to various expenses which have been already incurred but will be born in this period and in the future with an amortization period of over 1 year (exclusive).

### (2) Initial measurement of long-term deferred expenses

Long-term deferred expenses shall be initially measured according to the actual costs incurred.

### (3) Amortization of long-term deferred expenses

Long-term deferred expenses are amortized using the straight-line method over the beneficial period.

## **21. Contract liability**

Contract liabilities refer to the obligation of a company to transfer commodities to customers for consideration received or receivable from customers. If the customer has paid the contract consideration or the company has obtained an unconditional right to receive the goods prior to the company's transfer of the goods to the customer, the company will show the amount received or receivable as a contractual liability in which earlier the customer actually pays the amount or the amount becomes due. The contract assets and contract liabilities under the same contract shall be shown on a net basis, and the contract assets and contract liabilities under different contracts shall not be set off.

## **22. Employee benefits**

### (1) Accounting treatment of short-term benefits

Short-term benefits are the benefits that the Company expect to pay in full within 12 months after the reporting period in which the employee provided relevant services, excluding the compensation for employment termination.

Short-term benefits include: wage, bonus, allowance and subsidy; employee welfare, social securities including health insurance and work injury insurance; housing common reserve fund; union expenditure and employee training expenditure; short-term paid leave; short-term profit-sharing; non-monetary welfare and other short-term benefits.

Actual short term benefits will be recognized as liability during the accounting period in which the employee is providing the relevant service to the Company. The liability will be

included in the current profits and losses or the cost relevant assets.

(2) Accounting treatment of post-employment benefits

The defined contribution plan of the Company include payments of basic pension, unemployment insurance, annuity, etc. that accord to relevant provisions. The amount which the Company deposit on balance sheet date in exchange for the service of the employee during the accounting period will be recognized as employee benefits liability and shall be included into the profit or loss for the current period.

(3) Accounting treatment of termination benefits

Termination benefits are the benefits the Company provide to the employee when the Company terminates the employment before labor contract expires or encourages voluntary resignation. Employee benefits liabilities shall be recognized and included into profit or loss for the current period on the earlier date of the two following circumstances:

A. When the Company is not able to withdraw the benefits from termination of employment or resignation persuasion unilaterally;

B. When the Company recognizes costs and fees relevant to reforming the termination benefits payment.

(4) Accounting treatment of other long-term employee benefits

Other long-term employee benefits are all employee benefits other than short-term benefits, post-employment benefits and termination benefits. At the end of reporting period, the company will recognize the employee benefits cost from other long-term employee benefits as the following components:

- a) Service cost;
- b) Net amount of interest from other long-term employee benefits net liabilities or assets;
- c) Changes from recalculation of the net liabilities or assets from other long-term employee benefits.

In order to simplify related accounting procedure, the net amount of the above subjects shall be included into current profit or loss or the cost of relevant assets.

## **23. Provisions**

(1) Recognition principles of provision

When obligations related to external guarantees, pending actions or arbitration, product quality assurance, onerous contracts, reorganization and contingencies satisfy the following three conditions, they shall be recognized as provision:

- a) This obligation is a present obligation of the Company;
- b) The settlement of such obligation is likely to result in outflow of economic benefits from the Company; and
- c) The amount of the obligation can be measured reliably.

(2) Measurement method of provision

The amount of provision is measured at the best estimate of expenses required for contingencies.

- a) If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the median of the range.
- b) The best estimate shall be accounted as follows in other cases:
  - i. If the contingency involves a single item, the best estimate shall be determined at the most likely outcome.
  - ii. If the contingency involves two or more items, the best estimate should be determined according to all the possible outcomes with their relevant probabilities.

## 24. Share-based payment

Share-based payment is classified as equity-settled share-based payment and cash-settled share-based payment.

1) Accounting treatment on the date of granting

The Company does not make any accounting treatment on the date of granting, neither for equity-settled share-based payment nor for cash-settled share-based payment, except that the right of the share-based payment can be exercised immediately.

2) Accounting treatment on each balance sheet date within vesting period

On each balance sheet date within vesting period, the Company records the service provided by employees or other party as cost and expense, and recognizes equity or liability at the same time.

For the share-based payment attached with market conditions, once employees satisfy all conditions except market conditions, the service acquired can be recognized. If the performance condition is not market condition, the estimate for previous periods can be revised when the vesting period is determined and subsequent information shows that the estimate for conditions of exercising rights requires adjustments.

For equity-settled share-based payment related with employees, charge the service into costs, expenses and capital reserve (other capital reserve), using the fair value of the equity instrument on the date of granting. The subsequent changes of fair value should not be recognized. For cash-settled share-based payment related with employees, recalculate fair value of the equity instrument at each balance sheet date and recognize related costs, expenses and employee benefit payable.

At each balance sheet date within vesting period, the Company makes the best estimate and revises the number of equity instrument that can be exercised according to the latest subsequent information such as change of number of employees who can exercise rights.

Use fair value and the number of of equity instrument stated above to calculate

cumulative amount of costs and expenses that should be recognized by this period and then deduct the cumulative amount already recognized in the previous period. The balance is the amount of cost and expense that should be recognized in the current period.

### 3) Accounting treatment after the date when rights can be exercised

For equity-settled share-based payment, after the date when rights can be exercised, no adjustment shall be made to the total amount of the cost expense and equity already recognized. The Company recognizes share capital and capital premium, and carry forward the capital reserve (other capital reserve) recognized within vesting period at the date when rights can be exercised.

For cash-settled share-based payment, the Company shall not recognize costs and expenses. The change of fair value of liability (employee benefit payable) should be recorded into current profit or loss (profit or loss arising from fair value changes) after the date when rights can be exercised.

### 4) Accounting treatment for repurchasing shares regarding employee option incentive.

When the Company encourages employees in the form of repurchasing shares, total expenditure of repurchasing shares is regarded as treasury stock and registered for check. At each balance sheet date within vesting period, charge the employee service acquired into costs and expenses, and meanwhile increase capital reserve (other capital reserve), using fair value of the equity instrument at the date of granting. When the employee exercises the right to buy the Company's shares and receives the amount, write off the cost of treasury stock delivered to the employee and the cumulative amount of capital reserve (other capital reserve) recognized within the vesting period, meanwhile the balance adjusting capital reserve (share capital premium).

## 25.Revenue

Accounting policies adopted in revenue recognition and measurement

### 25.1 Principle and measurement method of revenue recognition

#### (1) Revenue recognition

The Company has fulfilled its contractual performance obligation to recognize revenue when the customer acquires control of the relevant goods. On the beginning date of the contract, the Company evaluates the contract, identifies the individual performance obligations contained in the contract, and determines whether the individual performance obligations are performed within a certain period of time or at a certain point. Then, the Company recognizes the revenue when the individual performance obligations are fulfilled.

#### (2) Revenue measurement

If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, apportion the transaction price to each single performance obligation according to the relative proportion of the separate selling price of the commodity or service committed by each single performance obligation, and measure the revenue according to the transaction price apportioned to each single performance

obligation. In determining the transaction price, the Company will take into account the impact of variable consideration, material financing elements existing in the contract, non-cash consideration and customer consideration payable, and it is assumed that the goods will be transferred to the customer in accordance with the provisions of the existing contract and that the contract will not be canceled, renewed or changed.

## 25.2 Specific revenue recognition policies

### (1) Sales contract

The Company's sales products, promotional products and other goods belong to the performance obligations performed at a certain point.

The Company recognizes the sales revenue when the goods are delivered to the customer and the control of the goods is transferred. For export sales business, the Company recognizes the revenue after the goods are delivered and the customs clearance procedures are completed.

According to the marketing policy, and the dealer sales of final product, the Company gives the dealer a percentage discount, and regularly or irregularly settles with dealers. At the time of settlement, the discounts are recorded in a sales invoice issued. The net amount of invoice value after the deduction of the discount sales income is recognized as revenue according to the accrual principle. The discounts that have occurred and have not yet been settled at the end of the current period shall be taken provision from the sales revenue and recorded into the contract liabilities.

### (2) Service Contract

The service contract provided by the Company contains the performance obligation of the lease service provided. Since the customer obtains and consumes the economic benefits brought by the performance of the contract at the same time, it is regarded as the performance obligation performed within a certain period of time and is equally apportioned and confirmed during the service provision.

## 23. Government grants

### (1) Types of government grants

Government grants are monetary assets and non-monetary assets acquired free of charge by the Company from the government, including government grants related to assets and government grants related to income.

Government grants related to assets are government grants that are acquired by the Company and used for forming long-term assets through purchasing and constructing or other ways.

Government grants related to income are government grants other than government grants related to assets.

### (2) Recognition principles of government grants

Government grants are recognized when both of the following conditions are met:

- a) The Company can meet the attached conditions for the government grants;

b) The Company can receive the grants.

(3) Measurement of government grants

a) If a government grant is a monetary asset, it shall be measured in the light of the received or receivable amount.

b) If a government grant is a non-monetary asset, it shall be measured at its fair value; and if its fair value cannot be obtained in a reliable way, it shall be measured at a nominal amount (a nominal amount is CNY 1).

(4) Accounting treatment method of government grants

a) The government grants related to assets shall be set off of the book value of the related assets or recognized as deferred income at the actual entry amount on acquisition. Government grants recognized as deferred income shall be allocated evenly over the useful lives of the relevant assets, and included in the current profit or loss. Government grants measured at the nominal amount shall be directly included in current profit and loss.

b) Government grants related to income shall be separately handled according to the following circumstances:

i. If government grants related to income are used to compensate the Company's relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be included into the current profit and loss or written off of the related costs when the relevant expenses, losses are recognized.

ii. If government grants related to income are used to compensate the Company's relevant expenses or losses incurred, such government grants are directly included into the current profit and loss on acquisition or written off of the related costs.

b) Government grants related to assets and related to income are received together, shall be treated separately. If it is hard to separate, government grants shall be treated as related to income as a whole.

c) Government grants related to daily operation shall be recoded in other income or written off relevant expenses, costs. Government grants unrelated to daily operation shall be recorded in non-operating income. Financial subsidy funds directly allocated to the company shall be offset the relevant borrowing costs.

d) Government grants already recognized required to be refunded shall be handled according to the following circumstances:

i. If the grants have written down the book value of assets, the book value shall be adjusted.

ii. If there is related deferred income, the book value of relevant deferred income is written down and the exceeding part is recorded in the current profit and loss.

iii. If there is no related deferred income, the exceeding part is directly included in the current profit and loss.

## 24. Deferred tax assets and deferred tax liabilities

The Company adopts the balance sheet liability method to account for income tax.

### (1) Recognition of deferred tax assets or deferred tax liabilities

a) The Company recognizes its tax base on acquisition of assets and liabilities. On the balance sheet date, the Company analyzes and compares the book value of the assets and liabilities and the tax base. If there are temporary differences in book value of the assets and liabilities and the tax base, under the circumstance that the temporary differences incur in the current period and meet the recognition criteria, the Company shall respectively recognize taxable temporary differences or deductible temporary differences as deferred tax liability or deferred tax assets.

### b) Recognition basis of deferred tax assets

i. Deferred tax assets incurred from deductible temporary differences are recognized to the extent that they shall not exceed the taxable income probably obtained in future periods to be against the deductible temporary difference. In determining the taxable income probably obtained in future periods, including the taxable income from normal production and operation activities in future periods and the increase of taxable income due to the reversal of taxable temporary differences during the period of reversal of deductible temporary differences.

ii. For deductible losses and tax credits that can be carried forward to the next years, the Company is likely to recognize the corresponding deferred tax assets to the extent that the assets shall not exceed the taxable income in the future for deducting deductible losses and tax credits and that are probably obtained by the Company.

iii. On the balance sheet date, the Company reviews the book value of deferred tax assets. If it is probably unable to obtain sufficient taxable income in the future period to offset the benefits of the deferred tax assets, the Company shall write down the book value of the deferred tax assets; when it is probable to obtain sufficient taxable income, the write-downs shall be reversed.

### c) Recognition basis of deferred tax liabilities

The Company recognizes the current and previous taxable temporary differences payable but unpaid as deferred tax liabilities. But they exclude temporary differences arising from goodwill; transactions which are formed other than from business combinations and neither affect the accounting profits nor affect taxable income at the time of occurrence.

(2) Measurement of deferred tax assets or deferred tax liabilities

a) On the balance sheet date, the deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period of expected recovery of the assets or liquidation of the liabilities in accordance with the provisions of the tax law.

b) Where the applicable tax rate changes, the Company remeasures deferred tax assets and deferred tax liabilities recognized, except for those incurred in transactions or events directly recognized in the owner's equity, of which the effect shall be included in the income tax expenses in the current period when the rate changes.

c) When the Company measures the deferred tax assets and deferred tax liabilities, the tax rate and tax base in consistent with the expected recovery of assets or liquidation of liabilities shall be adopted.

d) Deferred tax assets and deferred tax liabilities of the Company shall not be discounted.

## 25. Lease

(1) Accounting treatment method of operating lease

Lessee records rents of operating lease into cost of related assets or current profit or loss using straight line method in each period of the lease term. Initial direct expenses incurred are recorded into current profit or loss. Contingent rents are recorded into current profit or loss when occur.

Lessor includes assets used for operating lease in the related items of financial statements. Rent of operating lease is recognized into current profit or loss using straight line method in the various period of the lease term. Initial direct expenses are recorded into current profit or loss. Depreciate fixed asset in the operating lease using depreciation policy of the similar assets. Amortize other operating lease assets using systematic reasonable method. Contingent rent is recorded into current profit or loss when occur.

(2) Accounting treatment method of financing lease

As the lessee, recognize the lower of fair value of lease asset and minimum lease payment at the beginning day of the lease as the initial value of the asset leased in and the minimum lease payment as long-term payable, the difference as unrealized finance expense. Bank charges, lawyer fee, travel allowances, stamp taxes and other initial direct expenses that can be attributable to lease project in the lease negotiation and signing the lease contract are recorded into the asset leased in. Unrealized finance expense is amortized in the period during the lease term and recognized as current finance expenses using actual effective rate method. Contingent rent is recorded into current profit or loss when actually occur.

As the lessor, recognize the total of minimum lease amount received and initial direct expenses as the initial value of finance lease amount receivable and record the residual amount not guaranteed at the same time. Recognize the difference between the total of minimum lease amount received, initial direct expenses and residual amount not guaranteed and present value of that as unrealized finance income. Amortize unrealized finance income in the period during the lease term and use effective interest rate to recognize current finance income. Contingent rent is recorded into current profit or loss when actually occur.

## 26. Changes in significant accounting policies and accounting estimates

### (1) Changes in significant accounting policies

Applicable  N/A

Content and reason of changes in accounting policies		Procedure for examination and approval		Notes
The Company shall, from 1 January 2020, implement the new revenue standards according to <i>Notification of Accounting Standard for Business Enterprises No. 14 - Revenue</i> (Caikuai [2018] No. 22) revised and published by Ministry of Finance in July 2017.		N/A		According to the requirements of the new revenue standards, the comparative financial statements shall not be retroactively adjusted.
The first implementation of new revenue standards will be adjusted to implement the items related to financial statements at the beginning of the year				
Consolidate Balance Sheet Items				
Unit: CNY				
Assets	Balance as at 31 December 2019	Balance as at 1 January 2020	Adjustment	
Advance from customer	6,753,595,187.64		-6,753,595,187.64	
Contract liabilities		8,625,433,531.59	8,625,433,531.59	
Other payables	6,521,146,762.07	3,962,515,639.56	-2,558,631,122.51	
Other current liabilities		686,792,778.56	686,792,778.56	
Balance Sheet of Parent Company				
Unit: CNY				
Advance from customer	16,238,064,053.40		-16,238,064,053.40	
Contract liabilities		14,372,628,991.77	14,372,628,991.77	
Other current liabilities		1,865,435,061.63	1,865,435,061.63	

### (2) Changes in significant accounting estimates

Applicable  N/A

**(3) Since 2020, the first implementation of new revenue standards or new leasing standards will be adjusted to implement the items related to financial statements at the beginning of the year**

Applicable

Whether it is needed to adjust the balance sheet accounts at the beginning of the year

√ Yes  No

### Consolidated Balance Sheet

Unit: CNY

Assets	Balance as at 31 December 2019	Balance as at 1 January 2020	Adjustment
<b>Current assets:</b>			
Cash and cash equivalents	4,300,144,848.67	4,300,144,848.67	
Settlement reserves			
Lending funds			
Financial assets held for trading	17,976,767,209.45	17,976,767,209.45	
Derivative financial assets			
Notes receivables	659,266,780.81	659,266,780.81	
Accounts receivables	16,080,618.65	16,080,618.65	
Account receivables financing			
Prepayment	200,115,325.19	200,115,325.19	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve			
Other receivables	37,521,590.52	37,521,590.52	
Including: Interests receivable			
Dividends receivable			
Buying back the sale of financial assets			
Inventories	14,433,244,696.27	14,433,244,696.27	
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	183,119,654.47	183,119,654.47	
<b>Total current assets</b>	<b>37,806,260,724.03</b>	<b>37,806,260,724.03</b>	
<b>Non-current assets:</b>			
Disbursement of loans and advances			
Investment in debt instruments			
Investment in other debt instruments			
Long-term receivables			
Long-term equity investments	25,361,651.38	25,361,651.38	
Investment in other equity instruments			
Other non-current financial assets	5,050,851,671.16	5,050,851,671.16	
Investment property			
Fixed assets	7,256,557,503.85	7,256,557,503.85	
Construction in progress	263,153,505.12	263,153,505.12	
Productive biological assets			
Oil and gas assets			
Right-of-use asset			
Intangible assets	1,747,134,144.14	1,747,134,144.14	
Development expenses			
Goodwill	276,001,989.95	276,001,989.95	
Long-term deferred	254,143.60	254,143.60	

expenses			
Deferred tax assets	825,064,057.57	825,064,057.57	
Other non-current assets	204,398,450.18	204,398,450.18	
<b>Total non-current assets</b>	<b>15,648,777,116.95</b>	<b>15,648,777,116.95</b>	
<b>Total assets</b>	<b>53,455,037,840.98</b>	<b>53,455,037,840.98</b>	
<b>Current liabilities:</b>			
Short-term loans			
Borrowings from the central bank			
Loans from other banks			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payables	1,330,649,116.82	1,330,649,116.82	
Advance from customer	6,753,595,187.64		-6,753,595,187.64
Contract liabilities		8,625,433,531.59	8,625,433,531.59
Financial assets sold for repurchase			
Customer brokerage deposits			
Securities underwriting brokerage deposits			
Receivings from vicariously sold securities			
Employee benefits payable	116,094,163.25	116,094,163.25	
Taxes payable	1,815,288,006.47	1,815,288,006.47	
Other payables	6,521,146,762.07	3,962,515,639.56	-2,558,631,122.51
Including: Interests payable			
Dividends payable			
Handling charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities		686,792,778.56	686,792,778.56
<b>Total current liabilities</b>	<b>16,536,773,236.25</b>	<b>16,536,773,236.25</b>	
<b>Non-current liabilities:</b>			
Insurance contract reserves			
Long-term loans	72,723.00	72,723.00	
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities			
Long-term payables	197,623,728.85	197,623,728.85	
Long-term payroll payables			
Accrued liabilities			
Deferred income	89,756,500.00	89,756,500.00	
Deferred tax liabilities	139,259,083.16	139,259,083.16	
Other non-current liabilities			
Total non-current liabilities	426,712,035.01	426,712,035.01	
<b>Total liabilities</b>	<b>16,963,485,271.26</b>	<b>16,963,485,271.26</b>	
<b>Shareholders' equity</b>			
Share capital	1,506,988,000.00	1,506,988,000.00	
Other equity instruments			
Including: preference shares			

Perpetual bonds			
Capital reserves	741,532,550.13	741,532,550.13	
Less: treasury stock			
Other comprehensive income	-3,608,771.16	-3,608,771.16	
Special reserves			
Surplus reserves	753,494,000.00	753,494,000.00	
General risk reserve			
Undistributed profits	33,510,429,712.50	33,510,429,712.50	
<b>Total equity attributable to owners of the parent company</b>	<b>36,508,835,491.47</b>	<b>36,508,835,491.47</b>	
Non-controlling interests	-17,282,921.75	-17,282,921.75	
<b>Total owners' equity</b>	<b>36,491,552,569.72</b>	<b>36,491,552,569.72</b>	
<b>Total liabilities and owners' equity</b>	<b>53,455,037,840.98</b>	<b>53,455,037,840.98</b>	

## Adjustment statement

The Company shall, from 1 January 2020, implement the new revenue standards according to *Notification of Accounting Standard for Business Enterprises No.14-Revenue* (Caikui [2018] No.22) revised and published by Ministry of Finance in July 2017. According to the requirements of the new revenue standards, the comparative financial statements shall not be retroactively adjusted.

## Balance Sheet of Parent Company

Unit: CNY

Assets	Balance as at 31 December 2019	Balance as at 1 January 2020	Adjustment
<b>Current assets:</b>			
Cash and cash equivalents	3,741,676,596.22	3,741,676,596.22	
Financial assets held for trading	6,991,814,305.98	6,991,814,305.98	
Derivative financial assets			
Notes receivables	493,500.00	493,500.00	
Accounts receivables	900,252,229.11	900,252,229.11	
Account receivables financing			
Prepayment	110,564,280.51	110,564,280.51	
Other receivables	8,154,899,373.55	8,154,899,373.55	
Including: Interests receivable			
Dividends receivable			
Inventories	10,476,945,420.09	10,476,945,420.09	
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	303,163.88	303,163.88	
<b>Total current assets</b>	<b>30,376,948,869.34</b>	<b>30,376,948,869.34</b>	
<b>Non-current assets:</b>			
Investment in debt instruments			
Investment in other debt instruments			
Long-term receivables			
Long-term equity investments	7,964,291,378.23	7,964,291,378.23	
Investment in other equity instruments			

Other non-current financial assets	1,467,783,926.91	1,467,783,926.91	
Investment property			
Fixed assets	4,641,909,489.16	4,641,909,489.16	
Construction in progress	183,652,813.42	183,652,813.42	
Productive biological assets			
Oil and gas assets			
Right-of-use asset			
Intangible assets	1,230,216,202.93	1,230,216,202.93	
Development expenses			
Goodwill			
Long-term deferred expenses			
Deferred tax assets	6,181,509.39	6,181,509.39	
Other non-current assets	170,318,838.68	170,318,838.68	
<b>Total Non-current Assets</b>	<b>15,664,354,158.72</b>	<b>15,664,354,158.72</b>	
<b>Total Assets</b>	<b>46,041,303,028.06</b>	<b>46,041,303,028.06</b>	
<b>Current liabilities:</b>			
Short-term loans			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payables	1,066,947,279.95	1,066,947,279.95	
Advance from customer	16,238,064,053.40		-16,238,064,053.40
Contract liabilities		14,372,628,991.77	14,372,628,991.77
Employee benefits payable			
Taxes payable	202,771,495.61	202,771,495.61	
Other payables	180,236,563.85	180,236,563.85	
Including: Interests payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities		1,865,435,061.63	1,865,435,061.63
<b>Total current liabilities</b>	<b>17,688,019,392.81</b>	<b>17,688,019,392.81</b>	
<b>Non-current liabilities:</b>			
Long-term loans	72,723.00	72,723.00	
Bonds payable			
Including: preference shares			
Perpetual bonds			
Lease liabilities			
Long-term payables	144,680,616.65	144,680,616.65	
Long-term payroll payables			
Provisions			
Deferred income			
Deferred tax liabilities	49,541,198.05	49,541,198.05	
Other non-current liabilities			
<b>Total non-current liabilities</b>	<b>194,294,537.70</b>	<b>194,294,537.70</b>	
<b>Total liabilities</b>	<b>17,882,313,930.51</b>	<b>17,882,313,930.51</b>	
<b>Owners' equity (or shareholders' equity)</b>			
Share capital	1,506,988,000.00	1,506,988,000.00	
Other equity instruments			
Including: preference			

shares			
Perpetual bonds			
Capital reserves	1,341,628,480.93	1,341,628,480.93	
Less: treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserves	753,494,000.00	753,494,000.00	
Undistributed profits	24,556,878,616.62	24,556,878,616.62	
<b>Total owners' equity</b>	<b>28,158,989,097.55</b>	<b>28,158,989,097.55</b>	
<b>Total liabilities and owners' equity</b>	<b>46,041,303,028.06</b>	<b>46,041,303,028.06</b>	

#### Adjustment statement

The Company shall, from 1 January 2020, implement the new revenue standards according to Notification of *Accounting Standard for Business Enterprises No. 14 - Revenue* (Caikuai [2018] No.22) revised and published by Ministry of Finance in July 2017. According to the requirements of the new revenue standards, the comparative financial statements shall not be retroactively adjusted.

#### **(4) Since 2020, the first implementation of new revenue standards or new leasing standards will be retroactively adjusted to the comparative financial statements**

Applicable  N/A

## VI. Taxes

### 1. Major tax types and rates

Tax type	Taxation basis	Tax rate
Value-added tax (VAT)	Output tax-deductible input tax	13%、10%、6%、19%
Consumption tax	Sales revenue or or composite assessable price	
Urban maintenance and construction tax	Applicable turnover tax amount	7%、5%
Corporate income tax	Applicable income tax rate Taxable income	25%、16.5%、0%、27%

Disclosure statement if there are various taxpaying bodies with different corporate income tax rates

Company name	Applicable tax rate
JSSJ Industry (HK) Holdings Co., Ltd.	16.50%
ZYG E-Commerce HK Limited	16.50%
Yanghe Hong Kong Distillery Co., Ltd.	16.50%
Hong Kong Zhaiugou International Trade Co., Ltd.	16.50%
Yanghe Chile SPA	27%
YangHe International Investment Ltd, ZYG Ltd	0
ZYG Technology Investment Ltd	0

### 2. Other information

1. Ad valorem taxation: liquor consumption tax shall be calculated and paid according to 20% of the approved sales amount. The taxable liquor commissioned for processing shall be taxed according to the sales price of similar liquor of the entrusted party, and if there is no sales price of similar liquor, the taxable liquor shall be computed according to the

composition assessable price. Consumption tax on red wine (wine) is calculated at 10% of sales.

2. Quantity-based taxation: liquor consumption tax is calculated and paid according to CNY 0.50 per kg.

3. The corporate income tax is calculated and paid at 25% of the taxable income amount. The profits tax rate applicable to JSSJ Industry (HK) Holdings Co., Ltd., Hong Kong Zhaiugou International Trade Co., Ltd., ZYG E-Commerce HK Limited and Yanghe Hong Kong Distillery Co., Ltd. is 16.50%, and the income tax rate applicable to Yanghe Chile SPA is 27%. YangHe International Investment Ltd, ZYG Ltd and ZYG Technology Investment Ltd are not required to pay any taxes to the government according to local laws.

## VII. Notes to the main items of the consolidated financial statements (all currency unit is CNY, except other statements)

### 1. Cash and cash equivalents

Unit: CNY

Item	Closing balance	Opening balance
Cash	4,434.27	4,067.27
Bank deposit	7,201,133,719.50	4,282,803,604.61
Other cash and cash equivalents	42,048,208.52	17,337,176.79
Total	7,243,186,362.29	4,300,144,848.67
Including: total deposit outbound	67,157,360.95	62,676,784.36

Other notes

Liquor manufacturing enterprises should disclose in detail whether there is any special interest arrangement such as the establishment of capital co-management accounts with relevant parties

Applicable  N/A

The Company shall comply with the disclosure requirements of the Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 14 - Listed Companies Engage in Food and Liquor Manufacturing Related Businesses

The Company does not have any special interest arrangement such as establishing fund co-management account with relevant parties.

### 2. Financial assets held for trading

Unit: CNY

Item	Closing balance	Opening balance
Financial asset at fair value through profit and loss	14,301,978,905.17	17,976,767,209.45
Including:		
Equity instrument		2,012,500.00
Debt instrument	14,301,978,905.17	17,974,754,709.45
Including:		
Total	14,301,978,905.17	17,976,767,209.45

### 3. Notes receivables

#### 1) Classification of notes receivables

Unit: CNY

Item	Closing balance	Opening balance
------	-----------------	-----------------

Bank acceptance bill	613,496,333.71	659,266,780.81
Total	613,496,333.71	659,266,780.81

Unit: CNY

Item	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	amount	proportion	amount	proportion		amount	proportion	amount	proportion	
Including:										
Provision for bad debt of notes receivablesby portfolio	613,496,333.71	100.00%			613,496,333.71	659,266,780.81	100.00%			659,266,780.81
Including:										
Bank acceptance bill portfolio	613,496,333.71	100.00%			613,496,333.71	659,266,780.81	100.00%			659,266,780.81
Total	613,496,333.71	100.00%			613,496,333.71	659,266,780.81	100.00%			659,266,780.81

Provision for bad debt by individual: 0.00

Unit: CNY

Item	Closing balance			
	Book balance	Provision for bad debt	Proportion	Reason

Provision for bad debt by individual: 0.00

Unit: CNY

Item	Closing balance			
	Book balance	Provision for bad debt	Proportion	Reason

Provision for bad debt by individual: 0.00

Unit: CNY

Item	Closing balance			
	Book balance	Provision for bad debt	Proportion	Reason

Provision for bad debt by portfolio:

Unit: CNY

Item	Closing balance		
	Book balance	Provision for bad debt	Proportion
Bank acceptance bill portfolio	613,496,333.71	0.00	

Notes to determine provision for bad debt by portfolio:

Provision for bad debt by portfolio:

Unit: CNY

Item	Closing balance		
	Book balance	Provision for bad debt	Proportion

Notes to determine provision for bad debt by portfolio:

If provision for bad debt of notes receivable is calculated according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information about provision for bad debt:

Applicable  Not applicable

## 2) Notes receivable that have been endorsed to other parties by the Company but have not expired at the end of year

Unit: CNY

Item	Derecognition at period end	Not derecognition at period end
Bank acceptance bill	397,528,853.18	
Total	397,528,853.18	

## 4. Accounts receivables

### (1) Disclosed by categories

Unit: CNY

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Provision for bad debt by portfolio	6,902,858.86	100.00%	2,677,627.96	38.79%	4,225,230.90	18,852,659.14	100.00%	2,772,040.49	14.70%	16,080,618.65
Including:										
Risk portfolio	6,902,858.86	100.00%	2,677,627.96	38.79%	4,225,230.90	18,852,659.14	100.00%	2,772,040.49	14.70%	16,080,618.65
Other portfolio										
Total	6,902,858.86	100.00%	2,677,627.96	38.79%	4,225,230.90	18,852,659.14	100.00%	2,772,040.49	14.70%	16,080,618.65

Provision for bad debt by individual:

Unit: CNY

Name of client	Closing balance			
	Book balance	Provision for bad debt	Proportion	Reason

Provision for bad debts by portfolio: Risk portfolio

Unit: CNY

Overdue years	Closing balance		
	Accounts receivables	Provision for bad debt	Proportion of provision
Overdue within 1 year	3,767,292.61	113,018.78	3.00%
Overdue 1-2 years	88,718.59	8,871.86	10.00%
Overdue 2-3 years	31,993.58	6,398.72	20.00%
Overdue more than 3 years	3,014,854.08	2,549,338.60	84.56%
Total	6,902,858.86	2,677,627.96	--

Notes to determine provision for bad debt by portfolio:

For accounts receivables divided into risk portfolio, the Company refers to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, and prepares a comparison table between overdue ages of accounts receivables and expected credit loss rate of the whole duration to calculate the expected credit loss.

Provision for bad debt by portfolio:

Unit: CNY

Item	Closing balance		
	Book Balance	Provision for bad debt	Proportion

Notes to determine provision for bad debt by portfolio:

If provision for bad debt of notes receivable is calculated according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information about provision for bad debt:

Applicable  Not applicable

Disclosed by aging

Unit: CNY

Aging	Book value
Within 1 year (including 1 year)	3,767,292.61
1-2 years	88,718.59
2-3 years	31,993.58
Over 3 years	3,014,854.08
3-4 years	891,788.77
4-5 years	98,105.45
Over 5 years	2,024,959.86
Total	6,902,858.86

The Company shall comply with the disclosure requirements of *Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 14 - Listed Companies Engaging in Food and Liquor Manufacturing Related Businesses*.

**(2) Provision for bad debt that is accrued, recovered or reversed during this period**

Provision for bad debts during this period:

Unit: CNY

Category	Opening balance	Changes in the current period				Closing balance
		Provision	Recovered or reversed	Write off	Others	

Provision for bad debt of accounts receivables	2,772,040.49		94,412.53			2,677,627.96
Total	2,772,040.49		94,412.53			2,677,627.96

Significant amount of reversal or recovery during this period

Unit: CNY

Company name	Amount recovered or reversed	Method
--------------	------------------------------	--------

### (3) Top five entities with the largest balances of the accounts receivables

Unit: CNY

Company's name	Closing balance	Proportion in the total accounts receivables	Provision amount
First	973,744.36	14.11%	29,212.33
Second	600,066.00	8.69%	18,001.98
Third	600,000.00	8.69%	600,000.00
Fourth	454,356.93	6.58%	454,356.93
Fifth	434,565.07	6.30%	13,036.95
Total	3,062,732.36	44.37%	

## 5. Prepayment

### (1) Analysis by aging

Unit: CNY

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	7,941,357.88	84.85%	198,626,119.93	99.26%
1-2 years	847,516.09	9.06%	972,506.99	0.48%
2-3 years	272,564.91	2.91%	413,485.27	0.21%
Over 3 years	297,407.60	3.18%	103,213.00	0.05%
Total	9,358,846.48	--	200,115,325.19	--

Significant prepayment aging over 1 year without settlement on time :

No significant prepayment aging over 1 year are recorded in the ending balance.

### (2) Top five entities with the largest balances of prepayment

Company's name	Closing balance	Proportion in the total prepayment (%)
First	1,952,540.69	20.86
Second	1,231,817.00	13.16
Third	616,680.27	6.59
Fourth	688,310.00	7.36
Fifth	485,555.44	5.19
Total	4,974,903.40	53.16

## 6. Other receivables

Unit: CNY

Item	Closing balance	Opening balance
Other receivables	30,318,938.67	37,521,590.52
Total	30,318,938.67	37,521,590.52

**(1) Other receivables**

## a) Other receivables by nature

Unit: CNY

Nature of other receivables	Closing balance	Opening balance
Savings deposits (infringement dispute)	65,747,048.93	65,747,048.93
Deposit	16,298,680.14	15,338,991.78
Cooperation	3,910,000.00	3,910,000.00
Business loans, petty cash and others	19,800,887.50	28,136,955.41
<b>Total</b>	<b>105,756,616.57</b>	<b>113,132,996.12</b>

## b) Provision for bad debt

Unit: CNY

Bad debt	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for lifetime (No credit loss occurred)	Expected credit loss for lifetime (Credit loss occurred)	
Balance as at 1 January 2020	485,801.96		75,125,603.64	75,611,405.60
Change of opening balance as at 1 January 2020 in current period	—	—	—	—
Provision in 2020			66,429.11	66,429.11
Write-off in 2020	218,499.03			218,499.03
Other changes	-21,657.78			-21,657.78
Balance as at 31 December 2020	245,645.15		75,192,032.75	75,437,677.90

Significant changes of loss provision in the book balance during this period.

 Applicable  Not applicable

## Disclosure by aging

Unit: CNY

Aging	Book value
Within 1 year(including 1 year)	6,046,860.37
1-2 years	587,785.71
2-3 years	3,082,251.10
Over 3 years	96,039,719.39
3-4 years	3,646,132.27
4-5 years	115,065.49
Over 5 years	92,278,521.63
<b>Total</b>	<b>105,756,616.57</b>

## c) Provision for bad debt that is accrued, recovered or reversed during this period

Provision for bad debts during this period:

Unit: CNY

Category	Opening balance	Changes in current period				Closing balance
		Provision	Recovered or reversed	Write off	Other changes	
Other	75,611,405.60		152,069.92		-21,657.78	75,437,677.90

receivables bad debt provision						
Total	75,611,405.60		152,069.92		-21,657.78	75,437,677.90

Significant amount of reversal or recovery during this period:

Unit: CNY

Company Name	Recovery amount	Method
--------------	-----------------	--------

d ) Top five entities with the largest balances of other receivables

Unit: CNY

Company's name	Category	Closing balance	Aging	Proportion in total receivables	Provisioning amount at period end
Industrial Commercial Bank of China Ltd. Zhengzhou Jiefang Road branch.	Savings deposit ( Infringement dispute )	42,907,124.66	Over 5 years	40.57%	19,872,137.40
Industrial Commercial Bank of China Ltd. Kaifeng Haode branch	Savings deposit ( Infringement dispute )	22,839,924.27	Over 5 years	21.60%	22,839,924.27
Bankruptcy administrator of Jiangsu Juntai Properties Co.,Ltd., Suqian Guotai Department Store Co.,Ltd.	Deposit	15,000,000.00	Over 5 years	14.18%	15,000,000.00
Nanjing Peilong Sports Culture Co., Ltd.	Cooperation	3,910,000.00	Over 5 years	3.70%	3,910,000.00
Advance money for another	Advance money for another	2,379,354.55	3-4 year	2.25%	2,379,354.55
Total	--	87,036,403.48	--	82.30%	64,001,416.22

## 7. Inventories

Whether the Company needs to comply with the disclosure requirement of real estate industry.

No

### (1) Categories of Inventories

Unit: CNY

Category	Closing balance			Opening balance		
	Book balance	Provision for stock obsolescence	Book value	Book balance	Provision for stock obsolescence	Book value
Raw material	326,289,956.43	9,565,908.51	316,724,047.92	394,844,178.61	6,710,130.33	388,134,048.28
Work in progress	557,314,618.19		557,314,618.19	551,503,829.41		551,503,829.41
Stocks	1,582,637,195.62		1,582,637,195.62	1,704,339,664.69		1,704,339,664.69
semi-finished goods	12,396,018,284.57		12,396,018,284.57	11,789,267,153.89		11,789,267,153.89
Total	14,862,260,054.81	9,565,908.51	14,852,694,146.30	14,439,954,826.60	6,710,130.33	14,433,244,696.27

The Company shall comply with the disclosure requirements of *Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 14 - Listed Companies Engaging in Food and Liquor Manufacturing Related Businesses*.

## (2) Provision for stock obsolescence

Unit: CNY

Category	Opening book balance	Increases in current period		Decreases in current period		Closing book balance
		Provision	Other	Recovery or reversal	Other	
Raw material	6,710,130.33	6,196,876.85		3,341,098.67		9,565,908.51
Total	6,710,130.33	6,196,876.85		3,341,098.67		9,565,908.51

### Determination basis of net realizable values of inventories

- i. In normal operation process, for merchandise inventories held directly for sale, including stock commodities (finished goods) and materials for sale, their net realizable values are determined at their estimated selling prices minus their estimated selling expenses and relevant taxes and surcharges.
- ii. In normal operation process, for material inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.
- iii. For inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in the sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.
- iv. The materials held for production shall be measured at cost if the net realizable value of the finished products is higher than the cost. If a decline in the value of materials shows that the net realizable value of the finished products is lower than the cost, the materials shall be measured at the net realizable value.

The recovery or reversal of stock obsolescence in the current period is the provision of stock obsolescence for raw materials consumed in the current period.

**8. Other current assets**

Unit: CNY

Item	Closing balance	Opening balance
VAT to be deducted	168,810,154.82	159,457,511.39
Consumption tax to be deducted	6,483,646.87	7,020,885.09
Advance payment of income tax	7,543,269.30	16,641,257.99
Total	182,837,070.99	183,119,654.47

**9. Long-term equity investments**

Unit: CNY

Investee	Opening balance	Changes in current period								Closing balance	Closing balance of provision for impairment	
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash dividend or profit declared	Provision for impairment	Other			
Joint venture												
Diageo International Spirits Company Limited	10,521,622.18			-658,669.17	342,416.50					740,610.50	10,261,147.01	
Subtotal	10,521,622.18			-658,669.17	342,416.50					740,610.50	10,261,147.01	
Associated enterprise												
Jiangsu Su Wine Culture Transmission Co., Ltd.	4,141,514.81			557,983.73						-172,288.69	4,527,209.85	
Nanjing Hesong Culture	4,045,488.86			-191,051.07							3,854,437.79	

Technology Co.,Ltd.										
Jiangsu Xinghe Investment Management Co.,Ltd.	6,653,025.53			4,232,556.98					10,885,582.51	
Subtotal	14,840,029.20			4,599,489.64				-172,288.69	19,267,230.15	
Total	25,361,651.38			3,940,820.47	-342,416.50			568,321.81	29,528,377.16	

Other notes:

Other changes in the increase or decrease of long-term equity investment in the current period are the impact of adjusted long-term equity investment due to unrealized sales profit of downstream transactions and exchange rate changes.

## 10. Other non-current financial assets

Unit: CNY

Item	Closing balance	Opening balance
Classified as financial assets at fair value through profit and loss		
Including: equity instrument investment	4,519,967,688.33	3,353,861,013.63
Debt instrument investment	1,846,990,537.48	1,696,990,657.53
Total	6,366,958,225.81	5,050,851,671.16

## 11. Fixed assets

Unit: CNY

Item	Closing balance	Opening balance
Fixed Assets	6,882,953,634.34	7,256,557,503.85
Total	6,882,953,634.34	7,256,557,503.85

### (1) Details of fixed assets

Unit: CNY

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Other equipment	Total
Original cost of fixed assets					

1. Opening Balance	7,910,068,298.24	3,154,532,441.81	66,546,449.77	410,383,454.75	11,541,530,644.57
2. Increase in current period	268,503,489.45	71,957,131.32	3,621,457.60	14,699,120.57	358,781,198.94
(1) External purchase	22,078,140.26	71,957,131.32	3,621,457.60	14,699,120.57	112,355,849.75
(2) Transfer from construction in progress	246,425,349.19				246,425,349.19
(3) Increase from business combination					
3. Decrease in current period	9,097,740.24	8,639,283.00	570,651.58	4,681,406.04	22,989,080.86
(1) Disposal or retirement	9,097,740.24	8,639,283.00	570,651.58	4,681,406.04	22,989,080.86
(2) Decrease from business combination					
4. Closing Balance	8,169,474,047.45	3,217,850,290.13	69,597,255.79	420,401,169.28	11,877,322,762.65
<b>Accumulated depreciation</b>					
1. Opening Balance	2,277,433,792.29	1,654,577,077.62	50,326,402.03	302,635,868.78	4,284,973,140.72
2. Increase in current period	383,086,384.69	280,314,176.23	5,850,072.07	58,300,214.84	727,550,847.83
(1) Provision	383,086,384.69	280,314,176.23	5,850,072.07	58,300,214.84	727,550,847.83
3. Decrease in current period	6,270,051.43	6,975,976.68	916,859.27	3,991,972.86	18,154,860.24
(1) Disposal or retirement	6,270,051.43	6,975,976.68	916,859.27	3,991,972.86	18,154,860.24
4. Closing Balance	2,654,250,125.55	1,927,915,277.17	55,259,614.83	356,944,110.76	4,994,369,128.31
<b>Provision for fixed asset impairment</b>					
1. Opening Balance					
2. Increase in current period					
(1) Provision					
3. Decrease in current period					
(1) Disposal or retirement					
4. Closing Balance					
<b>Book value</b>					
1. Closing book value	5,515,223,921.90	1,289,935,012.96	14,337,640.96	63,457,058.52	6,882,953,634.34
2. Opening book value	5,632,634,505.95	1,499,955,364.19	16,220,047.74	107,747,585.97	7,256,557,503.85

**(2) Investment properties without certification of right**

Unit: CNY

Item	Book value	Reason for not having the certification of right
Yanghe Blue-collar workers apartment	136,256,140.84	In process
Yanghe 40,000-ton pottery jar warehouse	175,790,462.04	In process
Yanghe workshop etc.	111,059,271.04	In process
Total	423,105,873.92	

## 12. Construction in progress

Unit: CNY

Item	Closing balance	Opening balance
Construction in progress	223,468,482.24	263,153,505.12
Total	223,468,482.24	263,153,505.12

### (1) Details of the construction in progress

Unit: CNY

Item	Closing balance			Opening balance		
	Book Balance	Provision for impairment	Book value	Book Balance	Provision for impairment	Book value
R&D Center Building project	330,097.09		330,097.09	330,097.09		330,097.09
Packaging logistics project of Shuanggou Distillery industry park	3,457,949.57		3,457,949.57	3,145,312.97		3,145,312.97
Shuanggou new area brewing project				13,132,641.22		13,132,641.22
Shuanggou new area supporting project	492,307.69		492,307.69	492,307.69		492,307.69
Shuanggou packaging production line	10,610,699.88		10,610,699.88	10,610,699.88		10,610,699.88
Intelligent brewing (Mellowness 125 workshop) project	18,611,596.70		18,611,596.70	26,209,114.57		26,209,114.57
Siyang base three-dimensional warehouse, packaging production line project	1,090,909.09		1,090,909.09	14,449,560.37		14,449,560.37
Qu-making third workshop sesame qu expansion phase II project				5,955,626.39		5,955,626.39
40,000 tons of pottery jar warehouse project	12,714,991.93		12,714,991.93	82,205,504.93		82,205,504.93
Nanjing operation center building project	114,003,278.26		114,003,278.26	40,644,198.33		40,644,198.33
Other projects	62,156,652.03		62,156,652.03	65,978,441.68		65,978,441.68
Total	223,468,482.24		223,468,482.24	263,153,505.12		263,153,505.12

**(2) Significant changes in construction in progress**

Unit: CNY

Item	Budget	Opening balance	Increase in current period	Transfer into fixed assets	Other decreases	Closing balance	Proportion of accumulative project input in budget (%)	Progress	Interest capitalization rate	Include: Capitalized interest for the period	Capitalization rate for the period	Source of funds
R&D Center Building project	260,510,000.00	330,097.09				330,097.09	197.87%	Late stage				Other
Shuanggou new area bottle storage and packaging relocation project	495,000,000.00	3,145,312.97	312,636.60			3,457,949.57	207.18%	Late stage				Other
Shuanggou new area brewing project	528,180,000.00	13,132,641.22		13,132,641.22			162.55%	Late stage				Other
Shuanggou new area supporting project	70,000,000.00	492,307.69				492,307.69	173.17%	Late stage				Other
Shuanggou packaging production line	120,000,000.00	10,610,699.88				10,610,699.88	89.53%	Late stage				Other
Intelligent brewing (Mellowness 125 workshop) project	45,000,000.00	26,209,145.72	4,114,728.24	11,712,246.11		18,611,596.70	67.38%	Late stage				Other
Siyang base three-dimensional warehouse, packaging production line project	41,000,000.00	14,449,560.37	5,739,254.40	19,097,905.68		1,090,909.09	64.93%	Late stage				Other
Qu-making third workshop sesame qu expansion phase II project	9,800,000.00	5,955,626.39	1,763,374.94	7,719,001.33			78.76%	Late stage				Other
40,000 tons of pottery jarwarehouse project	360,000,000.00	82,205,504.93	116,132,677.14	185,623,190.14		12,714,991.93	55.09%	Late stage				Other
Nanjing operation center building project	800,000,000.00	40,644,198.33	73,359,079.93			114,003,278.26	14.25%	Early stage				Other
<b>Total</b>	<b>2,729,490,000.00</b>	<b>197,175,197.09</b>	<b>201,421,201.42</b>	<b>237,284,923.97</b>		<b>161,311,830.88</b>	<b>--</b>	<b>--</b>				<b>--</b>

	000.00	063.44	751.25	84.48		.21					
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### 13. Intangible assets

#### (1) Details of intangible assets

Unit: CNY

Item	Land use right	Patent right	No-patent right technology	Trademark right	Computer software	Total
Original cost of intangible assets						
Opening balance	1,951,504,148.14			399,851,465.43	118,448,570.28	2,469,804,183.85
Increase in current period	5,814,263.84				15,750,107.50	21,564,371.34
Including: Acquired	5,814,263.84				15,750,107.50	21,564,371.34
Internally developed						
Business combination						
Decrease in current period						
Including: Disposal						
Closing balance	1,957,318,411.98			399,851,465.43	134,198,677.78	2,491,368,555.19
<b>Accumulated amortization of intangible assets</b>						
Opening balance	287,051,471.16			387,109,803.02	48,508,765.53	722,670,039.71
Increase in current period	40,313,330.51			1,890,025.46	12,968,466.41	55,171,822.38
Including: Provision	40,313,330.51			1,890,025.46	12,968,466.41	55,171,822.38
Decrease in current period						
Including: Disposal						
Closing balance	327,364,801.67			388,999,828.48	61,477,231.94	777,841,862.09
<b>Provision for impairment</b>						
Opening balance						
Increase in current period						
Including: Provision						
Decrease in current period						

Including: Disposal						
Closing balance						
<b>Book value of intangible assets</b>						
Closing book value	1,629,953,610.31			10,851,636.95	72,721,445.84	1,713,526,693.10
Opening book value	1,664,452,676.98			12,741,662.41	69,939,804.75	1,747,134,144.14

The proportion of intangible assets formed through internal research and development of the Company in the balance of intangible assets at the end of this period is 0.00%.

## 14. Goodwill

### (1) Original cost of goodwill

Unit: CNY

Investee's name or items resulting in goodwill	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Business combination		Disposal		
Jiangsu Shuanggou Distillery Stock Co.,Ltd.	276,001,989.95					276,001,989.95
Jiangsu Zhaiugou E-commerce Co.,Ltd	6,940,018.79					6,940,018.79
Jiangsu Zhaibianli E-commerce Co.,Ltd	21,250,284.80					21,250,284.80
Guizhou Guijiu Co.,Ltd.	18,826,210.01					18,826,210.01
ZYG TECHNOLOGY INVESTMENT LTD	5,057,111.19					5,057,111.19
Guizhou Welcome Drink Stock Co.,Ltd	11,333,195.25					11,333,195.25
Total	339,408,809.99					339,408,809.99

### (2) Provision for impairment of goodwill

Unit: CNY

Investee's name or items resulting in goodwill	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Provision		Disposal		
Jiangsu Zhaiugou E-commerce Co.,Ltd	6,940,018.79					6,940,018.79
Jiangsu Zhaibianli E-commerce Co.,Ltd	21,250,284.80					21,250,284.80
Guizhou Guijiu Co.,Ltd.	18,826,210.01					18,826,210.01
ZYG TECHNOLOGY INVESTMENT LTD	5,057,111.19					5,057,111.19
Guizhou Welcome Drink Stock Co.,Ltd	11,333,195.25					11,333,195.25
Total	63,406,820.04					63,406,820.04

Related information of asset groups or asset group portfolio containing goodwill  
Goodwill impairment test according to the present value of the expected future cash flow of the asset groups, group assets of recent three years based on the actual operation situation and the future operation of the expectations, the estimated future cash flow of the asset group, and according to the pre-tax discount rate of 19.93% discount after calculating the recoverable amount of an asset group. After the test, there is no goodwill impairment resulting from the acquisition of Jiangsu Shuanggou Distillery Stock Co., Ltd.

Statement of testing process of impairment of goodwill, key parameters (e.g. the forecast growth rate at present value of future cash flows; the growth rate in stable period; profit margin; the discount rate; predictive period and etc.) and determination methods of recognizing goodwill impairment loss.

Effect of goodwill impairment test  
Other statements

## 15. Long-term prepaid expenses

Unit: CNY

Item	Opening balance	Increase in the current period	Amortization for the current period	Other decreases	Closing balance
Renovation costs of rented house	254,143.60		127,071.84		127,071.76
Total	254,143.60		127,071.84		127,071.76

## 16. Deferred tax assets/ deferred tax liabilities

### (1) Deferred tax assets before offset

Unit: CNY

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	84,810,902.34	21,202,543.99	81,682,220.18	20,415,104.69
Unrealized profit from internal transaction	35,903,134.07	8,975,783.52	41,036,182.10	10,259,045.53
Deductible losses	787,092,991.66	196,773,247.91	456,081,306.89	114,020,326.72
The difference between book value of debt and tax base	2,795,879,312.35	698,969,828.09	2,721,478,322.51	680,369,580.63
Total	3,703,686,340.42	925,921,403.51	3,300,278,031.68	825,064,057.57

### (2) Deferred tax liabilities before offset

Unit: CNY

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Valuation of appreciation of business combination assets not under common control	44,387,767.84	11,096,941.96	47,048,144.60	11,762,036.15
Changes in fair value of financial assets held for trading	1,781,604,966.78	445,242,472.42	516,851,327.69	127,497,047.01
Total	1,825,992,734.62	456,339,414.38	563,899,472.29	139,259,083.16

**(3)Deferred tax assets or liabilities presented as net value after offset**

Unit: CNY

Item	Offset amount of deferred tax assets and deferred tax liabilities	Closing balance of deferred tax assets or deferred tax liabilities after offset	Opening offset amount of deferred tax assets and deferred tax liabilities	Opening balance of deferred tax assets or deferred tax liabilities after offset
Deferred tax assets		925,921,403.51		825,064,057.57
Deferred tax liabilities		456,339,414.38		139,259,083.16

**(4)Details of unrecognized deferred tax assets**

Unit: CNY

Item	Closing balance	Opening balance
Deductible temporary differences	88,933,255.36	97,994,641.66
Deductible losses	105,350,440.90	155,606,254.87
Total	194,283,696.26	253,600,896.53

**(5)Deductible losses from unrecognized deferred tax assets will due on the following years**

Unit: CNY

Year	Closing balance	Opening balance	Note
2021		50,282,695.77	
2022	53,837,061.59	67,671,298.41	
2023	32,435,218.31	32,435,218.31	
2024	5,217,042.38	5,217,042.38	
2025	13,861,118.62		
Total	105,350,440.90	155,606,254.87	--

**17.Other non-current assets**

Unit: CNY

Item	Book Balance	Provision for impairment	Book value	Book Balance	Provision for impairment	Book value
Compensation for land demolition	158,606,824.94		158,606,824.94	158,606,824.94		158,606,824.94
Prepayment of construction equipment and house purchase	51,070,769.27		51,070,769.27	45,791,625.24		45,791,625.24
Total	209,677,594.21		209,677,594.21	204,398,450.18		204,398,450.18

**18.Accounts payables****(1)Presentation of accounts payables**

Unit: CNY

Item	Closing balance	Opening balance
Material purchase	1,073,245,695.34	1,263,490,446.81
Construction and equipment payment	78,625,440.95	67,158,670.01
Total	1,151,871,136.29	1,330,649,116.82

**(2) Significant accounts payables aging over one year**

No significant accounts payables aging over 1 year are recorded in the ending balance.

**19. Contract liabilities**

Item	Closing balance	Opening balance
Advance from customers	6,191,149,791.32	6,066,802,409.08
Discounts and allowances payable to the distributors that have not yet been settled	2,610,197,100.00	2,558,631,122.51
Total	8,801,346,891.32	8,625,433,531.59

**20. Employee benefits payable****(1) Employee benefits payable shown as follows:**

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Short-term benefits	115,901,955.94	2,133,071,155.75	2,052,923,831.69	196,049,280.00
Post-employment benefits-defined contribution plans	192,207.31	101,619,932.92	101,619,932.92	192,207.31
Termination benefits		178,106.65	178,106.65	
Total	116,094,163.25	2,234,869,195.32	2,154,721,871.26	196,241,487.31

**(2) Short-term employee benefits payable shown as follows:**

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Wages, bonuses, allowances and grants	115,829,721.23	1,894,760,493.20	1,814,620,438.45	195,969,775.98
Employees' welfare		90,855,372.73	90,855,372.73	
Social insurance premiums	14,860.08	59,562,248.28	59,562,248.27	14,860.09
Including: Medical Insurance	7,972.00	48,484,584.65	48,484,584.65	7,972.00
Work-related injury insurance	6,875.33	3,094,322.99	3,094,322.98	6,875.34
Maternity insurance premium	12.75	7,983,340.64	7,983,340.64	12.75
Housing funds	52,659.80	80,588,403.00	80,581,095.00	59,967.80
Labor union expenditures and employee education funds	4,714.83	7,304,638.54	7,304,677.24	4,676.13
Total	115,901,955.94	2,133,071,155.75	2,052,923,831.69	196,049,280.00

**(3) Defined Contribution Plan shown as follows:**

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Basic endowment insurance premium	191,323.23	98,535,581.57	98,535,581.57	191,323.23
Unemployment insurance premium	884.08	3,084,351.35	3,084,351.35	884.08
Total	192,207.31	101,619,932.92	101,619,932.92	192,207.31

## 21. Taxes payable

Unit: CNY

Item	Closing balance	Opening balance
Value-added tax	150,194,783.11	27,126,012.81
Consumption tax	533,945,998.98	184,097,543.52
Enterprise income tax	1,333,112,088.00	1,548,461,975.77
Individual Income Tax	20,265,903.93	11,273,828.79
Urban maintenance and construction tax	45,918,790.94	11,574,124.18
Land use tax	6,456,687.93	4,322,610.74
Property tax	22,210,815.89	14,349,066.89
Education Surcharge and Local Education Surcharge	37,359,708.11	11,016,464.11
Stamp tax	1,005,142.70	731,524.41
Integrated funds	2,545.99	2,954.09
Other tax	2,333,690.85	2,331,901.16
Total	2,152,806,156.43	1,815,288,006.47

## 22. Other payables

Unit: CNY

Item	Closing balance	Opening balance
Other payables	1,556,699,290.45	3,962,515,639.56
Total	1,556,699,290.45	3,962,515,639.56

### (1) Other payables

#### (a) Categories by nature

Unit: CNY

Item	Closing balance	Opening balance
Dealer deposit	279,298,081.55	2,668,012,523.41
Dealer risk pledged deposit	681,336,068.47	718,922,266.50
Accrued expenses	303,563,123.81	306,270,802.86
Quality guarantee deposit and performance deposit	195,028,352.99	180,729,458.44
Other payables	97,473,663.63	88,580,588.35
Total	1,556,699,290.45	3,962,515,639.56

#### (b) Other important payables aging more than 1 year

Unit: CNY

Item	Closing balance	Reasons for being unpaid or written-off
Dealer risk pledged deposit and dealer deposit	741,568,207.73	Dealer risk pledged deposit and dealer deposit not yet due
Total	741,568,207.73	--

## 23. Other current liabilities

Item	Closing balance	Opening balance
Output tax has not yet received	798,216,651.49	686,792,778.56

Total	798,216,651.49	686,792,778.56
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## 24. Long-term loans

### (1) Long-term loans by category

Unit: CNY

Item	Closing balance	Opening balance
Credit loans	36,360.00	72,723.00
Total	36,360.00	72,723.00

## 25. Long-term payables

Unit: CNY

Item	Closing balance	Opening balance
Special accounts payables	197,049,341.93	197,623,728.85
Total	197,049,341.93	197,623,728.85

### (1) Special accounts payables

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Reason
Compensation for replacement of employee status	197,623,728.85		574,386.92	197,049,341.93	
Total	197,623,728.85		574,386.92	197,049,341.93	--

## 26. Deferred incomes

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Reason
Government grants	89,756,500.00	5,000,000.00	8,757,000.00	85,999,500.00	Government grants
Total	89,756,500.00	5,000,000.00	8,757,000.00	85,999,500.00	--

Projects involving government grants:

Unit: CNY

Liability item	Opening balance	Increase in current period	Non-operating income in current period	Other income in current period	Cost reduction in current period	Other changes	Closing balance	Relevant to asset or income
Hubei Lihuacun liquor industry liquor brewing, filling project supporting facilities construction subsidies	26,053,600.00			4,257,000.00			21,796,600.00	Asset
Special fund for packaging logistics project in	15,000,000.00			3,000,000.00			12,000,000.00	Asset

Shuanggou new area								
Special fund for Harbin Binzhou brewery construction project	41,202,900.00						41,202,900.00	Asset
Shuanggou sewage treatment project	7,500,000.00			1,500,000.00			6,000,000.00	Asset
The second batch of provincial-level industrial and information industry transformation and upgrading special funds in 2020		5,000,000.00					5,000,000.00	Asset
Total	89,756,500.00	5,000,000.00		8,757,000.00			85,999,500.00	

## 27. Share capital

Unit: Share

	Opening balance	Increases/decreases in the current period (+, -)					Closing balance
		Issuance of new shares	Share donation	Conversion of reserves funds into shares	Others	Subtotal	
Total number of shares	1,506,988,000.00						1,506,988,000.00

## 28. Capital reserves

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Share premium	741,502,550.13			741,502,550.13
Other capital reserves	30,000.00			30,000.00
Total	741,532,550.13			741,532,550.13

## 29. Treasury stock

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Share repurchase		1,002,128,680.79		1,002,128,680.79
Total		1,002,128,680.79		1,002,128,680.79

Other notes, including the changes in the current period, the reasons for the changes

On 29 October 2019, the sixth session of the ninth meeting of the board of directors was held. It reviewed and approved the plan about repurchasing part of the social public shares, and agreed to use its own funds to repurchase shares through centralized bidding. The total amount of repurchase is not less than CNY 1 billion (inclusive) and not more than CNY 1.5 billion (inclusive). The repurchase price is not more than CNY 135.00 per share (inclusive). The period of repurchases is within 12 months since the repurchase plan is reviewed and approved by the sixth session of the ninth meeting of the board of directors. The Company's 2019 annual equity distribution plan has been implemented on 24 June 2020. According to the Company's repurchase plan, the upper limit of the price of repurchased shares has been adjusted from no more than RMB 135 / share (inclusive) to no more than RMB 132.01 / share (inclusive). This share repurchased is used to implement equity incentive or employee stock ownership plan for core key employees of the Company. The Company has repurchased 9,661,310 shares of the Company. The total amount of funds used is CNY 1,002,128,680.79. The highest purchase price is CNY 131.99 per share, and the lowest is CNY 80.37 per share. The repurchase amount of the Company has reached the lower limit of the total amount of repurchase funds in the repurchase plan and not exceeded the upper limit of the total amount of repurchase funds, and the repurchase plan has been completed. The company's equity incentive or employee stock ownership plan has not been implemented, and the Company's share capital structure has not changed.

**30. Other comprehensive incomes**

Unit: CNY

Item	Opening balance	Current period					Amount attribute to non-controlling shareholders after tax	Closing balance
		Amount in current period before income tax	Less: Previously recognized in other comprehensive income transferred to profit or loss	Less: previously recognized in other comprehensive income transferred to retained earnings	Less: income tax	Amount attribute to parent company after tax		
2. Other consolidate incomes that will be reclassified into profit and loss	-3,608,771.16	-1,630,142.86				-1,604,477.77	-25,665.09	-5,213,248.93
Including: other comprehensive income will be reclassified into profits or losses under the equity method	178,619.29	-342,416.50				-342,416.50		-163,797.21
Difference from translation of financial statements in foreign currency	-3,787,390.45	-1,287,726.36				-1,262,061.27	-25,665.09	-5,049,451.72
Total other comprehensive income	-3,608,771.16	-1,630,142.86				-1,604,477.77	-25,665.09	-5,213,248.93

Other statements, including adjustments for valid portion of the gains and or losses from cash flow hedging transferring to initial recognition amount of projects hedged.

**31. Surplus reserves**

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserves	753,494,000.00			753,494,000.00
Total	753,494,000.00			753,494,000.00

Statements for surplus reserves including increase or decrease changes and change reasons this period:

**32. Undistributed profits**

Unit: CNY

Item	Current period	Previous period
Undistributed profit before adjustment at the end of the last year	33,510,429,712.50	30,784,308,899.94
Adjustment in the total undistributed profits at the beginning of year		165,659,685.69
Undistributed profit after adjustment at the beginning of year	33,510,429,712.50	30,949,968,585.63
Plus: net profit attributable to owners of the parent company for the current period	7,482,228,633.63	7,382,822,726.87
Ordinary share dividends payable	4,502,746,983.00	4,822,361,600.00
Undistributed profits at the end of the period	36,489,911,363.13	33,510,429,712.50

Statements for adjusting undistributed profits at the beginning of the period:

(1) Due to retrospective adjustment according to Accounting Standards for Business Enterprises and related new rules, undistributed profit at the beginning increases/decreases by CNY 0.00.

(2) Due to changes of accounting policies, undistributed profit at the beginning increases/decreases by CNY 0.00.

(3) Due to correction of accounting errors, undistributed profit at the beginning increases/decreases by CNY 0.00.

(4) Due to change of the consolidation scope under common control, undistributed profit at the beginning of the period increases/decreases by CNY 0.00.

(5) Due to other influences, undistributed profit at the beginning totally increases/decreases by CNY 0.00.

**33. Operating revenue and cost of sales**

Unit: CNY

Item	Current period amount		Previous period amount	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Primary business	22,161,278,307.05	5,772,779,588.18	23,186,902,149.00	5,527,417,445.92
Other business	965,198,578.02	853,582,663.06	972,899,845.68	825,824,752.35
Total	23,126,476,885.07	6,626,362,251.24	24,159,801,994.68	6,353,242,198.27

whether the net profit is negative or not after deducting non-recurring profits and losses by audit,

Yes  No

Information relating to revenue

Unit: CNY

Contract type	Division 1	Division 2	Total
Including:			
Including:			

Information relating to performance obligations

N/A

Information relating to the transaction price apportioned to the remaining performance obligations:

At the end of this report, the amount of revenue corresponding to the performance obligations with the contracts signed but not performed or not performed is CNY 6,191,149,791.32, of which CNY 6,191,149,791.32 is expected to be recognized in 2021, and CNY 0.00 is expected to be recognized in 2022

Other notes

**34. Taxes and surcharges**

Unit: CNY

Item	Current period amount	Previous period amount
Consumption tax	2,847,452,319.78	2,605,319,409.77
Urban maintenance and construction tax	241,392,653.40	254,046,554.00
Educational surcharge	239,859,725.86	252,226,373.49
Property tax	60,808,511.65	61,403,035.90
Land use tax	18,164,433.97	17,976,049.12
Stamp tax	7,942,227.94	8,809,094.29
Increment tax on land value		1,567,679.81
Environmental protection tax	11,898.43	126,776.37
Others	13,998.00	4,853.34
Total	3,415,645,769.03	3,201,479,826.09

**35. Selling and distribution expenses**

Unit: CNY

Item	Current period amount	Previous period amount
Advertising and promotion expense	1,411,090,022.81	1,566,903,873.47
Payroll	646,271,019.11	502,836,431.55
Cargo charge	5,184,987.92	10,327,005.41
Labor expense	117,975,847.08	156,239,051.28
Travel expense	353,434,744.65	365,735,100.77
Business entertainment expense	1,628,111.11	3,809,795.16
Other expense	68,219,425.10	85,859,912.95
Total	2,603,804,157.78	2,691,711,170.59

**36. General and administrative expenses**

Unit: CNY

Item	Current period amount	Previous period amount
Payroll	665,991,755.03	727,031,403.39
Travel expense	34,612,481.35	60,829,942.03
Office allowance	6,667,982.75	7,528,872.00
Wate, electric and steam expense	56,946,078.23	64,916,608.02
Business entertainment expense	18,533,811.47	18,999,148.74
Depreciation cost	463,503,047.71	489,966,400.69
Rental expense	7,926,700.20	2,562,113.84
Repair charge	40,899,196.47	54,009,927.49
Amortization of intangible assets	55,171,822.38	53,008,955.54
Vehicle use expense	17,742,719.25	20,175,918.19
Shipping and handling cost	43,948,370.23	41,141,371.90
Other expense	317,136,236.86	316,321,065.17
Total	1,729,080,201.93	1,856,491,727.00

**37. Research & Development expenses**

Unit: CNY

Item	Current period amount	Previous period amount
Material expenses	144,095,917.84	85,700,940.30
Payroll	77,975,559.20	54,476,101.25
Other expense	38,022,813.99	19,788,552.33
Total	260,094,291.03	159,965,593.88

**38. Financial expenses**

Unit: CNY

Item	Current period amount	Previous period amount
Interest expense	1,964.00	2,618.00
Bill discount expense	11,719,069.54	633,304.85
Less: Interest income	104,495,154.37	77,589,503.94
Plus: Losses from currency exchange (Less: income)	3,670,115.95	-3,270,386.19
Plus: Bank charges	1,869,240.49	1,797,415.87
Total	-87,234,764.39	-78,426,551.41

**39. Other income**

Unit: CNY

Sources of other income	Current period	Previous period
Government grants received	98,151,595.19	83,307,366.37
Withholding personal tax commission	818,031.70	1,670,388.78
Total	98,969,626.89	84,977,755.15

**40. Investment income**

Unit: CNY

Item	Current period amount	Previous period amount
Investment income from long-term equity investments under the equity method	3,940,820.47	-4,447,288.34
Investment income from disposing long-term equity investments	21,516.26	-43,877.59
Investment income from financial assets held for trading during the holding period	113,585,439.53	40,267,966.45
Investment income from disposal of financial assets held for trading	1,089,135,586.23	814,777,407.10
Total	1,206,683,362.49	850,554,207.62

**41. Gains/losses of changes in fair value**

Unit: CNY

Gains/losses of changes in fair value	Current period amount	Previous period amount
Financial assets held for trading	1,267,682,598.52	158,679,505.33
Total	1,267,682,598.52	158,679,505.33

**42. Losses from credit impairment**

Unit: CNY

Item	Current period amount	Previous period amount
Bad debt losses of other receivables	152,069.92	-18,373,057.36
Bad debt losses of accounts receivables	94,412.53	-583,288.90
Total	246,482.45	-18,956,346.26

**43. Losses from asset impairment**

Unit: CNY

Item	Current period amount	Previous period amount
Losses from provision for stock obsolescence and contract performance cost	-6,196,876.85	-2,248,496.85
Total	-6,196,876.85	-2,248,496.85

**44. Gains from disposal of assets**

Unit: CNY

Gains from disposal of assets	Current period amount	Previous period amount
Gains from disposal of fixed assets	45,438.89	19,983,101.67

#### 45. Non-operating income

Unit: CNY

Item	Current period amount	Previous period amount	Amount included in non-recurring profit and loss in current period
Donations acceptance	9,120,063.00		9,120,063.00
Government grants	24,000.00	2,298,016.82	24,000.00
Liquidated damages income	4,475,586.24	11,254,294.46	4,475,586.24
Compensation payment	8,475,059.72	7,819,571.36	8,475,059.72
Account payables that are unable to pay	64,118.24	185,947.97	64,118.24
Others	2,881,043.09	688,123.76	2,881,043.09
Total	25,039,870.29	22,245,954.37	25,039,870.29

Government grants included in current profits and losses:

Unit: CNY

Item	Body	Reason	Type	Whether the grants affects current year profit and loss	Whether it is special grant	Current period amount	Previous period amount	Related to assets/related to earnings
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#### 46. Non-operating expenses

Unit: CNY

Item	Current period amount	Previous period amount	Amount included in non-recurring profit and loss in current period
Donation expenses	35,400,000.00	5,546,180.00	35,400,000.00
Losses from retirement of fixed asset	4,802,593.81	6,141,958.08	4,802,593.81
Integrated fund	77,328.11	79,543.09	
Reparations	422,169.33	1,442,510.50	422,169.33
Others	623,399.13	114,100.03	623,399.13
Total	41,325,490.38	13,324,291.70	41,248,162.27

#### 47. Income tax expense

##### (1) Statement of income tax expense

Unit: CNY

Item	Current period amount	Previous period amount
Current period income tax	2,178,072,592.80	2,472,964,546.78
Deferred income tax	216,222,985.28	-88,251,204.98
Total	2,394,295,578.08	2,384,713,341.80

##### (2) Adjustment for accounting profit and income tax expense

Unit: CNY

Item	Current period amount
Total profit	9,878,901,892.00
Income tax expenses determined by statutory/applicable tax rate	2,469,725,473.00
Impact from subsidiaries' different tax rates	-340,473.91
Adjust for impact from income tax expense in previous period	-16,387,934.87
Impact from non-taxable income	-5,537,829.51

Non-deductible costs, expenses and losses	4,703,997.41
Deductible from deferred tax assets in previous period	-16,029,233.15
Temporary differences due to unrecognized deferred tax asset during current period	4,002,241.61
Add the effect of the deduction	-45,840,662.50
Income tax expense	2,394,295,578.08

#### 48. Net other comprehensive income

Please refer to Note VII-30. for details.

#### 49. Consolidated cash flow items

##### (1) Cash received from other operation activities

Unit: CNY

Item	Current period amount	Previous period amount
Risk deposit	60,255,818.13	59,275,520.22
Dealer deposit	56,575,865.80	2,602,491.66
Interest income	104,495,154.37	77,589,503.94
Liquidated damages income	4,475,586.24	11,254,294.46
Government grants	94,418,595.19	76,848,383.19
Commission for withholding tax	818,031.70	1,670,388.78
Others	48,750,584.17	31,109,582.42
Total	369,789,635.60	260,350,164.67

Statements for cash received from other operation activities:

##### (2) Cash paid for other operating activities

Unit: CNY

Item	Current period amount	Previous period amount
Transportation fee	45,592,659.35	51,468,377.31
Advertising promotion expense	1,216,976,623.15	1,751,245,676.57
Rental expense	11,606,602.30	10,604,573.95
Repair charge	40,913,095.81	54,113,100.25
Travel expense	408,411,257.95	450,385,225.31
Entertainment expense	20,161,922.58	22,808,943.90
Insurance expense	4,473,210.69	5,386,711.21
Labor expense	149,569,041.84	183,149,910.74
Others	389,030,101.57	435,334,271.31
Total	2,286,734,515.24	2,964,496,790.55

Statements for cash paid for other operating activities:

##### (3) Cash paid for other financing activities

Unit: CNY

Item	Current period amount	Previous period amount
A cash payment by minority shareholder		750,000.00
Share repurchase	1,002,128,680.79	
Total	1,002,128,680.79	750,000.00

Statements for cash paid for other financing activities:

#### 50. Supplementary information to consolidated statement of cash flow

##### (1) Supplementary information to consolidated statement of cash flow

Unit: CNY

Item	Current period amount	Previous period amount
Reconciliation of net profit to cash flow from operating activities	--	--

Net profit	7,484,606,313.92	7,386,090,915.21
Add: Provision for asset impairment	5,950,394.40	21,204,843.11
Depreciation of fixed asset, oil & gas assets and productive biological assets	727,550,847.83	722,009,265.90
Depreciation of right-of-use asset		
Amortization of intangible assets	55,171,822.38	53,058,955.54
Amortization of long-term deferred expenses	127,071.84	1,034,707.84
Losses from disposal of fixed assets, intangible assets and other long-term Assets	-45,438.89	-19,983,101.67
Losses on retirement of fixed assets	4,669,390.54	6,141,958.08
Losses from changes in fair value	-1,267,682,598.52	-158,679,505.33
Financial expense	3,672,079.95	-3,267,768.19
Losses on investments	-1,206,683,362.49	-850,554,207.62
Decrease in deferred tax asset	-100,857,345.94	-111,976,025.37
Increase in deferred tax liabilities	317,080,331.22	23,677,944.98
Decrease in inventory	-422,305,228.21	-537,439,892.94
Decrease in operation receivables	255,853,105.64	-612,187,011.25
Increase in operation payables	-1,878,449,751.14	878,760,793.12
Other	133,203.27	
Net cash flow from operating activities	3,978,790,835.80	6,797,891,871.41
<b>Significant investing and financing activities not involving cash flow:</b>	--	--
<b>Net change in cash &amp; cash equivalents</b>	--	--
Closing balance of cash	7,243,186,362.29	4,300,144,848.67
Less: opening balance of cash equivalents	4,300,144,848.67	3,615,348,307.97
Net change in cash and cash equivalents	2,943,041,513.62	684,796,540.70

## (2) Composition of cash and cash equivalents

Unit: CNY

Item	Closing balance	Opening balance
Cash	7,243,186,362.29	4,300,144,848.67
Including: cash on hand	4,434.27	4,067.27
Unrestricted bank deposit	7,201,133,719.50	4,282,803,604.61
Other unrestricted cash & cash equivalents	42,048,208.52	17,337,176.79
Closing balance of cash and cash equivalents	7,243,186,362.29	4,300,144,848.67

## 51. Foreign currency transactions

### (1) Foreign currency balance

Unit: CNY

Item	Closing balance in foreign currency	Exchange rate	Closing balance in CNY
Cash and cash equivalents	--	--	
Including : USD	1,470,471.60	6.52490	9,594,680.17
EUR			
HKD	46,702.46	0.84164	39,306.66
CLP	60,178,014.00	0.009181	552,494.35

Other receivables	--	--	
Including : HKD	125,679.16	0.84164	105,776.61
Accounts receivables			
Including : USD			
EUR			
HKD			
Accounts payables			
Including : USD	499,163.86	6.5249	3,256,994.27
CLP	35,950.00	0.009181	330.06
Other payables			
Including : HKD	1,542,853.06	0.84164	1,298,526.85
CLP	14,000.00	0.009181	128.53
Long-term loans	--	--	
Including : USD			
EUR			
HKD			

**(2) Description of the overseas business entity, including the important foreign business entity, which shall disclose its main foreign business place, bookkeeping standard currency and selection basis, and shall also disclose the reason for the change of the bookkeeping standard currency.**

√ Applicable □ N/A

Foreign business entities	Operation site	Functional currency	Choosing reason
JSSJ Industry ( HK ) Holdings Co., Limited	Hong Kong, China	HKD	Currency in the main economic environment of business operations
Hong Kong Zhaiugo International Trade Co.,Ltd.	Hong Kong, China	HKD	Currency in the main economic environment of business operations
ZYG E-Commerce HK Limited	Hong Kong, China	HKD	Currency in the main economic environment of business operations
ZYG LTD	Cayman Islands	USD	Currency in the main economic environment of business operations
YangHe International Investment Ltd	British Virgin Islands	USD	Currency in the main economic environment of business operations
ZYG TechnologyInvestment Ltd	British Virgin Islands	USD	Currency in the main economic environment of business operations
YangheChile SPA	Santiago, Chile	CLP	Currency in the main economic environment of business operations
Yanghe Hong Kong Distillery Co., Ltd.	Hong Kong, China	HKD	Currency in the main economic environment of business operations

## 52. Government grants

### (1)Details of government grants

Unit: CNY

Item	Amount	Presentation	Amount included in profit or loss
Local industry support fund subsidy	46,253,370.32	Other income	46,253,370.32
Steady post subsidy	8,112,604.33	Other income	8,112,604.33
The first batch of subsidy funds for enterprise	5,413,141.00	Other income	5,413,141.00

transformation and upgrading in 2020			
Financial return of small-scale taxpayers in Nanjing	5,081,341.70	Other income	5,081,341.70
Subsidy of supporting stable employment by working instead of training	4,431,885.00	Other income	4,431,885.00
Pollution dischargesubsidy	3,000,000.00	Other income	3,000,000.00
The second batch of provincial special funds for industrial and information industry transformation and upgrading in 2019	2,300,000.00	Other income	2,300,000.00
Tax incentives	2,300,000.00	Other income	2,300,000.00
2019 Suqian City high-skilled personnel shortage type occupation (job) training subsidy	1,223,000.00	Other income	1,223,000.00
VAT exemption	1,106,351.92	Other income	1,106,351.92
The first batch of special funds for the introduction of urgently needed talents for the development of Northern Jiangsu in 2019	1,086,000.00	Other income	1,086,000.00
2019 provincial modern service industry (culture) development special fund and provincial tourism development special fund projects and funds	900,000.00	Other income	900,000.00
2019 municipal development guiding fund (industrial development) project	880,000.00	Other income	880,000.00
2019 provincial business development special block fund	528,300.00	Other income	528,300.00
“Yincai Yongcai” effective units recommendation awards	500,000.00	Other income	500,000.00
Company brand image promotion subsidy	500,000.00	Other income	500,000.00
Jiangsu service-oriented manufacturing demonstration enterprise award funds in 2019	500,000.00	Other income	500,000.00
2020 annual enterprise research and development incentive funds	500,000.00	Other income	500,000.00
The third batch of provincial professional and technical personnel continuing education bases funds	500,000.00	Other income	500,000.00
Provincial intellectual property award and subsidy funds in 2020	400,000.00	Other income	400,000.00
2018 Suqian high-level talents salary award funds	386,400.00	Other income	386,400.00
Subsidy of working instead of training	373,725.00	Other income	373,725.00
2020 annual provincial research and development institution construction and performance award funds	300,000.00	Other income	300,000.00
Tourism toilet project construction subsidy funds	204,000.00	Other income	204,000.00
Fire-fighting subsidy	200,000.00	Other income	200,000.00
Economic contribution reward	182,640.00	Other income	182,640.00
Government bailout funds	150,000.00	Other income	150,000.00
Jiangsu provincial tourism development special funds in 2018	148,000.00	Other income	148,000.00
2019 municipal intellectual property award and subsidy funds	100,000.00	Other income	100,000.00
Reward funds for Suqian's top 50 industrial enterprises in 2019	100,000.00	Other income	100,000.00
2020 provincial high-skilled talents and key construction project subsidy funds	100,000.00	Other income	100,000.00
Others	1,657,835.92	Other income / Non-operating income	1,657,835.92
Transfer of current deferred earnings	8,757,000.00	Other income	8,757,000.00

Total	98,175,595.19		98,175,595.19
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## VIII. Changes in consolidated scope

### 1. Others

Explain the change of merger scope caused by other reasons (such as new subsidiary, liquidation subsidiary, etc.) and the relevant situation:

#### Establishment of subsidiaries

Su Wine Group Co.,Ltd. ,the Company's holding subsidiary,invested CNY 2 million to establishJiangsu Yanghe Painting and Calligraphy Academy. On 6 July 2020, the Registration Certificate of Private Non-Enterprise Unit (Legal Person) issued by the Civil Affairs Department of Jiangsu Province was obtained. It was included in the consolidated financial statements from July 2020.

#### Cancellation of subsidiaries

(1) Huaian Huaqu Wine Development Co.,Ltd., Jiangsu Huaqu Wine Group Nanjing Co.,Ltd., Taizhou Huaqu Wine Development Co.,Ltd.,Guizhou Guijiu Package Co.,Ltd., the holding subsidiaries, were liquidated and terminated onJanuary 2020.FromFebruary 2020, theyare no longer included in the consolidated scope of the consolidated financial statements.

(2) Jiangsu Huaqu Wine Group Suzhou Co., Ltd., Jiangsu Huaqu Wine Group Yancheng Co., Ltd., the holding subsidiaries, were liquidated and terminatedonMarch 2020. FromApril 2020, theyare no longer included in the consolidated scope of the consolidated financial statements.

(3) Jiangsu Huaqu Wine Group Nantong Co., Ltd., Jiangsu Huaqu Wine Group Wuxi Co., Ltd., the holding subsidiaries, were liquidated and terminated on April 2020. From May 2020, they are no longer included in the consolidated scope of the consolidated financial statements.

## IX. Interests in other entities

### 1. Interests in subsidiaries

#### (1) Group composition:

Name of subsidiaries	Major business location	Place of registration	Nature of business	Shareholding		Acquisition method
				Direct	Indirect	
Nanjing Yanghe Blue Classic Co.,Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Commerce		100.00%	Establishment
Beijing Yanghe Commerce and Trade Co.,Ltd.	Fengtai, Beijing	Fengtai, Beijing	Commerce		100.00%	Establishment
Jiangsu Huaqu Wine Group Co.,Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Commerce		97.00%	Establishment
Suqian Tianhai Commerce and Trade Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce		100.00%	Establishment
HuaianHuaqu Wine Development Co.,Ltd.	Huaian, Jiangsu province	Huaian, Jiangsu province	Commerce		100.00%	Establishment

Suqian Yanghe Guibinguan Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Hotel industry	100.00%		Establishment
Jiangsu Huaqu Wine Group Nanjing Co.,Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Commerce		100.00%	Establishment
Su Wine Group Trade Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce	83.63%	16.37%	Establishment
Wuxi Huaqu Wine Development Co.,Ltd.	Wuxi, Jiangsu province	Wuxi, Jiangsu province	Commerce		100.00%	Establishment
Taizhou Huaqu Wine Development Co.,Ltd.	Taizhou, Jiangsu province	Taizhou, Jiangsu province	Commerce		100.00%	Establishment
Jiangsu Huaqu Wine Group Nantong Co.,Ltd.	Nantong, Jiangsu province	Nantong, Jiangsu province	Commerce		100.00%	Establishment
Jiangsu Huaqu Wine Group Suzhou Co.,Ltd.	Suzhou, Jiangsu province	Suzhou, Jiangsu province	Commerce		100.00%	Establishment
Jiangsu Huaqu Wine Group Yancheng Co.,Ltd.	Yancheng, Jiangsu province	Yancheng, Jiangsu province	Commerce		100.00%	Establishment
Jiangsu Yanghe Liquor Operation Mangement Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce	100.00%		Establishment
Jiangsu Shuanggou Liquor OperationCo.,Ltd.	Sihong, Jiangsu province	Sihong, Jiangsu province	Commerce		100.00%	Establishment
Jiangsu Dongdi Union International Trade Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce	100.00%		Establishment
Jiangsu Dongdixinghui International Trade Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce	100.00%		Establishment
Suqian Blue Dream Trade Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce		100.00%	Establishment
Siyang Lantu Liquor OperationCo.,Ltd.	Siyang, Jiangsu province	Siyang, Jiangsu province	Commerce	100.00%		Establishment
JSSJ Industry ( HK ) Holdings Co., Limited	Hong Kong, China	Hong Kong, China	CORP		100.00%	Establishment
Hubei Lihuacun Trade Co.,Ltd.	Shiyan, Hubei province	Yunxian, Hubei province	Commerce		100.00%	Establishment
Jiangsu Shuanggou Distillery Stock Co., Ltd.	Sihong, Jiangsu province	Sihong, Jiangsu province	Liquor manufacture and sales	99.99%	0.01%	Business combinations involving enterprises not under common control
Sihong Shuanggou Antai Waste Recycling Co.,Ltd.	Sihong, Jiangsu province	Sihong, Jiangsu province	Waste material recycle		100.00%	Business combinations involving enterprises not under common control
Hubei Lihuacun Liquor Industry Co.,Ltd.	Shiyan, Hubei province	Yunxian, Hubei province	Process liquor, wine and fruit wine	100.00%		Business combinations involving enterprises not under common control
Ningxiang	Ningxiang,	Ningxiang, Hunan	Manufacture	100.00%		Business

Miluochun Liquor Industry Co.,Ltd.	Hunan province	province	and sale of liquor and compound wine			combinations involving enterprises not under common control
Harbin Binzhou Brewery Co.,Ltd.	Binxian, Heilongjiang province	Binxian, Heilongjiang province	Liquor-making	100.00%		Business combinations involving enterprises not under common control
Su Wine Group Jiangsu Wealth Management Co.,Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Assets/investment management, information consultation	100.00%		Establishment
Ningxiang Miluochun Trade Co.,Ltd.	Ningxiang, Hunan province	Ningxiang, Hunan province	Commerce		100.00%	Establishment
Jinagsu Kelite Biology Technology Research Institute Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Biological engineering research, enzyme preparation research and technology transfer	100.00%		Establishment
Suqian Sky Blue Trade Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce		100.00%	Establishment
Shiyan Yunyang Lihuacun Package Service Co.,Ltd.	Shiyan, Hubei province	Shiyan, Hubei province	Liquor, compound wine, health wine packaging service		100.00%	Establishment
Jiangsu Lion and Sheep Network Technology Co.,Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Network technology development, technical consultation, technical services; Software development	100.00%		Establishment
Jiangsu Zhaiugou E-commerce Co.,Ltd	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Commerce		100.00%	Business combinations involving enterprises not under common control
NanjingTongmeng City Logistics Co.,Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Freight Transport, Warehouse service		99.99%	Business combinations involving enterprises not under common control
Nanjing Jinling Tongmeng City Logistics Co.,Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Huaian Tongmeng City Logistics Co.,Ltd.	Huaian, Jiangsu province	Huaian, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Changzhou Jiezhong	Changzhou, Jiangsu	Changzhou, Jiangsu province	Freight Transport,		51.00%	Business combinations

Tongmeng City Logistics Co.,Ltd.	province		Warehouse service			involving enterprises not under common control
Nantong Tongmeng City Logistics Co.,Ltd.	Nantong, Jiangsu province	Nantong, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Suzhou Tongmeng City Logistics Co.,Ltd.	Suzhou, Jiangsu province	Suzhou, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Taizhou Tongmeng City Logistics Co.,Ltd.	Taizhou, Jiangsu province	Taizhou, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Wuxi Tongmeng City Logistics Co.,Ltd.	Wuxi, Jiangsu province	Wuxi, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Yancheng Tongmeng City Logistics Co.,Ltd.	Yancheng, Jiangsu province	Yancheng, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Zhenjiang Tongmeng City Logistics Co.,Ltd.	Zhenjiang, Jiangsu province	Zhenjiang, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Yangzhou Tongmeng City Logistics Co.,Ltd.	Yangzhou, Jiangsu province	Yangzhou, Jiangsu province	Freight Transport, Warehouse service		53.00%	Business combinations involving enterprises not under common control
Suqian Tongmeng City Logistics Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Pizhou Tongmeng City Logistics Co.,Ltd.	Xuzhou, Jiangsu province	Xuzhou, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Lianyungang Huaxing Tongmeng City Logistics Co.,Ltd.	Lianyungang, Jiangsu province	Lianyungang, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Jiangsu Zhaibianli E-commerce Co.,Ltd	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Commerce		100.00%	Business combinations involving enterprises not under common

						control
Hongkong Zhaiougou International Trade Co.,Ltd	Hong Kong,China	Hong Kong,China	Commerce		100.00%	Business combinations involving enterprises not under common control
Guizhou Guijiu Co.,Ltd.	Guiyang, Guizhou province	Guiyang, Guizhou province	Liquor production; Liquor and alcohol sales		100.00%	Business combinations involving enterprises not under common control
Guizhou Guijiu Liquor Operation Management Co.,Ltd.	Guiyang, Guizhou province	Guiyang, Guizhou province	Commerce		100.00%	Establishment
Guizhou Guijiu Trade Co.,Ltd.	Guiyang, Guizhou province	Guiyang, Guizhou province	Commerce		100.00%	Establishment
Guizhou Guijiu Package Co.,Ltd.	Guiyang, Guizhou province	Guiyang, Guizhou province	Guijiu series liquor, compound wine, health care wine packaging		100.00%	Establishment
ZYG E-Commerce HK Limited	Hong Kong,China	Hong Kong,China	Industrial investment		100.00%	Business combinations involving enterprises not under common control
ZYG LTD	Cayman Islands	Cayman Islands	Industrial investment		69.08%	Business combinations involving enterprises not under common control
YangHe International Investment Ltd	British Virgin Islands	British Virgin Islands	Industrial investment		100.00%	Establishment
Jiangsu Shuanggou Healthy Liquor Research institute Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Healthy wine, nutrition and health food research and development		100.00%	Establishment
ZYG Technology Investment Ltd	British Virgin Islands	British Virgin Islands	Industrial investment		71.03%	Business combinations involving enterprises not under common control
Jiangsu Blue Dream E-commerce Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce		100.00%	Establishment
Jiangsu Yanghe Weiketang Network Technology Co.,Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Network technology development, technical consultation, technical service		100.00%	Establishment
Guizhou Welcome Drink Stock Co., Ltd.	Renhuai, Guizhou province	Renhuai, Guizhou province	Liquor manufacture and sales		100.00%	Business combinations involving enterprises not under common control
Suqian Su Wine Logistics Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Road general cargo transport, cargo		100.00%	Establishment

			distribution, freight forwarder			
Yanghe Chile SPA	Santiago, Chile	Santiago, Chile	Movable and real estate investment services, building construction services	100.00%		Establishment
Jiangsu Yanghe Investment Management Co.,Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Foreign investment, Asset management, Investment consulting	50.00%	50.00%	Establishment
Su Wine Group Nanjing Operation Management Co.,Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Enterprise management consulting; Industrial investment; Food sales; Gift sales; House lease; Hotel management		100.00%	Establishment
Jiangsu Zhongshiji liquor Co.,Ltd.	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Food sales, Gift sales		100.00%	Establishment
Yanghe Hong Kong Distillery Co., Ltd.	Hong Kong, China	Hong Kong, China	Industrial investment	100.00%		Establishment
Jiangsu Yanghe Calligraphy and Painting Academy	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Painting and calligraphy creation, exhibition; Academic research; Public art education; Cultural and creative products development and promotion		100.00%	Establishment

The shareholding ratio in the subsidiary is different from the voting ratio:

The basis for holding half or less of the voting rights but still controlling the invested entity, and for holding more than half of the voting rights but not controlling the invested entity:

For important structural subjects included in the scope of merging, the basis of control:

Basis for determining whether the company is an agent or a principal:

Other statements:

## 2. Interests in associates and a joint venture

### (1) The impact of the Group's associates on the Group is not significant.

Summarized information is as follows:

Unit: CNY

	Closing balance/amount in current period	Opening balance/amount in previous period
Associates:	--	--
Aggregated carrying amount of investments	10,261,147.01	10,521,622.18
Aggregate of the following items calculated in proportion to shareholding	--	--
--Net profit	-658,669.17	-6,220,574.92
--Other comprehensive income	-342,416.50	178,619.29
-- Total comprehensive income	-1,001,085.67	-6,041,955.63

Joint ventures:	--	--
Aggregated carrying amount of investments	19,267,230.15	14,840,029.20
Aggregate of the following items calculated in proportion to shareholding	--	--
--Net profit	4,599,489.64	1,773,286.58
-- Total comprehensive income	4,599,489.64	1,773,286.58

## X. Risks related to financial instruments

The Group is exposed to various financial risks in the ordinary course of business, mainly including: credit risk, liquidity risk, market risk, etc. The Company's management is fully responsible for the formulation of risk management objectives and policies, and takes responsibility for risk management objectives and policies. The objective of the Company's risk management is to identify and analysis risk, minimizing the adverse impact of financial risks without excessive influence on the company's competitiveness and resilience.

### 1. Credit risks

Credit risk refers to the risk that one party of the financial instruments fails to perform its obligations and causes the financial losses of the other party. Credit risk mainly related to notes receivables and accounts receivable, in order to control the risk, the Company takes the following measures:

#### (1) Bank deposit

The company's bank deposits are mainly deposited in state-owned holding banks, large and medium-sized listed banks and other commercial banks with high credit. There is no significant credit risk and no significant loss caused by default.

#### (2) Notes receivables and accounts receivables

The Company mainly trades with dealers, according to company credit policy, and adopts the way of delivery after the payments finished. For some group purchase business, it only deals with the reputable group clients, and continuously monitors the balance of notes receivables and accounts receivables, as a result, there is no collateral required, and credit risk management concentrates on the clients. The balance of notes receivables and accounts receivables are small till 31 December 2020. The Company does not hold any collateral or other credit enhancement for the balance of accounts receivables.

#### (3) Other receivable

The other receivables are mainly saving deposits involving infringement dispute, deposits and petty cash, employee business loan and so on. The Company manages other receivables and continuously monitors its balance, to ensure the Company not to face significant bad debt risks.

### 2. Liquidity risk

Liquidity risk refers to the risk of capital shortage when enterprise performs its obligations related to financial liabilities. The Company uses various financing methods such as bill clearing and bank loan to optimize the financing structure and maintain the balance between financing continuity and flexibility.

The maturity of the financial liabilities held by the Company according to the undiscounted remaining contractual obligations is analyzed as follows:

Item	Closing balance				
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Account payables	1,151,871,136.29				1,151,871,136.29
Other payables	1,556,699,290.45				1,556,699,290.45
Long-term loan	36,360.00				36,360.00
Long-term payables				197,049,341.93	197,049,341.93

(Continued)

Item	Opening balance				
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Account payables	1,330,649,116.82				1,330,649,116.82
Other payables	3,962,515,639.56				3,962,515,639.56
Long-term loan	72,723.00				72,723.00
Long-term payables				197,623,728.85	197,623,728.85

### 3. Market risk

Market risk is the fair value of financial instrument or future cash flow fluctuates due to the fluctuation of market price, and it mainly includes: interest rate risk, foreign exchange risk, etc.

#### (1) Interest rate risk

Interest rate risk refers to the fair value of financial instrument or future cash flow fluctuates due to the fluctuation of interest rate. The Company faces the risk of market interest rate change mainly related to the Company's borrowing limit.

#### (2) Foreign exchange risk

Foreign exchange risk arises from fluctuation in exchange rate, relevant to the assets and liabilities in foreign currency. The less import and export business happened, the lower impact of exchange rate fluctuation on company's operation.

The amount in CNY of the Company's assets and liabilities shown in foreign currencies as follows:

Item	Closing balance			Opening balance		
	Balance in foreign currency	Exchange rate	Balance in CNY	Balance in foreign currency	Exchange rate	Balance in CNY
Cash and cash equivalents						
Include: USD	1,470,471.60	6.5249	9,594,680.17	5,851,102.50	6.9762	40,818,461.26
HKD	46,702.46	0.84164	39,306.66	2,267,649.63	0.89578	2,031,315.19
CLP	60,178,014.00	0.009181	552,494.35	2,259,388,389.00	0.0092599	20,921,642.76

Other receivables						
Include: USD						
HKD	125,679.16	0.84164	105,776.61	472,381.42	0.89578	423,149.83
Account payables						
Include: USD	499,163.86	6.5249	3,256,994.27			
CLP	35,950.00	0.009181	330.06			
Other payables						
Include: HKD	1,542,853.06	0.84164	1,298,526.85	1,465,427.84	0.89578	1,312,700.95
CLP	14,000.00	0.009181	128.53	14,000.00	0.0092599	129.64
Net amount			5,736,278.08			62,881,738.45

## XI. Fair value disclosure

### 1. Fair value of assets and liabilities measured at fair value as at the end of the period

Unit: CNY

Item	Closing fair value			Total
	Within Level 1 of the fair value hierarchy	Within Level 2 of the fair value hierarchy	Within Level 3 of the fair value hierarchy	
<b>Disclosure of continuous measurement at fair value</b>	--	--	--	--
(1) Debt instrument investment			16,148,969,442.65	16,148,969,442.65
(2) Equity instrument investment	334,393,926.45	1,748,210,516.99	2,437,363,244.89	4,519,967,688.33
Total assets continuously measured at fair value	334,393,926.45	1,748,210,516.99	18,586,332,687.54	20,668,937,130.98
<b>Disclosure of discontinuous measurement at fair value</b>	--	--	--	--

### 2. Determination basis of the market value of items measured continuously and discontinuously within Level 1 of the fair value hierarchy

Local open market closing price

### 3. Items measured continuously and discontinuously within Level 2 of the fair value hierarchy, valuation technique adopted and quantitative and qualitative information of important parameters

The fair value is assessed on the basis of open market transaction prices and taking into account liquidity

#### 4.Items measured continuously and discontinuously within Level 3 of the fair value hierarchy, valuation technique adopted and quantitative and qualitative information of important parameters

Debt instrument investment:the expected rate of return is taken as an important reference to evaluate its fair value

Equity instrument investment: the cost or the ending net assets of the invested entity is taken as an important reference to evaluate its fair value

## XII. Related parties and related party transactions

### 1. The parent company of the Company

Name of parent company	Registration place	Business nature	Registered capital	Shareholding ratio by the parent company	Voting Ratio by the parent company
Jiangsu Yanghe Group Co.,Ltd.	Suqian, Jiangsu	Sales of brewing machinery equipment, export of liquor, import of various raw and auxiliary materials, equipment and accessories required for production, industrial investment.	CNY 500 million	34.16%	34.16%

Information about the Company's parent company

The final control party of the Company is State-owned Assets Supervision and Administration Commission of Suqian.

Other statements:

### 2. Subsidiaries of the Company:

The information about the subsidiaries of the Company refers to Note IX.1 Interests in Subsidiaries.

### 3. Joint venture and associate of the Company

The information about the joint venture and associate of the Company refers to the Note IX.2

Other joint ventures and associates whose related party transactions with the Company in the current period or balance formed from related party transactions with the Company in the prior period as follows:

Name of joint venture and associate	Relationship with the Company
Diageo International Spirits Company Limited	Joint Venture
Jiangsu Su Wine Cultural Transmission Co.,Ltd.	Associate
Nanjing Hesong Culture Technology Co.,Ltd.	Associate
Jiangsu Xinghe Investment Management Co.,Ltd.	Associate

Other statements:

### 4. Other related party

Name of other related party	Relationship with the Company
Shanghai Haiyan Logistics Development Co.,Ltd.	Holding 9.67% shares

VSPT, Viña San Pedro Tarapacá S.A.	Joint stock company, holding 12.50% shares
Jiangsu Diageo Wine Co. LTD	Controlled by Diageo International Spirits Company Limited, joint venture of Company

## 5. Related party transactions

### (1) Related transactions of purchase of goods / supply and receipt of labor services

Table of purchase of goods / Receipt of labor services

Unit: CNY

Related Party	Transaction Content	Amount in current period	Approved transaction amount	Whether it is over transaction amount or not	Amount in previous period
VSPT, Viña San Pedro Tarapacá S.A	Red wine	6,235,323.42	22,491,676.84	No	22,491,676.84
Nanjing Hesong Culture Technology Co.,Ltd.	Advertising and general publicity expense	8,416,890.42	26,877,500.00	No	26,877,500.00
Jiangsu Diageo Wine Co. LTD	Liquor	5,308,792.27	9,426,504.96	No	9,426,504.96

Table of sales of goods/ rendering of labor services

Unit: CNY

Related party	Transaction content	Amount in current period	Amount in previous period
Shanghai Haiyan Logistics Development Co.,Ltd.	Sales of liquor	4,354,544.40	21,940,314.79
Jiangsu Su Wine Cultural Transmission Co.,Ltd.	Sales of liquor	30,058,725.66	27,033,928.43
Jiangsu Diageo Wine Co. Ltd	Sales of liquor	4,097,463.51	11,451,243.61
Nanjing Hesong Culture Technology Co.,Ltd.	Consulting fee income	967,085.23	
Jiangsu Diageo Wine Co. LTD	Consulting fee income	673,267.32	165,048.55
Jiangsu Xinghe Investment Management Co.,Ltd.	Consulting fee income	2,184,466.02	

Description of related transactions in the purchase and sale of goods, provision and receipt of services

### (2) Related party lease

The Company as a lessor

Unit: CNY

Related party	Types of Leased Assets	Amount in current period	Amount in previous period

The Company as a lessee

Unit: CNY

Related party	Types of Leased Assets	Amount in current period	Amount in previous period
Jiangsu Yanghe Group Co.,Ltd.	House	201,834.86	

**(3) Compensation for key managers**

Item	Amount in current period	Amount in previous period
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**6. Receivables and payables of related parties****(1) Receivables**

Unit: CNY

Item	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Receivables	Jiangsu Diageo Wine Co. Ltd.			8,231,298.10	246,938.94

**(2) Payables**

Unit: CNY

Item	Related party	Closing balance	Opening balance
Contract liabilities	Shanghai Haiyan Logistics Development Co.,Ltd.	6,396,586.54	3,057,658.65
Contract liabilities	Jiangsu Su Wine Cultural Transmission Co.,Ltd.	7,523,939.23	7,078,584.07
Accounts payables	Jiangsu Diageo Wine Co. Ltd.	255,806.65	
Other Payables	Shanghai Haiyan Logistics Development Co.,Ltd.	83,531.60	83,709.60
Other Payables	Jiangsu Su Wine Cultural Transmission Co.,Ltd.	940,228.00	900,000.00

**XIII. Commitments and contingencies****1. Significant commitments**

Significant commitments existing on the balance sheet date

By the end of 31 December 2020, there were no significant commitments needed to be disclosed.

**2. Contingencies****(1) Significant contingencies at the balance sheet date:**

Regarding the tort liability dispute case of ICBC Zhengzhou Jiefang Road Branch, Su Wine Group Trade Co., Ltd. applied for a claim, requesting the defendant to jointly and severally compensate the plaintiff with CNY 46,025,000.00 of principal and interest loss during the deposit period (The interest loss is based on CNY 103,250,000.00 and it is calculated from 21 May 2014 according to the loan interest rate of the People's Bank of China in the same period and the same file. Among those, CNY 18,257,000.00 is calculated till 8 September 2017, CNY 38,968,000.00 is calculated till 13 December 2017, and CNY 46,025,000.00 is calculated till the actual date of payment).

According to the Civil Judgment of Suqian Intermediate People's Court of Jiangsu Province, the defendant was liable for compensation of 70% of the total loss, and the defendant was ordered to pay the plaintiff Su Wine Group Trade Co., Ltd. loss of interest (the calculation method of interest: the interest rate standard is calculated according to the one-year fixed deposit interest rate on the day of 21 May 2013 of the Industrial and Commercial Bank of China Zhengzhou Jiefang Road Branch, where CNY 90 million is the principal from 21 May 2013 to 7 September 2017; CNY 71.7433 million is calculated from 8 September 2017 to 12 December 2017; CNY 32.7775 million is calculated from 13 December 2017 to the date of actual payment. The sum of the interest calculated above is multiplied by 70%.)

Su Wine Group Trade Co., Ltd. dissatisfied with the above judgment and has appealed to the Jiangsu Provincial Higher People's Court. On 25 July 2019, Jiangsu Provincial Higher People's Court (2019) Su Min Zhong No. 1157 "Notice of Acceptance of the Case" was received. The case is in the process.

Except for the above event, by the end of 31 December 2020, the Company had no other significant contingencies required to be disclosed.

**(2) If no contingencies that need to be disclosed, statement should be made.**

The Company has no material contingencies to disclose.

## **XIV. Post balance sheet event**

### **1. The distribution of profits**

Unit: CNY

Profits or dividends planned to be distributed	28,279,648,717.65
Profits or dividends declared to be paid after examination and approval	4,491,980,070.00

### **2. Other notes to post balance sheet event**

On 11 March 2021, Guizhou GuijiuGroup Co., Ltd., a Company's subsidiary, (hereinafter referred to as GuijiuCompany) received court summons issued by the people's court from Xiuwen County in Guizhou province. The case number is (2021) Qian 0123 No.949 and the civil complaint is about Guizhou Construction Engineering Group Eighth Construction Engineering Co., Ltd. suing Guizhou GuijiuGroup Co., Ltd.. The claims: (1) request that the defendant be ordered to pay the plaintiff the construction cost amount of RMB 9,537,780.74 immediately and bear the overdue payment interest until the date of the actual payment (the interest is based on RMB 9,537,780.74 and calculated according to the standard interest rate of similar loans issued by the People's Bank of China for the same period from 8 October 2018. The estimated amount is CNY 1,395,695.25 since prosecution). (2) The litigation costs of this case shall be borne by the defendant.

On June 2016, according to the acquisition agreement signed by the Company (Party A) and Guizhou Huixian Investment Management Co., Ltd. (Party B), Guijiu company (Party C), Wang Xiaochun (Party D), any liabilities not included in the "List of Liabilities" arising out of the facts prior to completion after the equity acquisition shall be borne by Party B. If Party A and Party C bear the liabilities in advance, Party B shall fully compensate for the liabilities, and Party D agrees to undertake joint and several liability for the responsibilities and obligations that should be borne by Party B as mentioned above. The matters involved in the above litigation are liabilities not included in the "List of Liabilities" caused by the facts before the completion and shall be borne by Party B.

As of 27 April 2021, the Company has no other post balance sheet event that need to be disclosed other than the above.

## XV. Notes to main items of parent company financial statements

### 1. Accounts receivable

(1) Disclosure of accounts receivable by categories

Unit: CNY

Type	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Including:										
Provision for bad debts by portfolio	387,657,700.12	100.00%			387,657,700.12	900,499,168.05	100.00%	246,938.94	0.03%	900,252,229.11
Including:										
Risk portfolio						8,231,298.10	0.91%	246,938.94	3.00%	7,984,359.16
Other portfolio	387,657,700.12	100.00%			387,657,700.12	892,267,869.95	99.09%			892,267,869.95
Total	387,657,700.12	100.00%			387,657,700.12	900,499,168.05	100.00%	246,938.94	0.03%	900,252,229.11

Provision for bad debts by individual

Unit: CNY

Name of client	Closing balance			
	Book balance	Provision for bad debts	Proportion	Reason

Provision for bad debts by portfolio : other portfolio

Unit: CNY

Name of portfolio	Closing balance		
	Accounts receivables	Provision for bad debt	Proportion
Other portfolio	387,657,700.12		
Total	387,657,700.12		--

Notes to determine provision for bad debt by portfolio:

The Company classifies items without significant recovery risk receivables as other portfolio such as items from subsidiaries in the consolidation scope, tax refunds receivable, collection and withholding of funds. There is no provision for bad debt for them.

Provision for bad debts by portfolio :

Unit: CNY

Name of portfolio	Closing balance		
	Accounts receivables	Provision for bad debt	Proportion

Notes to determine provision for bad debt by portfolio:

If the Company uses the accounts receivable provision for bad debts according to the general model of expected credit loss, please disclose the relevant information of provision for bad debt by referring to the disclosure method of other receivables :

Applicable  N/A

## Analysis by aging

Unit: CNY

Aging	Closing balance
Within 1 year (including 1 year)	387,657,700.12
Total	387,657,700.12

(2) Provision for bad debts that is accrued, recovered or reversed during this period

Provision for bad debts during current period

Unit: CNY

Category	Opening balance	Changes in the current period				Closing balance
		Provision	Recovered or reversed	Write off	Others	
Provision for bad debt for Accounts receivables	246,938.94		246,938.94			
Total	246,938.94		246,938.94			

Significant amount of reversal or recovery in current period:

Unit: CNY

Company name	Amount recovered or reversed	Ways of recovery

(3) Top five entities with the largest balances of the accounts receivables

Unit: CNY

Company's name	Closing balance	Proportion in the total accounts' receivables (%)	Provision amount
Jiangsu Shuanggou Distillery Stock Co.,Ltd.	132,516,166.33	34.18%	
Hubei Lihuacun Liquor Industry Co.,Ltd.	127,597,734.21	32.92%	
Siyang Lantu Liquor Operation Co.,Ltd.	71,494,537.45	18.44%	
Jiangsu Yanghe Liquor Operation Management Co.,Ltd.	46,231,563.47	11.93%	
Ningxiang Miluochun Trade Co.,Ltd.	9,817,698.66	2.53%	
Total	387,657,700.12	100.00%	

## 2. Other receivables

Unit: CNY

Item	Closing balance	Opening balance
Dividend receivable	1,775,818,203.33	
Other receivables	8,627,951,102.36	8,154,899,373.55
Total	10,403,769,305.69	8,154,899,373.55

## (1) Dividend receivable

Unit: CNY

Item	Closing balance	Opening balance
Jiangsu Shuanggou Distillery Stock Co.,Ltd.	1,775,818,203.33	
Total	1,775,818,203.33	

**(2) Other receivables****1) Disclosure of other receivable by categories**

Unit: CNY

Nature of other receivables	Closing balance	Opening balance
Within the scope of consolidation the subsidiary borrows	8,625,917,478.43	8,153,014,458.45
Cash deposit	15,020,000.00	15,020,000.00
Business loans and petty cash	1,203,377.75	3,429,429.04
Other receivables	3,768,716.91	3,038,490.82
Total	8,645,909,573.09	8,174,502,378.31

**2) Provision for bad debt**

Unit: CNY

Bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for lifetime (No credit loss occurred)	Expected credit loss for lifetime (Credit loss occurred)	
Balance as at 1 January 2020	67,662.44		19,535,342.32	19,603,004.76
Change of opening balance as at 1 January 2020 in current period	—	—	—	—
Provision in 2020	15,343.33			15,343.33
Reverse in 2020			1,659,877.36	1,659,877.36
Balance as at 31 December 2020	83,005.77		17,875,464.96	17,958,470.73

Significant change of the book balance of provision during the period

 Applicable  N/A

## Other receivables by aging

Unit: CNY

Aging	Closing balance
Within 1 year(including 1 year)	8,614,193,810.38
1-2 years	8,834,302.50
2-3 years	1,828,000.00
Over 3 years	21,053,460.21
3-4 years	291,400.00
4-5 years	41,319.12
Over 5 years	20,720,741.09
Total	8,645,909,573.09

**3) Provision, recovery or reversal for bad debt during this period**

Provision for bad debt during this period :

Unit: CNY

Category	Opening balance	Changes in the current period				Closing balance
		Provision	Recovered or reversed	Write off	Other changes	
Provision for other receivables bad	19,603,004.76	15,343.33	1,659,877.36			17,958,470.73

debt						
Total	19,603,004.76	15,343.33	1,659,877.36			17,958,470.73

Significant amount of reversal or recovery during this period:

Unit: CNY

Company name	recovery or reversal	Way of recovery
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**(4) Top five entities with the largest balances of the other receivables**

Unit: CNY

Company's Name	Category	Closing balance	Aging	Proportion in total receivables	Provisioning amount at period end
Jiangsu Yanghe Investment Management Co., Ltd.	Loan	7,640,976,249.15	With in 1 year	88.38%	
Su Wine Group Jiangsu Wealth Management Co.,Ltd.	Loan	800,000,000.00	With in 1 year	9.25%	
Guizhou Guijiu Co.,Ltd.	Loan	163,469,544.92	With in 1 year	1.89%	
Jiangsu Juntai Properties Co.,Lt., Suqian Guotai Department Store Co.,Ltd.	deposit	15,000,000.00	Over 5 years	0.17%	15,000,000.00
Hubei Lihuacun Liquor Industry Co,Ltd.	Loan	14,177,100.00	With in 1 year 460,000.00, 1-2 years 8,830,000.00, 2-3 years 848,000.00, Over 3 years 4,039,100.00	0.16%	
Total	--	8,633,622,894.07	--	99.85%	15,000,000.00

**3. Long-term equity investments**

Unit: CNY

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	7,964,291,378.23		7,964,291,378.23	7,964,291,378.23		7,964,291,378.23
Total	7,964,291,378.23		7,964,291,378.23	7,964,291,378.23		7,964,291,378.23

**(1) Investment in subsidiaries**

Unit: CNY

Investee	Opening balance	Increase in the current period				Closing balance	Closing balance of provision for impairment
		Increase	Decrease	Provision for impairment	Others		
Suqian Yanghe Guibinguan	700,000.00					700,000.00	

Co.,Ltd.							
Jiangsu Shuanggou Distillery Stock Co.,Ltd.	1,713,152,320.00					1,713,152,320.00	
Su Wine Trade Group Co.,Ltd.	285,225,078.23					285,225,078.23	
Jiangsu Yanghe Liquor Operation Managment Co.,Ltd	10,983,280.00					10,983,280.00	
Jiangsu Dongdi Union International Trade Co.,Ltd.	5,000,000.00					5,000,000.00	
Jiangsu Dongdixinghui International Trade Co.,Ltd	5,000,000.00					5,000,000.00	
Siyang Lantu Liquor Operation Co.,Ltd.	3,161,700.00					3,161,700.00	
Hubei Lihuacun Liquor Industry Co.,Ltd.	3,000,000.00					3,000,000.00	
Ningxiang Miluochun Liquor Industry Co.,Ltd.	2,129,000.00					2,129,000.00	
Harbin Binzhou Brewery Co.,Ltd.	2,000,000.00					2,000,000.00	
Su Wine Group Jiangsu Wealth Management Co.,Ltd.	3,000,000,000.00					3,000,000,000.00	
Jinagsu Kelite Biology Technology Research Institute Co.,Ltd.	10,000,000.00					10,000,000.00	
Jiangsu Lion and Sheep Network Technology Co.,Ltd.	5,460,000.00					5,460,000.00	
Guizhou Guijiu Co.,Ltd.	943,300,000.00					943,300,000.00	
Jiangsu Yanghe Weiketang Network Technology Co.,Ltd.	300,000.00					300,000.00	
Yanghe Chile SPA	456,880,000.00					456,880,000.00	
Jiangsu Yanghe Investment Management Co., Ltd.	1,500,000,000.00					1,500,000,000.00	

Yanghe Hong Kong Liquor Co., Ltd.	18,000,000.00					18,000,000.00	
Total	7,964,291,378.23					7,964,291,378.23	

#### 4. Operating revenue and cost of sales

Unit: CNY

Item	Current period		Previous period	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Primary business	9,161,576,332.09	4,195,871,188.04	8,802,985,205.67	4,522,356,318.57
Other business	653,598,000.33	607,411,453.26	814,151,123.47	778,500,563.64
Total	9,815,174,332.42	4,803,282,641.30	9,617,136,329.14	5,300,856,882.21

Information relating to revenue

Unit: CNY

Contract type	Division 1	Division 2	Total
Including:			
Including:			

Information relating to performance obligations

N/A

Information relating to the transaction price apportioned to the remaining performance obligations:

At the end of this report, the amount of revenue corresponding to the performance obligations with the contracts signed but not performed or not performed is CNY 12,161,186,226.79, of which CNY 10,305,933,049.04 is expected to be recognized in 2021, and CNY 1,855,253,177.75 is expected to be recognized in 2022. CNY 0.00 is expected to be recognized as revenue in the year.

#### 5. Investment income

Unit: CNY

Item	Current period	Previous period
Investment income from long-term equity investments under the equity method	6,249,926,000.50	6,416,968,211.24
Investment income from disposing long-term equity investments		27,117,336.74
Investment income from financial assets held for trading during the holding period	6,204,748.21	6,946,070.62
Investment income from disposal of financial assets held for trading	212,610,583.98	407,441,556.04
Total	6,468,741,332.69	6,858,473,174.64

## XVI. Supplementary information

### 1. Detailed statement of non-recurring profits and losses

 Applicable  N/A

Unit: CNY

Item	Amount	Notes
Profit or loss from disposal of non-current assets	-4,735,638.66	
Government grants accounted for, in the profit or loss for the current period (except for the government grants closely related to the business of the	98,175,595.19	

Company and given at a fixed amount or quantity in accordance with the state's uniform standards)		
In addition to the effective hedging business related to the company's normal business operations, changes in fair value from holding financial assets held for trading, derivative financial assets, financial liabilities held for trading, fair value changes, and investment income from disposal of financial assets held for trading and derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments	2,356,818,184.75	
Other non-operating income and expenditure except above-mentioned items	-11,429,697.22	
Other profit and loss items that conform to the definition of non-recurring profits and losses	818,031.70	
Less: Effect of income tax	609,395,883.18	
Effect of minority equity	90,900.93	
Total	1,830,159,691.65	--

Statement for extraordinary gain and loss items that the Company defines according to the definition in “*Explanatory Announcement of Information Disclosure of Company that Issues Securities publicly No.1- Extraordinary Gain and Loss*” and definition of recurrent gain and loss items that are listed as extraordinary gain and loss in the “*Explanatory Announcement of Information Disclosure of Company that Issues Securities publicly NO.1- Extraordinary Gain and Loss*”:

Applicable  N/A

## 2. Return on equity and earnings per share

Profit during reporting period	Weighted average ROE	EPS(CNY/Share)	
		Basic EPS	Diluted EPS
Net profits attributable to ordinary shareholders of the Company	20.20%	4.9843	4.9843
Net profits attributable to ordinary shareholders of the Company after deduction of extraordinary gain and loss	15.26%	3.7651	3.7651

## 3. Differences in accounting data under domestic and overseas accounting standards

### 3.1. Differences in the net profits and net assets disclosed in the financial reports prepared under the international and China accounting standards

Applicable  N/A

**3.2. Differences in the net profits and net assets disclosed in the financial reports prepared under the outbound and China accounting standards**

Applicable  N/A

**3.3. Explain the reasons for the differences in accounting data under domestic and foreign accounting standards, and indicate the name of the overseas institution if the differences are adjusted for the data audited by the overseas audit institution**

**4. Others**

## **Section XIII Documents Available for Preference**

1. Financial statements signed and stamped by the legal representative, the person in charge of accounting affairs and the person in charge of accounting department;
2. The original of the auditor's report with the seal of the accounting firm, and signed and stamped by CPAs;
3. The originals of all company documents and announcements that are disclosed to the public via media designated by CSRC during the reporting period;
4. The original of 2020 annual report signed by chairman.