



Jiangsu Yanghe Brewery Joint-Stock Co., Ltd.

2019 Annual Report

April 2020

Section I Important Statements, Contents and Definitions

The board of directors, board of supervisors, directors, supervisors and senior management of Jiangsu Yanghe Brewery Joint-Stock 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. Wang Yao, responsible person for the Company, Mr. Cong Xuenian, responsible person for accounting affairs and Mr. Yin Qiuming, responsible person for accounting department (accounting supervisor) have warranted that the financial statements in this report are true 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 share capital participating in the dividend on the registration date 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 2019 Annual Report was publicly disclosed on the Shenzhen Stock Exchange and www.cninfo.com.cn on 29 April 2020. 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 Joint-Stock	Refer to	Jiangsu Yanghe Brewery Joint-Stock Co., Ltd.
Yanghe Group, Controlling shareholder	Refer to	Jiangsu Yanghe Group Co.,Ltd.
The current year, In the reporting period	Refer to	1 Jan. 2019 to 31 Dec. 2019
The report	Refer to	2019 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' general meeting, the board of directors and the board of supervisors of the Company
Articles of incorporation	Refer to	Articles of incorporation of Jiangsu Yanghe Brewery Joint-Stock Co., Ltd.
SSE	Refer to	Shenzhen Stock Exchange
SRC,CSRC	Refer to	China Securities Regulatory Commission
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 Joint-Stock Co., Ltd.
Yanghe Branch of the Company	Refer to	Jiangsu Yanghe Brewery Joint-Stock Co., Ltd. Yanghe Branch
Siyang Branch of the Company	Refer to	Jiangsu Yanghe Brewery Joint-Stock 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 Joint-Stock	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 Brewery Joint-Stock Co., Ltd.		
Abbr. of the Company name in English (if any)	Yanghe		
Legal representative	Wang Yao		
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	http://www.chinayanghe.com		
E-mail	yanghe002304@vip.163.com		

2. Contact us

	Company secretary	Representative for securities affairs
Name	Cong Xuenian	Lu Hongzhen, Sun Dali
Address	No. 18, Feng Hui 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

Newspaper 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	http://www.cninfo.com.cn
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	Kan Baoyong, 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

	2019	2018	YoY Change	2017
Operating revenues (CNY)	23,126,476,885.07	24,159,801,994.68	-4.28%	19,917,942,238.16
Net profits attributable to shareholders of the Company (CNY)	7,382,822,726.87	8,115,189,794.69	-9.02%	6,627,169,959.16
Net profits attributable to shareholders of the Company before non-recurring gains and losses (CNY)	6,555,890,029.81	7,369,331,605.77	-11.04%	6,136,386,923.71
Net cash flows from operating activities (CNY)	6,797,891,871.41	9,056,748,816.28	-24.94%	6,883,169,799.31
Basic earnings per share (CNY/share)	4.8991	5.3850	-9.02%	4.3976
Diluted earnings per share (CNY/share)	4.8991	5.3850	-9.02%	4.3976
Weighted average ROE	21.21%	25.95%	-4.74%	24.08%
	At the end of 2019	At the end of 2018	YoY Change	At the end of 2017
Total assets (CNY)	53,455,037,840.98	49,563,767,816.22	7.85%	43,258,140,702.38
Net assets attributable to shareholders of the Company (CNY)	36,508,835,491.47	33,644,530,266.23	8.51%	29,515,040,285.72

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	10,889,633,584.07	5,108,949,278.67	5,099,149,429.96	2,028,744,592.37
Net profits attributable to shareholders of the Company	4,020,764,957.82	1,560,940,705.86	1,564,626,614.67	236,490,448.52
Net profits attributable to shareholders of the Company before non-recurring gains and losses	3,809,771,428.82	1,399,214,559.41	1,338,015,326.52	8,888,715.06
Net cash flows from operating activities	122,965,637.48	-633,029,399.83	2,229,448,446.04	5,078,507,187.72

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	2019	2018	2017	Note
Profit or loss from disposal of non-current assets (including the write-off portion of the impairment provision)	13,797,266.00	22,203,572.96	-8,598,844.11	
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 the State's uniform standards)	85,605,383.19	59,870,221.67	44,745,640.94	

Item	2019	2018	2017	Note
Except for effectively hedging business related to normal business operations of the Company, profit or loss arising from the changes in the fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, and investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and investment in other debt instruments.	973,456,912.43	56,995,537.28	90,627,738.02	
Impairment provision reversal of the accounts receivables and contract assets on which the impairment test is carried out individually			300,000.00	
Other non-operating income and expenditure except above-mentioned items	12,845,147.02	27,967,026.98	11,559,390.23	
Other profit and loss items that conform to the definition of non-recurring gains and losses	1,670,388.78	827,837,138.81	516,824,879.08	
Less: Corporate income tax	260,122,467.95	248,875,376.58	164,658,711.09	
Minority interests (after tax)	319,932.41	139,932.20	17,057.62	
Total	826,932,697.06	745,858,188.92	490,783,035.45	--

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 Companies Offering Their Securities to the Public-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 is mainly engaged in the production and sales of liquor. The production of liquor adopts solid-state fermentation. The sales of liquor mainly adopt two modes, namely distribution and retailing. During the reporting period, the Company's primary business and business mode had not changed. 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 liquor production enterprise. Among the enterprises in the liquor industry, the Company is the only one which has two famous Chinese liquor, 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 mellow liquor including Dream Blue, Yanghe Blue Classic, Shuanggou 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. High-end and secondary high-end Liquor both showed obvious development advantages. The concentration, branding and premiumisation of the industry continued significantly. According to disclosed liquor 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
Construction in progress	An increase of 70.29% YoY was mainly due to input of 40,000 tons of pottery jar warehouse construction during this period.
Other non-current financial assets	An increase of 61.67% YoY was mainly due to the increase of purchased trust financial products due over one year during this period.

2.2 .Main assets overseas

Applicable N/A

3. Analysis of core competitiveness

The Company has obvious 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 liquor 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. It is the only natural oxygen bar in Jiangsu province without acid rain. The long history and unique ecological environment provide a good source of water, soil and air for production of liquor and spirits. Especially the microorganism condition is significantly beneficial to producing liquor and spirits. The Yanghe brewing originated 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 liquor flavor. The Company classifies the liquor by taste and put emphasis on taste value. The Company strengthens the mellowness of liquor, puts forward the new style of the mellow liquor quality, and deeply meets core demand of target consumers. It successfully establishes the system framework of new production technology and mellowness mechanism of mellow liquor catering to market consumption. In June 2008, 'Mellowness' was first written into the national standard in *China Protected Geographical Indication Product- Yanghe Daqu (Standard No. GB/T220406-2008)*.

3.3 Talent advantage

The Company has 31 Masters of Chinese liquor, including 69 provincial liquor tasting committee members and 1862 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 the quality. Dream Six (International Edition) and Shuanggou Zhenbaofang (Fengtian Liquor), the representative products of mellow liquor designed by the Company, have won the 2019 China Liquor Body Design Award. 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. It also shows the great advantage of talents.

3.4 Brand advantage

The Company, as one of the old eight famous liquor enterprises, is the only one which has two famous Chinese liquors, 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 Company's brands were selected in 2019 Global Liquor Brand Value Top 50 at a

value of USD 9.06 billion by Brand Finance, a world-famous brand value research organization, and ranked the third place in the world. In 2019, with brands worth CNY 56.08 billion, the Company ranked the No.84 in China's 500 Most Valuable Brands released by World Brand Lab.

3.5 Marketing network advantage

The Company has a marketing team with the largest size, the latest concept and the strongest executive force in the industry. 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, software copyright of 'one item one code', 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

In 2019, faced with the complex and changing macro situation and increasing difficulties and challenges, the Company thoroughly implemented the general idea of “steadying the helm when wind changes and setting sail when going forward”, actively responded to changes, took the initiative to adjusting and transforming, fully implemented the "1246" project, and promoted smooth development of the Company by adjusting and transforming the sales system. This is mainly manifested in the following four aspects:

First, both stability and progress were realized. In 2019, the Company achieved revenue of CNY 23.126 billion, and net profit attributable to shareholders of CNY 7.383 billion. Its overall net profit remained one of the top three in the industry. The Company insisted on consumer orientation and redefined the connotation of "good liquor". The classification mode of liquor has achieved a major change. The mellowness of raw liquor has been significantly improved, and the aroma and layering have become more prominent. The fullness and mellowness of liquor has surpassed that in the past. Based on the product individuation, differentiation, and characteristics, the Company successfully created a series of good products such as Dream Six plus, Su Toupai Liquor, Yanghe 1949 Fengtan Liquor and Shuanggou Zhenbaofang Fengtan Liquor. These products won high praise from all walks of life.

Second, both internal and external achievements were obtained. In 2019, the Company established the technical system of "large base liquor group", intensified efforts in tackling key technical issues and building research platforms, significantly enhanced its strategic reserve of base liquor and research and development capability, and continuously enlarged its technological innovation advantages. With efficient communication as a core, the Company promoted brand classification management, implemented low-cost, accurate and integrated communication, and constantly improved its brand image. It has successively won the first place in liquor of "China's top 100 technology enterprises in light industry" and the "top 100 most valuable Chinese brands of 2019", which interprets the quality and value of Chinese high-end liquor.

Third, both offense and defense were possessed. In 2019, the Company continued to break through the thinking pattern, further promoted innovation drive, and injected new impetus for sustainable development. Intelligent brewing workshop (version 4.0), MES system of intelligent packaging factory and financial information system have been put into use, and the digital transformation of sales system has achieved remarkable results. The Company adhered to the guidance of profit and efficiency improvement, and created a scientific and efficient management system. The mechanism makes progress spontaneously and steadily. The whole staff improved the closed-loop management. The long-term inspection was pragmatic and efficient. The increase in revenue and the reduction in expenditure reached the target. The organization fission and marketing of amoeba was implemented precisely.

Fourth, both detailed and high-profile events were considered. In 2019, the Company closely linked to the working idea of “being first-class” in the cultural construction. The Company promoted enterprise culture development to a new level. Yanghe underground liquor cellars, old cellars and distilling workshops were included in the national key

cultural relics protection units and national industrial heritage list. The biggest pottery jar warehouse was completed successfully. The Chinese liquor live museum group with "one axis and one band, one core and 14 pavilions" was completed and opened. The company has made significant influence by holding major events. The Company has successfully held "Yanghe 1949, a gift to the motherland" sealing ceremony, "Guyu forum", "China Toupai liquor cellar festival" and other influential cultural feasts in the industry. Meanwhile, the Company has actively participated in important international and domestic activities, which has been widely recognized and praised.

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

	2019		2018		YoY change
	Amount	As a percentage of operating revenues	Amount	As a percentage of operating revenues	
Total	23,126,476,885.07	100%	24,159,801,994.68	100%	-4.28%
By business segment					
Liquor	22,161,278,307.05	95.83%	23,186,902,149.00	95.97%	-4.42%
Others	965,198,578.02	4.17%	972,899,845.68	4.03%	-0.79%
By product					
Liquor	21,967,044,396.58	94.99%	22,913,294,724.76	94.84%	-4.13%
Wine	194,233,910.47	0.84%	273,607,424.24	1.13%	-29.01%
Others	965,198,578.02	4.17%	972,899,845.68	4.03%	-0.79%
By geographical segment					
Jiangsu	11,011,399,137.52	47.61%	12,326,360,162.73	51.02%	-10.67%
Ex-Jiangsu	12,115,077,747.55	52.39%	11,833,441,831.95	48.98%	2.38%

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	22,161,278,307.05	5,772,779,588.18	73.95%	-4.42%	4.44%	-2.21%
By product						
Liquor	21,967,044,396.58	5,643,498,376.83	74.31%	-4.13%	4.65%	-2.16%
By geographical segment						
Jiangsu	10,299,457,647.02	3,007,670,574.12	70.80%	-11.30%	0.77%	-3.50%
Ex-Jiangsu	11,861,820,660.03	2,765,109,014.06	76.69%	2.48%	8.74%	-1.34%

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	2019	2018	YoY change
Liquor	Sales volume	ton	186,022.52	214,051.34	-13.09%
	Production volume	ton	179,315.33	211,606.75	-15.26%
	Inventory volume	ton	18,156.75	24,863.94	-26.98%
Wine	Sales volume	ton	4,854.36	5,288.96	-8.22%
	Production volume	ton	4,137.99	6,315.57	-34.48%
	Inventory volume	ton	644.25	1,360.62	-52.65%

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

Applicable N/A

The decrease of 34.48% YoY in production volume of wine and the decrease of 52.65% YoY inventory of wine was mainly because the wine was imported with original packaging and stock in advance during last period led to large inventory of wine by the end of last period. Meanwhile, both the production volume and sales volume decreased in this 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	2019		2018		YoY change
		Amount	As a percentage of cost of sales	Amount	As a percentage of cost of sales	
Liquor		5,772,779,588.18	87.12%	5,527,417,445.92	87.00%	4.44%

Unit : CNY

By product segment	Item	2019		2018		YoY Change
		Amount	As a percentage of cost of sales	Amount	As a percentage of cost of sales	
Liquor	Raw materials	4,284,348,458.13	64.66%	4,397,294,002.46	69.21%	-2.57%
Liquor	Labor costs	904,555,426.95	13.65%	597,717,848.21	9.41%	51.33%
Liquor	Fuels and energy	226,377,369.91	3.42%	246,871,521.50	3.89%	-8.30%
Liquor	Manufacturing overhead	357,498,333.19	5.40%	280,144,635.22	4.41%	27.61%
Liquor	Consumption tax and surcharges			5,389,438.53	0.08%	-100.00%

Note:

The increase of 51.33% YoY in labor costs was mainly due to an increase in wages during this period.

The decrease of 100% in consumption tax and surcharges was mainly due to that there was no manufacturing consignment during this period.

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

Yes No

1. Establishment of subsidiaries

In September 2018, the Company registered and established Yanghe Hong Kong Distillery Co., Ltd. in Hong Kong, which was invested in October 2019 and included in the consolidated financial statements from October 2019.

2. Cancellation of subsidiaries

(1) Jiangsu Guanmeng Information Technology Co., Ltd., the holding subsidiary, was liquidated and terminated, and on 12 February 2019, it obtained Notice of approval for termination registration of the company from Suzhou Xiangcheng District Market Supervision Administration. As of March 2019, it is no longer included in the consolidated scope of the consolidated financial statements.

(2) Jiangsu Oubaosi International Trade Co., Ltd., the holding subsidiary, was liquidated and terminated. On 3 January 2019, it obtained Notice of approval for termination registration of the company from Nanjing Jiangbei New District Management Committee Market Supervision Administration. As of February 2019, it is no longer included in the consolidated scope of the consolidated financial statements.

(3) Jiangsu Yanghe Packaging Co., Ltd., the holding subsidiary, was liquidated and terminated, and on 2 February 2019, it obtained Notice of approval for termination registration of the company from Suqian Municipal Administration for Industry and Commerce. As of March 2019, it is no longer included in the consolidated scope of the consolidated financial statements.

(4) Dream Blue Haichuanhui (Shiyan) Trade and Investment Co., Ltd., the holding subsidiary, was liquidated and terminated, and on 21 September 2019, it obtained the Notice of approval for termination registration of the company from Shiyan Municipal Administration Approval Bureau. As of October 2019, it is no longer included in the consolidated scope of the consolidated financial statements.

(5) Xuzhou Huaqu Wine Development Co., Ltd., the holding subsidiary, was liquidated and terminated, and on 24 October 2019, it obtained Notice of approval for termination registration of the company from Xuzhou Market Supervision Administration. As of

November 2019, it is 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)	950,082,213.94
Total sales from top five customers as a percentage of the total sales	4.11%
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	326,401,031.96	1.41%
2	Customer B	282,249,356.34	1.22%
3	Customer C	129,745,239.50	0.56%
4	Customer D	124,090,364.13	0.54%
5	Customer E	87,596,222.01	0.38%
Total	--	950,082,213.94	4.11%

Other information on major customers

Applicable N/A

Major suppliers of the Company

Total purchase from top five suppliers (CNY)	1,059,848,342.00
Total purchase from top five suppliers as a percentage of the total sales	18.00%
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	317,383,746.97	5.39%
2	Supplier B	214,651,822.49	3.64%
3	Supplier C	207,918,354.69	3.53%
4	Supplier D	161,007,153.38	2.73%
5	Supplier E	158,887,264.47	2.71%
Total	--	1,059,848,342.00	18.00%

Other information on major suppliers

Applicable N/A

2.3. Expense

Unit : CNY

	2019	2018	YoY change	Reason for any significant change
Selling and distribution expenses	2,691,711,170.59	2,561,401,628.22	5.09%	
General and administrative expenses	1,856,491,727.00	1,704,265,102.61	8.93%	
Finance expenses	-78,426,551.41	-65,138,636.76	-20.40%	
R&D expenses	159,965,593.88	27,565,217.63	480.32%	During this period, 7 raw liquor production and R&D projects were registered by Suqian Municipal Science and Technology Bureau, resulting in a substantial increase in the amount of R&D expenses.

2.4. R&D input

Applicable N/A

During the reporting period, the Company has made outstanding achievements in focusing on smart distilling, and the output and quality have reached the test goal. The Company focused on the construction of distilling microecology and optimized the directed aggregation of microorganisms. The Company developed a new mode of raw liquor selection, grading and dynamic management. The Company reshaped the mellowness architecture model, and deeply applied the core theory of mellowness mechanism. The Company deeply subdivided the function of liquor body design to construct a new liquor body design model. Further study on fermentation mechanism helped the significant improvement of the mellowness quality.

During the reporting period, the Company won 5 science and technology awards above the provincial level, 1 municipal patent first prize, and 3 invention patents.

Information about R&D input

	2019	2018	YoY change
Number of R&D personnel	396	393	0.76%
R&D personnel as a percentage in total employees	2.51%	2.57%	-0.06%
R&D input(CNY)	166,917,025.32	32,880,110.63	407.65%
R&D input as a percentage in operating revenues	0.72%	0.14%	0.58%
Capitalized R&D input(CNY)	6,951,431.44	5,314,893.00	30.79%
Capitalized R&D input percentage in total R&D input	4.16%	16.16%	-12.00%

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	2019	2018	YoY change
Subtotal of cash inflows from operating activities	28,418,153,682.08	29,598,814,116.52	-3.99%
Subtotal of cash outflows from operating activities	21,620,261,810.67	20,542,065,300.24	5.25%
Net cash flows from operating activities	6,797,891,871.41	9,056,748,816.28	-24.94%
Subtotal of cash inflows from investing activities	40,698,105,842.28	35,262,332,061.45	15.42%
Subtotal of cash outflows from investing activities	41,991,320,976.18	38,611,674,185.80	8.75%
Net cash flows from investing activities	-1,293,215,133.90	-3,349,342,124.35	61.39%
Subtotal of cash inflows from financing activities		1,500,000.00	-100.00%
Subtotal of cash outflows from financing activities	4,823,150,583.00	3,842,859,037.00	25.51%
Net cash flows from financing activities	-4,823,150,583.00	-3,841,359,037.00	-25.56%
Net increase in cash and cash equivalents	684,796,540.70	1,865,395,431.79	-63.29%

Explanation of why the data above varied significantly.

Applicable N/A

(1) The increase of 61.39% YoY of net cash flows from investing activities was mainly because the increase in cash inflow from current investing activities was more than the increase in cash outflow from investing activities, resulting in an increase in net cash flow from current investment activities.

(2) The decrease of 100% YoY of net cash flows from financing activities was mainly due to recovering letter of credit deposit during last period.

(3) The decrease of 63.29% YoY of net increase in cash and cash equivalent was mainly due to a decrease in net cash flow from current operating activities and a decrease in net cash flow from current financing activities.

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	850,554,207.62	8.71%	Mainly due to the investment income generated by wealth management products	No
Changes in fair value	158,679,505.33	1.62%	Mainly due to changes in fair value of financial assets held for trading	No
Asset impairment	-2,248,496.85	-0.02%	Mainly due to provision for stock obsolescence	No
Non-operating income	22,245,954.37	0.23%	Mainly due to compensation and liquidated damages income	No
Non-operating expenses	13,324,291.70	0.14%	Mainly due to losses from retirement of fixed assets and donation expenses	No

4. Analysis of assets and liabilities

4.1 Significant changes of asset items

The Company implemented the new financial instrument standards, new revenue standards or new leasing standards for the first time since 2019, and adjusted opening balance of related items in financial reports due to the first implementation.

√ Applicable N/A

Unit : CNY

	As at the end of 2019		As at the beginning of 2019		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	4,300,144,848.67	8.04%	3,615,348,307.97	7.23%	0.81%	
Accounts receivable	16,080,618.65	0.03%	5,522,261.31	0.01%	0.02%	
Inventories	14,433,244,696.27	27.00%	13,892,118,587.74	27.80%	-0.80%	
Long-term equity investments	25,361,651.38	0.05%	9,423,328.82	0.02%	0.03%	
Fixed assets	7,256,557,503.85	13.58%	7,833,665,282.19	15.68%	-2.10%	
Construction in progress	263,153,505.12	0.49%	154,535,104.82	0.31%	0.18%	
Long-term borrowings	72,723.00		109,088.00			

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 Asset								
1. Financial assets held for trading(excluding derivative financial assets)	21,024,408,530.20	158,679,505.33			41,652,461,609.88	39,807,930,764.80		23,027,618,880.61
Subtotal of financial assets	21,024,408,530.20	158,679,505.33			41,652,461,609.88	39,807,930,764.80		23,027,618,880.61
Total	21,024,408,530.20	158,679,505.33			41,652,461,609.88	39,807,930,764.80		23,027,618,880.61
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
2,169,877,269.95	1,035,447,337.86	109.56%

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. Financial assets at a fair value** Applicable N/A

Unit : CNY

Category of securities	Initial investment cost	Changes in fair value recognized in profit or loss	Changes in the cumulative fair value recorded into equity	Amount of purchase	Amount of sale	Accumulated investment income	Closing balance	Capital source
Stock	425,350,132.53	46,958,683.88	0.00	0.00	0.00	9,374,806.02	331,714,847.11	Owned fund
Trust	10,528,393,516.12	133,962,200.00	0.00	10,252,307,330.00	9,676,955,130.00	476,422,000.00	10,575,352,200.00	Owned fund
Other	12,055,789,695.46	-22,241,378.55	0.00	31,400,154,279.88	30,140,906,746.23	369,248,567.53	12,120,551,833.50	Owned fund
Total	23,009,533,344.11	158,679,505.33	0.00	41,652,461,609.88	39,817,861,876.23	855,045,373.55	23,027,618,880.61	--

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	21,099,601,221.40	4,684,024,774.74	21,974,534,074.41	5,003,782,622.22	3,819,274,583.70
Jiangsu Shuanggou Distillery Stock Co.,Ltd.	Subsidiary	Production and sales of liquor	110,000,000.00	5,804,851,247.65	2,145,629,216.48	1,738,636,631.76	1,741,537,881.85	1,775,995,802.91
Jiangsu Shuanggou Liquor Operation Co.,Ltd.	Subsidiary	Wholesaling and retailing of prepackaged food	5,000,000.00	3,193,835,892.39	1,349,650,903.78	4,056,086,681.13	1,782,213,618.52	1,336,559,275.57

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)
Yanghe Hong Kong Distillery Co., Ltd.	Establishment	Tiny
Jiangsu Guanmeng Information Technology Co., Ltd.	Liquidation and cancellation	Tiny
Jiangsu Oubaosi International Trade Co., Ltd.	Liquidation and cancellation	Tiny
Jiangsu Yanghe Packaging Co., Ltd.	Liquidation and cancellation	Tiny
Dream Blue Haichuanhui (Shiyan) Trade and Investment Co., Ltd.	Liquidation and cancellation	Tiny
Xuzhou Huaqu Wine Development 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, the liquor industry is developing well. In 2019, benefiting from consumption upgrade and the transformation of consumption structure, liquor industry revenue and profit maintained steady growth, with profit growth outpacing revenue growth. In 2019, the sales revenue of above-sized liquor enterprises in China reached CNY 561.782 billion, up 8.24% year on year. The total profit before taxes reached CNY 140.409 billion, up 14.54% year on year. In the future, with the increase in the volume and price of high-end and secondary high-end segment and the rise of the middle class, the liquor industry is expected to further enjoy the benefits of consumption upgrade.

Second, the landscape of liquor industry is gradually forming. In 2019, the competition of liquor industry became more intensified and developed into extrusion-type. Famous liquor enterprises continuously strengthened their competitive advantages in aspects of product, brand, channel and market. In each of high-end, secondary high-end, middle-end or low-end liquor segments, representative brands in each mainstream price range have gradually emerged. The industry structure and competition landscape have been gradually formed, and such situations could be further strengthened in future market competition.

Third, industry differentiation accelerated and the Matthew effect has been more evident. In the first three quarters of 2019, the revenue growth rate of 19 listed liquor enterprises was 17%, 7 percentage higher than the overall growth rate of the industry, and the revenue was further concentrated among major enterprises. With the increasing concentration of liquor industry, leading and famous enterprises with advantages in capital, management, brand, talent and channel are expected to capture more shares in the future market competition.

9.2. Future development strategy and next business plan

(1) Future development strategy

In 2020, the Company will continue to adhere to the "Wu Du Wu Mi" strategy, and try to become a company that understands liquor, brews liquor, and sells liquor the best in the industry, and a most focused, most professional, and most far-sighted liquor company. The more long-term development goal is to make the Company a leading enterprise that can perform well constantly through the life cycle.

(2) 2020 business plan

In 2020, facing the complex external environment and increasingly fierce competition situation, the Company will implement "12633" work plan, namely focusing on "one goal", inspiring "second entrepreneurship", upgrading "six forces", winning "three major battles", and strengthening "three guarantees". In a decisive battle, the Company will win the battle of transformation and embark on a new journey of high-quality development in a better era.

A. Focusing on "one goal". 2020 is a critical year for the Company's adjustment and transformation. Affected by the epidemic, the Company will make every effort to minimize the impact of the epidemic, and strive to maintain a flat revenue level in 2020.

B. Inspiring "second entrepreneurship". The first is to adhere to strategic thinking. The Company will focus on the big picture, prioritize the overall situation, pay attention to the key points, and raise the "second entrepreneurship" to the strategic height of the overall situation and development of the enterprise. The second is to stick to long-term thinking. The Company will adhere to the consumer-oriented sense of mission, adhere to the people-oriented value concept, adhere to craftsmanship spirit of pursuit of excellence, and commit to making a better life for long term. The third is to adhere to responsibility thinking. The Company not only achieves business value, but also contributes to the environment, responsibility and the safety and healthy development of employees, reflecting the responsibility of the enterprise. The fourth is to adhere to ecological thinking. From the logic of competition to the logic of symbiosis, the Company will create enterprise ecology, do a good job in cooperation, eliminate the information island, and constantly enhance the co-construction and symbiosis among enterprises, consumers, distributors, suppliers, media and capital markets.

C. Upgrading "six forces". The first is to focus on the characteristics of the times, and upgrade the unique product power. The second is to focus on consumer sovereignty, and upgrade the outstanding brand power directly into the people's hearts. The third is to focus on digital empowerment and upgrade the ultimate channel power that helps win in the market. The Fourth is to focus on transformation, development, upgrade and the continuous innovation power. The fifth is to focus on the adjustment mechanism, and upgrade promising organization power. The sixth is to focus on patriotism, and upgrade the era of cultural power to pursue the dream.

D. Winning "three major battles". Resolutely win the "three battles" of marketing transformation, quality breakthrough and management upgrading: first, based on long-term thinking, comprehensive measures, precise force, the Company will resolutely win the battle of marketing transformation. The second is to focus on mellowness. The Company will spare no effort at all costs to resolutely win the quality breakthrough battle. The third is to improve the quality and efficiency. It needs all hands on deck to resolutely win the battle of management and upgrading.

E. Strengthening "three guarantees". To provide the guarantee of success for enterprise transformation: The first is to provide the political guarantee for success with the guidance of party construction; The second is that the innovation of mechanism provides the organization guarantee for success. The third is that cultural remolding provides the ideological guarantee for success.

(3) Possible risks

First is the risk of macroeconomic uncertainties. From a global point of view, world economic growth continues to slow down and international economic environment is unpredictable. From a domestic point of view, China is now in the crucial period of transforming the growth model, optimizing the economic structure and transforming the growth drivers. Structural, institutional and cyclical problems are intertwined, and downward pressure on the economy is mounting.

Second is the risk of intensified market competition. The main competitive enterprises pay more attentions to marketing, increase investment intensity, strengthen channel construction, further develop the terminal ends, and further optimize the product mix. Competitive enterprises maintain rapid growth and market competition becomes more intense.

Third, the epidemic affected the sector-wise sales of liquor. The recent domestic and international COVID-19 outbreak has affected the global economic development trend to a certain extent, and then affected the sales of liquor sector periodically.

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	Way of visit	Type of visitor	Index to main inquiry information
15 February 2019	Field survey	Institution	Log Sheet of Investor Relations Activities for 15 February 2019 on www.cninfo.com.cn (No : 2019-001)
8 May 2019	Field survey	Institution	Log Sheet of Investor Relations Activities for 8 May 2019 on www.cninfo.com.cn (No : 2019-002)
10 May 2019	Other	Other	Log Sheet of Investor Relations Activities for 10 May 2019 on www.cninfo.com.cn (No : 2019-003)
23 May 2019	Field survey	Other	Log Sheet of Investor Relations Activities for 23 May 2019 on www.cninfo.com.cn (No : 2019-004)
20 June 2019	Field survey	Institution	Log Sheet of Investor Relations Activities for 20 June 2019 on www.cninfo.com.cn (No : 2019-005)
17 July 2019	Field survey	Institution	Log Sheet of Investor Relations

Date of visit	Way of visit	Type of visitor	Index to main inquiry information
			Activities for 17 July 2019 on www.cninfo.com.cn (No : 2019-006)
19 July 2019	Field survey	Institution	Log Sheet of Investor Relations Activities for 19 July 2019 on www.cninfo.com.cn (No : 2019-007)
30 July 2019	Field survey	Institution	Log Sheet of Investor Relations Activities for 30 July 2019 on www.cninfo.com.cn (No : 2019-008)
18 September 2019	Field survey	Institution	Log Sheet of Investor Relations Activities for 18 September 2019 , 19 September 2019 on www.cninfo.com.cn (No : 2019-009)
19 September 2019	Field survey	Institution	Log Sheet of Investor Relations Activities for 19 September 2019,19 September 2019 on www.cninfo.com.cn (No : 2019-009)
29 October 2019	Telephone communication	Institution	Log Sheet of Investor Relations Activities for 29 October 2019 , 30 October 2019 on www.cninfo.com.cn (No : 2019-010)
30 October 2019	Telephone communication	Institution	Log Sheet of Investor Relations Activities for 30 October 2019 , 30 October 2019 on www.cninfo.com.cn (No : 2019-010)

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 23 May 2019, the Company held 2018 annual shareholders' meeting, and the plan for profit distribution for 2018 was reviewed and approved by this meeting. Plan for profit distribution: Based on its total of 1,506.988 million shares as on 31 December 2018, the Company distributed a cash dividend of CNY 32 (tax inclusive) per 10 shares. The total cash dividend is CNY 4,822.3616 million (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:

2019: The Company intends to distribute a cash dividend of CNY 30 (tax included) per 10 shares to all shareholders with undistributed profits on the basis of the share capital participating in the dividend on the registration date when the profit distribution plan is implemented in the future. There is no bonus shares and reserves would not be converted into share capital. According to the implementation rules of the repurchase of shares of listed companies in Shenzhen Stock Exchange, the repurchase shares held in the special securities account of the repurchase of shares of listed companies are not entitled to the rights of profit distribution, fund transferred to increase share capital, rights issue, etc. Assuming the Company's total share capital of 1,506,988,000 shares as at 31 December 2019, and excluding 1,500,995,897 shares of 5,992,103 shares in the Company's special securities account for share repurchase as at 28 April 2020 (the date when the board of directors reviewed and adopted the profit distribution plan), the

Company is expected to distribute a cash dividend of no more than CNY 4,502,987,691 (tax included) in the current year.

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 CNY 32 (tax inclusive) per 10 shares. The total cash dividend is CNY 4,822.3616 million (tax inclusive). The registration date was 26 June 2019 and the ex-right & ex-dividend day was 27 June 2019.

2017: Based on its total of 1,506.988 million shares as at 31 December 2017, the Company is to distribute a cash dividend of CNY 25.5 (tax inclusive) per 10 shares. The total cash dividend is CNY 3,842.8194 million (tax inclusive). The registration date was 21 June 2018 and the ex-right & ex-dividend day was 22 June 2018.

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)
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%
2017	3,842,819,400.00	6,627,169,959.16	57.99%	0.00	0.00%	3,842,819,400.00	57.99%

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
Shares converted from capital reserves for every 10 shares (share)	0
Total shares as the basis for the preliminary plan for profit distribution (share)	1,500,995,897
Total cash dividends (CNY) (tax inclusive)	4,502,987,691.00
Cash dividends in other forms (e.g. share)	0.00

repurchase)	
Total cash dividends (CNY) (including other forms)	4,502,987,691.00
Distributable profit (CNY)	24,556,878,616.62
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 7,206,965,587.70 for 2019. It provided CNY 0 as statutory surplus reserves, plus undistributed profit at the beginning of the year of CNY 22,172,274,628.92 and minus the distributed profit of CNY 4,822,361,600, the actual distributable profit would be CNY 24,556,878,616.62.	
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 distribute a cash dividend of CNY 30 (tax included) per 10 shares to all shareholders with undistributed profits on the basis of the share capital participating in the dividend on the registration date when the profit distribution plan is implemented in the future. 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.	
According to the implementation rules of the repurchase of shares of listed companies in Shenzhen Stock Exchange, the repurchase shares held in the special securities account of the repurchase of shares of listed companies are not entitled to the rights of profit distribution, fund transferred to increase share capital, rights issue, etc. Assuming the Company's total share capital of 1,506,988,000 shares as at 31 December 2019, and excluding 1,500,995,897 shares of 5,992,103 shares in the Company's special securities account for share repurchase as at 28 April 2020 (the date when the board of directors reviewed and adopted the profit distribution plan), the Company is expected to distribute a cash dividend of no more than CNY 4,502,987,691 (tax included) in the current 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	Degree of 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	26 August 2009	Long-term	In progress

Undertaking	Undertaking giver	Type of undertaking	Details of undertaking	Undertaking date	Term	Degree of performance
			<p>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 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 joint stock companies, other shareholders of joint stock companies and the creditors of joint stock 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</p>			

Undertaking	Undertaking giver	Type of undertaking	Details of undertaking	Undertaking date	Term	Degree of performance
			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.			
	Jiangsu Blue Alliance Joint-Stock Co., Ltd.	Horizontal competition, related transactions and capital occupation	The commitment to avoid horizontal competition: 1. The Company is mainly engaged in investment 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. 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.	23 November 2017	Long-term	In progress Blue Alliance merged Blue Sky Trade and Blue Ocean Trade. Blue Alliance carries on relevant commitments
	Jiangsu Blue Alliance Joint-Stock Co., Ltd.	Share reduction	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.	23 November 2017	Long-term	In progress , Blue Alliance merged Blue Sky Trade and Blue Ocean Trade. Blue Alliance Carries on relevant commitments
	Feng Pantai, Cong Xuenian	Other undertaking	Shareholders of Blue Sky Trade, as directors, supervisors and senior managers, made the commitment:	23 November 2017	Long-term	In progress

Undertaking	Undertaking giver	Type of undertaking	Details of undertaking	Undertaking date	Term	Degree of performance
			<p>1. During the tenure of the issuer, Blue Sky Trade 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 Sky Trade that I have held within six months after my departure.</p> <p>3. If I leave from the issuer, the number of Blue Sky transferred shares trade within twelve months after six months of departure does not exceed 50% of the total share of Blue Sky Trade.</p>			
	Zhong Yuye	Other undertaking	<p>Shareholders of Blue Ocean Trade, as directors, supervisors and senior managers, made the commitment:</p> <p>1. During the tenure of the issuer, Blue Ocean Trade equity transferred annually shall not exceed 25% of the total number of shares held by Blue Ocean Trade</p> <p>2. If I leave the issuer, I will not transfer the shares of Blue Ocean Trade that I have held within six months after my departure.</p> <p>3. If I leave from the issuer, the number of Blue Ocean transferred shares trade within twelve months after six months of departure does not exceed 50% of the total share of Blue Ocean Trade.</p>	23 November 2017	23 March 2019	Finish
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 2019, the Company has implemented the revised by Ministry of Finance in 2017: the Accounting Standards for Business Enterprises No. 22 -Recognition and Measurement of Financial Instruments, the Accounting Standards for Business Enterprises No. 23 –Transfer of Financial Assets, the Accounting Standards for Business Enterprises No. 24 – Hedge Accounting, and the Accounting Standards for Business Enterprises No. 37 – Financial Instruments Presentation (Hereinafter referred to as the “new financial instrument standards”). According to the requirements of the new financial instrument standards, the Company presents the relevant information of financial instruments without retroactively adjusting the comparative financial statements. This accounting policy change has been reviewed and approved by the sixth meeting of the sixth board of directors.

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

In September 2018, the Company registered and established Yanghe Hong Kong Distillery Co., Ltd. in Hong Kong, which was invested in October 2019 and included in the consolidated financial statements from October 2019.

8.2 Cancellation of subsidiaries

(2) Jiangsu Guanmeng Information Technology Co., Ltd., the holding subsidiary, was liquidated and cancelled, and on 12 February 2019, it obtained *Notice of approval for cancellation registration of the company* from Suzhou Xiangcheng District Market Supervision Administration. As of March 2019, it is no longer included in the consolidated scope of the consolidated financial statements.

(2) Jiangsu Oubaosi International Trade Co., Ltd., the holding subsidiary, was liquidated and cancelled. On 3 January 2019, it obtained *Notice of approval for cancellation registration of the company* from Nanjing Jiangbei New District Management Committee Market Supervision Administration. As of February 2019, it is no longer included in the consolidated scope of the consolidated financial statements.

(6) Jiangsu Yanghe Packaging Co., Ltd., the holding subsidiary, was liquidated and cancelled, and on 2 February 2019, it obtained *Notice of approval for cancellation registration of the company* from Suqian Municipal Administration for Industry and Commerce. As of March 2019, it is no longer included in the consolidated scope of the consolidated financial statements.

(7) Dream Blue Haichuanhui (Shiyan) Trade and Investment Co., Ltd., the holding subsidiary, was liquidated and cancelled, and on 21 September 2019, it obtained *Notice of approval for cancellation registration of the company* from Shiyan Municipal Administration Approval Bureau. As of October 2019, it is no longer included in the consolidated scope of the consolidated financial statements.

(8) Xuzhou Huaqu Wine Development Co., Ltd., the holding subsidiary, was liquidated and cancelled, and on 24 October 2019, it obtained *Notice of approval for cancellation registration of the company* from Xuzhou Market Supervision Administration. As of November 2019, it is 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 '0,000)	190.8

Consecutive years of the audit service provided by the domestic accounting firm	13
Names of the certified public accountants from the domestic accounting firm	Kan Baoyong, Li Yan
Consecutive years of the audit service provided by the certified public accountants	Kan Baoyong (3 years), Li Yan (1 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

This year, the Company hired Suyajincheng CPA LLP as the Company's internal control audit accounting firm. The total of CNY 530,000 of internal control audit fees were paid during the period.

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: CNY 10, 000

Product type	Source of entrust finance	Amount	Undue closing balance	Overdue outstanding amount
Bank finance	Owned Fund	786,300	786,300	0
Trust finance	Owned Fund	1,044,139	1,044,139	0
Broker finance	Owned Fund	5,000	5,000	0
Other	Owned Fund	15,000	0	0
Total		1,850,439	1,835,439	0

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

√ Applicable □ N/A

Unit : CNY 10,000

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)
Zhongrong International Trust Co.,Ltd.	Trust	Zhongrong - Chengan No.26 Collective Fund Trust Plan	13,000	Owned fund	15 March 2019	15 March 2021	It is used to pay the transfer price of the gain right of the specific assets held by Guangzhou Wanda Culture and Tourism City Investment Co., Ltd., and the fund will eventually be used for the development and construction of the C3 block of Guangzhou Sunac Wanda City (located in the government block of Huadu District in Guangzhou)	Cash	8.70%	2,265.1	901.7	365.64	0	Yes	Yes	
Jiangsu International	Trust	Jiangsu Trust-Sunac No.26	5,000	Owned fund	26 April 2019	26 October	It is used for issuing loans	Cash	9.00%	676.85	306.99	225.66	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)
al Trust Co.,Ltd.		Collective Fund Trust Plan				2020	to Qingdao Wanda Oriental Film Capital Investment Co., Ltd., and it is used for construction of A-4-3 residential project of starlight island which is the core zone of Qingdao west coast new district									
Avic Trust Co.,Ltd.	Trust	Avic Trust - Apocalypse [2019] No.106 Evergrande Chengdu Collective Fund Trust Plan	20,000	Owned fund	21 June 2019	20 June 2020	It is used for issuing trust loans to Chengdu Yulong No. 1 Real Estate Development Co., Ltd., and the fund is used for the expenses related to the development and construction of Evergrande Chengdu	Cash	8.50%	1,700	898.9	847.67	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)
							Yulong Tianfeng project (Phase I and Phase II)									
China Foreign Economy and Trade Trust Co., Ltd.	Trust	China Foreign Economy and Trade Trust-Fuxiang No.157 Evergrande New World Collective Fund Trust Plan	12,000	Owned fund	28 June 2019	28 June 2020	It is used to acquire the gain right of specific asset of Evergrande Guiyang New World 3A-4D block project, and obtain the investment income by investing the gain right of specific asset	Cash	8.50%	1,022.79	519.78	489.28	0	Yes	Yes	
Avic Trust Co.,Ltd.	Trust	Avic Trust - Apocalypse No.556 Tiancheng Jufu Investment Collective Fund Trust Plan	50,000	Owned fund	9 July 2019	9 June 2020	It is used for investment in bank deposit, inter-bank lending, bond reverse repurchase, money market fund, bond fund, exchange and inter-bank market bond, etc.	Cash	7.50%	3,452.05	1,797.95	0	0	Yes	Yes	
Avic Trust Co.,Ltd.	Trust	Avic Trust-Tianxin bay	18,000	Owned fund	17 July 2019	17 January	It is used to subscribe for	Cash	8.90%	2,413.97	732.97	684.69	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)	
		area upgrade No.2 Collective Fund Trust Plan				2021	convertible bonds issued by Shenzhen Gangdi Industrial Co., Ltd.in Qianhai equity trading center. The convertible bond [2019006] is eventually used to pay for demolition fee of renewal of east area in Anhua industrial zone, the repayment of partial shareholders' loan and the daily management expenses.										
Zhongrong International Trust Co.,Ltd.	Trust	Zhongrong Trust- Shengshi Zunjue No.15 Collective Fund Trust Plan(A9)	10,000	Owned fund	30 July 2019	29 July 2020	It is used to transfer the equity proceeds of 100% shares of Wanda Lanzhou City	Cash	8.20%	820	345.97	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)
							Development Co., Ltd held by Wanda Group Co., Ltd.									
Zhongrong International Trust Co.,Ltd.	Trust	Zhongrong Trust- Shengshi Zunjue No.15 Collective Fund Trust Plan(B9)	10,000	Owned fund	30 July 2019	30 January 2021	It is used to transfer the equity proceeds of 100% shares of Wanda Lanzhou City Development Co., Ltd held by Wanda Group Co., Ltd.	Cash	8.40%	1,265.75	354.41	0	0	Yes	Yes	
CITIC Trust Co.,Ltd,	Trust	CCITIC Trust Collective Fund Trust Plan	2,000	Owned fund	31 July 2019	31 October 2020	It is used for issuing trust loans to Kaifeng New District Infrastructure Construction Investment Co., Ltd., and the fund is eventually used for supporting facilities project of west lake tourist scenic spot in	Cash	8.30%	208.3	69.58	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)
							Kaifeng new district.									
China MinSheng Trust Co., Ltd	Trust	MinSheng Trust- Zhixin No.618 Sunshine City Beijing Equity Investment Collective Fund Trust Plan	20,000	Owned fund	1 August 2019	25 December 2020	It is used to acquire 49% equity of Beijing Zhende Xingyun Property Co., Ltd. via capital investment and issue trust loans to the project company	Cash	8.90%	2,531.56	751.56	697.17	0	Yes	Yes	
Avic Trust Co.,Ltd.	Trust	Avic Trust- Apocalypse[2018]No.561 Huabao No.1 Collective Fund Trust Plan	16,000	Owned fund	2 August 2019	1 August 2021	It is used for issuing loans to Shenzhen Jushenghua Co., Ltd. for supplement of liquidity fund gap;It is also used to pay the construction fee of Guangzhou airport high-end storage project	Cash	9.40%	3,008	622.2	576.88	0	Yes	Yes	
China MinSheng Trust Co., Ltd	Trust	MinSheng Trust- Zhixin No.491 Kaisa City Upgrade	10,000	Owned fund	6 August 2019	5 July 2021	It is used for repayment of shareholder loans and the	Cash	9.10%	1,742.71	366.49	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)
		Collective Fund Trust Plan					development and construction by subsidiaries of Kaisa Real Estate (Shanghai) Co., Ltd.									
China Foreign Economy and Trade Trust Co., Ltd.	Trust	China Foreign Economy and Trade Trust-Furong No.158 Taiyuan Evergrande Jinbi Tianxia Collective Fund Trust Plan	15,000	Owned fund	9 August 2019	9 February 2021	It is used for issuing trust loans to Evergrande Real Estate Group Shanxi Co., Ltd., and it is used for the development and construction of Taiyuan Evergrande Jinbi Tianxia project (Phase I)	Cash	8.50%	1,921.23	503.01	464.59	0	Yes	Yes	
China MinSheng Trust Co., Ltd	Trust	MinSheng Trust- Zhixin No.651 Baoenng Investment Trust Loan Collective Fund Trust Plan	10,000	Owned fund	15 August 2019	15 August 2020	It is used for daily working capital needs and financial institution financing formed by the supplement of daily working capital of	Cash	8.70%	872.38	328.93	314.63	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)
							Shenzhen Baoneng Investment Group Co., Ltd and its subsidiaries									
Huatai Securities	Broker	Huatai Securities Huanyi No.19066 beneficiary certificate	5,000	Owned fund	22 August 2019	20 August 2020	Non-fixed income	Cash	5.10%	254.3	91.25	0	0	Yes	Yes	
Avic Trust Co.,Ltd.	Trust	Avic Trust.Apocalypse [2018]No.126 Evergrande Fujian Real Estate Investment Collective Fund Trust Plan	10,000	Owned fund	29 August 2019	28 August 2020	It is used to issue trust loans to Putian Hengsheng Real Estate Co., Ltd. The trust loans are used for repayment of the development and construction loans invested by its shareholders	Cash	8.00%	800	212.78	0	0	Yes	Yes	
CITIC Trust Co.,Ltd,	Trust	CITIC Trust-Jiahe No.154 Evergrande Guiyang Zhongyu Loan Collective Fund	20,000	Owned fund	29 August 2019	28 February 2021	It is used for issuing trust loans to Guiyang Zhongyu Real Estate	Cash	8.20%	2,466.74	557.15	512.41	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 Plan					Development Co., Ltd., and for the development and construction of the central park BE block and central square ACD block under the name of Guiyang Zhongyu									
Chongqing Trust Co.,Ltd.	Trust	Chongqing Trust- Gusu No.2 Collective Fund Trust Plan (Phase IV)	10.000	Owned fund	30 August 2019	23 August 2020	It is used for issuing trust loans to Suzhou Wuxiang Property Co., Ltd., and it is eventually used for the development and construction of Block 59, South Changnan Road and East Wuxing Road, Suxiang Cooperation zone,	Cash	7.80%	767.18	262.85	239.34	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)
							Xiangcheng District, Suzhou city, Jiangsu province, and repayment of shareholders' loans									
Chongqing Trust Co.,Ltd.	Trust	Chongqing Trust- Gusu No.2 Collective Fund Trust Plan (Phase V)	10.000	Owned fund	30 August 2019	23 August 2021	It is used for issuing trust loans to Suzhou Wuxiang Property Co., Ltd., and it is eventually used for the development and construction of Block 59, South Changnan Road and East Wuxing Road, Suxiang Cooperation zone, Xiangcheng District, Suzhou city, Jiangsu province, and repayment of	Cash	8.00%	1,586.85	269.59	245.48	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)
							shareholders' loans									
CITIC Trust Co.,Ltd,	Trust	CITIC Trust-Beijing Evergrande Loan Collective Fund Trust Plan	5,000	Owned fund	3 September 2019	2 September 2020	It is used for issuing trust loans to Beijing Fuhua Real Estate Development Co., Ltd., and for the follow-up development and construction of the Fuhua block (Phase IV)	Cash	7.90%	395	128.78	118.50	0	Yes	Yes	
China MinSheng Trust Co., Ltd	Trust	MinSheng Trust-Zhongmin Yongfeng No.1 Collective Fund Trust Plan	50,000	Owned fund	10 September 2019	9 June 2020	It is used for Investment in bonds traded in the exchange and in the inter-bank market, Money market instruments, money funds, bond funds, etc	Cash	5.90%	2,206.44	905.21	735.48	0	Yes	Yes	
Zhongrong International Trust Co.,Ltd.	Trust	Zhongrong Trust- Jida No.15 Collective Fund	12,000	Owned fund	25 September 2019	24 September 2020	It is used for issuing trust loans to Qingdao Linshi	Cash	8.10%	972	258.31	229.02	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 Plan					Huafu Real Estate Co., Ltd., and for the payment of relocation compensation fees and the construction of resettlement houses for the old village reconstruction project in Zhujiawa community, Qingdao									
Zhongrong International Trust Co.,Ltd.	Trust	Zhongrong Trust-Xingchuang No.107 Collective Fund Trust Plan	10,000	Owned fund	27 September 2019	26 September 2020	It is used to transfer the gain right of 48.99% equity of Quanzhou Shimao Ruiying Property Co., Ltd. held by Zhuhai Hengqin Mingsheng Investment Enterprise (Limited Partnership)	Cash	8.00%	800	208.22	184.11	0	Yes	Yes	
Chongqing Trust	Trust	Chongqing Trust- Gusu	15,000	Owned fund	27 September	7 August 2021	It is used for issuing trust	Cash	7.80%	2,179.73	304.52	269.26	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.		No.3 Collective Fund Trust Plan			2019		loans to Suzhou Evergrande Real Estate Development Co., Ltd., and eventually used for the development and construction of Block 60, East Fangqiao Road and North of Chungju Road, Huangtai town, Xiangcheng District, Suzhou city, Jiangsu province, and the repayment of shareholders' loans									
Avic Trust Co.,Ltd.	Trust	Avic Trust - Apocalypse No.556 Tiancheng Jufu Investment Collective Fund Trust Plan	20,000	Owned fund	29 September 2019	10 June 2020	It is used for investment in bank deposit, inter-bank lending, bond reverse repurchase, money market	Cash	7.50%	1,047.95	382.19	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)
							fund, bond fund, exchange and inter-bank market bond, etc.									
China MinSheng Trust Co., Ltd	Trust	MinSheng Trust- Zhixing No.655 Kaisa Nanjing Project Loan Collective Fund Trust Plan	10,000	Owned fund	16 October 2019	16 January 2021	It is used to issue loans to Nanjing Kaisa Jiayu Real Estate Development Co., Ltd., and for repayment of shareholders' loans generated by Yanranju Project and the subsequent development and construction	Cash	9.00%	1,129.32	187.4	0	0	Yes	Yes	
China Foreign Economy and Trade Trust Co., Ltd.	Trust	China Foreign Economy and Trade Trust- Furong No.159 Evergrande Harbin JunruiFu Project Collective Fund Trust Plan	12,000	Owned fund	23 October 2019	23 October 2020	It is used for issuing trust loans to Harbin Pengye Real Estate Development Co., Ltd., for the development and	Cash	8.30%	998.73	188.28	160.47	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)
							construction of the Harbin Junruifu Project and the repayment of shareholders' loans									
Minmetals International Trust Co.,Ltd.	Trust	Minmetals International Trust- Hengxin Gongzhu No.231- Kunyi No.11 Collective Fund Trust Plan	18,000	Owned fund	15 November 2019	28 October 2020	It is used to transfer the gain right of specific asset formed by the "Evergrande Sanshui Zilin Garden" developed by Foshan Sanshui Yingsheng Real Estate Development Co., Ltd and it is eventually used for the development and construction of Sanshui Zilin Garden(Phase I, II,IV) in Sanshui District, Foshan, Guangdong	Cash	8.60%	1,475.9	195.09	148.44	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)
							province									
Zhongrong International Trust Co.,Ltd.	Trust	Zhongrong Trust-Fengteng No.56 Collective Fund Trust Plan	16,000	Owned fund	15 November 2019	15 November 2021	It is used for issuing operating property loans to Nanchang Wanda City Investment Co., Ltd.	Cash	8.70%	2,787.81	175.43	133.48	0	Yes	Yes	
Avic Trust Co.,Ltd.	Trust	Avic Trust - Apocalypse No.556 Tiancheng Jufu Investment Collective Fund Trust Plan	20,000	Owned fund	4 December 2019	4 June 2020	It is used for investment in bank deposit, inter-bank lending, bond reverse repurchase, money market fund, bond fund, exchange and inter-bank market bond, etc.	Cash	7.90%	792.16	116.88	0	0	Yes	Yes	
China MinSheng Trust Co., Ltd	Trust	MinSheng Trust-Zhongmin Yongfeng No.1 Collective Fund Trust Plan	50,000	Owned fund	6 December 2019	2 June 2020	It is used for Investment in bonds traded in the exchange and in the inter-bank market, Money market instruments, money funds,	Cash	5.90%	1,446.71	202.05	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									
Chongqing Trust Co.,Ltd.	Trust	Chongqing Trust- Qirui No.10 Collective Fund Trust Plan	15,000	Owned fund	12 December 2019	8 May 2021	It is used for participating in Chongqing Trust- Hongrui No.6 Collective Fund Trust Plan	Cash	7.90%	1,665.49	61.68	0	0	Yes	Yes	
CITIC Trust Co.,Ltd,	Trust	CITIC Trust- Jiahe No.116 Sunac Tianjin Loan Collective Fund Trust Plan	5,000	Owned fund	19 December 2019	19 December 2020	It is used for issuing trust loans to Sunac North China Real Estate Group Co., Ltd., and for the development, construction and operation expenses of residence project in Tianjin Dongli Sunac Park	Cash	7.80%	391.07	12.82	0	0	Yes	Yes	
Avic Trust Co.,Ltd.	Trust	Avic Trust - Apocalypse No.556 Tiancheng Jufu Investment Collective Fund Trust Plan	50,000	Owned fund	20 December 2019	20 May 2020	It is used for investment in bank deposit, inter-bank lending, bond reverse repurchase, money market fund, bond	Cash	7.70%	1,603.29	116.03	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)
							fund, exchange and inter-bank market bond, etc.									
Total			574,000	--	--	--	--	--	--	49,667.36	13,396.22	--	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 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 *2019 Annual Social Responsibilities Report* in detail on www.cninfo.com.cn on 29 April 2020.

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 responded and quickly implemented the relevant requirements with practical actions to practice the spirit of enterprise and take 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. The Company earnestly implements the spirit of the 19th National Congress of the Communist Party of China and regards alleviating poverty precisely and quickly as its own duty. 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.

In 2020, the Company will not stop poverty alleviation until there are no poor households in the branch. The Company firmly sticks to responsibility, remains true to original aspiration with a clear goal and makes greater alleviation efforts. The Company integrates resources from all sides, creates a new situation for poverty alleviation, practices the entrepreneurial spirit of "serving the country and serving the people", and shows that the Company has the courage to take responsibilities and is good at it.

18.2.2 Summary of annual targeted poverty alleviation

In 2019, based on the enterprise operation strategy and poverty alleviation planning, combined with local cultural and environmental conditions of Qiuzhuang village in Zhenglou branch, Yanghe new district. The Company made good use of the land resources of Qiuzhuang village actively and helped to carry out the land conversion project. The Company also carried out scientific visits and overall analysis with big data management via Sunlight Poverty Alleviation APP. The Company positively conducted poverty alleviation for villages and low-income households. Each task for "guacun baohu" was completed successfully in 2019. The average annual income of low-income farmers paired by the Company has exceeded CNY 6,000 and they have been out of poverty. The collective economic income of Qiuzhuang village paired by the Company reached CNY 475,000 in 2019, which completed annual task beyond the requirements. The Company also continued to provide CNY 2 million of poverty alleviation and educational funds for the "masses" of the city, and won the "Suqian special contribution award" again. It made positive contributions to the city's poverty alleviation.

18.2.3 Poverty alleviation achievement

Indicator	Unit	Amount/Implementation situation
A.Overall situation	—	—
Including : 1.Fund	CNY 10,000	220
2.Goods converted into cash	CNY 10,000	12
3.Establishing card for archives of poor people out of poverty	Person	718
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	200
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	12
9. Other project	—	—
Including : 9.1. Item	Item	2
9.2. Input amount	CNY 10,000	20
9.3. The number of registered impoverished people to be out of poverty	Person	718
C. Awards (content and level)	—	—
Suqian		Special contribution award

18.2.4 Follow-up poverty alleviation plan

In 2020, the Company will continue to consolidate the village-level collective economy, consolidate the income of low-income farmers, systematically plan public welfare and continue to build a public-spirited corporate image.

The Company will improve production and marketing channel and consolidate the village collective economy. In 2020, the Company will continue to strengthen the cooperation with the "two committees" of the village to actively promote the land transfer project of Qiuzhuang village. It plans to invest another CNY 200,000 in 2020 to help the collective transfer land of more than 200 mu of Qiuzhuang village for the establishment or joint establishment of food planting base. In addition, in order to further solve the problem of selling farmers' agricultural products, the Company will purchase the grain from the village's planting base on the same market price and standard.

The Company will intensify poverty alleviation visits and consolidate farmers' incomes. Party organizations at all level will play an important role as a fighting fortress. The Company will select the leading cadres with excellent quality and work style, insist on the responsibility to the person, to the branch, further clarify the concept of "help who" and "who help", stabilize the pair relationship, standardize the poverty alleviation work mechanism. The Company will adhere to walking into village and visiting households regularly with high-quality information collection and refinement of poverty alleviation. The Company will ascertain the actual situation and find out problems in the work. It makes sure that the policy can be implemented precisely and every low-income family can be helped.

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

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 Brewery Joint-Stock Co., Ltd.	COD Ammonia nitrogen Total phosphorus Total nitrogen	Indirect discharge	1	Within site	COD:74.2mg/L;Ammonia nitrogen:0.57mg/L;Total phosphorus : 2.1mg/L; Total nitrogen:27.8mg/L	COD:400mg/L;Ammonia nitrogen :30mg/L;Total phosphorus: 3mg/L;Total nitrogen: 50mg/L	COD:128.24 ton; Ammonia nitrogen:0.99 ton;Total phosphorus : 3.63 tons; Total nitrogen:48.04 tons	COD:1.018 ton per day;Ammonia nitrogen:0.060 tons per day;Total phosphorus:0.271 tons per day; Total nitrogen:0.023 tons per day	No
Jiangsu Shuanggou Distillery Stock Co.,Ltd.	COD Ammonia nitrogen Total phosphorus Total nitrogen	Indirect discharge	2	New and old factory area	COD:100mg/L;Ammonia nitrogen:5mg/L;Total phosphorus : 3 mg/L; Total nitrogen:25 mg/L	COD:400mg/L;Ammonia nitrogen:35mg/L;Total phosphorus:8 mg/L;Total nitrogen:45 mg/L	COD:65.48 tons; Ammonia nitrogen :3.27 tons; Total phosphorus:1.96 mg/L;Total nitrogen:16.37 mg/L	COD:356.48 tons per year;Ammonia nitrogen:31.192 tons per year; Total phosphorus:7.1296 tons per year; Total nitrogen:40.104 tons per year	No
Jiangsu Yanghe Brewery Joint-Stock Co., Ltd. Siyang Branch	COD Ammonia nitrogen Total phosphorus Total nitrogen	Indirect discharge	1	Within site	COD:150 mg/L;Ammonia nitrogen :2.4 mg/L;Total phosphorus : 2.8 mg/L; Total nitrogen:23 mg/L	COD:400mg/L;Ammonia nitrogen :30mg/L;Total phosphorus : 3 mg/L; Total nitrogen:40 mg/L	COD:119.8 tons; Ammonia nitrogen :1.916 tons; Total phosphorus:2.23 mg/L;Total nitrogen:18.37 mg/L	COD:672 tons per year;Ammonia nitrogen:42 tons per year	No
Guizhou Guijiu	COD Ammonia	Direct discharge after treatment up	1	Within site	COD : 40.5 mg/L;Ammonia	COD;100mg/L;Ammonia	COD:2.009 tons;Ammonia	COD:2.057 tons per year;Ammonia	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
Co.,Ltd.	nitrogen Sulfur dioxide	to the standards			nitrogen:1.19 mg/L;Sulfur dioxide:6mg/m ³	nitrogen:15mg/L;Sulfur dioxide :50mg/m ³	nitrogen:0.059 tons ;Sulfur dioxide :0.00121 tons	nitrogen:0.308 tons per year	
Hubei Lihuaacun Distillery Co.,Ltd.	COD Ammonia nitrogen	Indirect discharge	1	Within site	COD:132.0 mg/L;Ammonia nitrogen:14.1mg/L	COD:400mg/L;Ammonia nitrogen:30mg/L	COD:0.624 tons ;Ammonia nitrogen:0.067 tons	COD:14.2 ton per year;Ammonia nitrogen:1.42 tons per year	No

Construction and operation of pollution prevention and control facilities

(1) Jiangsu Yanghe Brewery Joint-Stock Co., Ltd.: ①The sewage treatment station's designed capacity is 10,000 tons per day. The project total investment is CNY 96 million and it covers an area of 19,000 square meters. The sewage treatment adopts physical treatment method, chemical treatment method and anaerobic biological treatment method, aerobic biological treatment method, good oxygen 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. ② In 2019, the sewage treatment station implements efficient investment item upgrade project, mainly including machine material consumption and maintenance of rain and sewage diversion pipe network in the factory etc. The total investment is CNY 11.39 million. The Company comprehensively improved the basic management level of water and sewage diversion in the factory, precisely implemented fine environmental protection operation, and comprehensively utilized 83,700 tons of self-produced steam throughout the year.

(2) Jiangsu Shuanggou Distillery Stock Co.,Ltd.: ①The sewage treatment station in Shuanggou Distillery New Area was completed with an investment of CNY 42.5 million and an annual operating cost of CNY 13 million. The sewage treatment station inlet COD and ammonia nitrogen concentration are about 10000mg/l and 185mg/l respectively. The effluent COD and ammonia nitrogen concentration are about 100mg/l (the discharge standard is 400mg/l) and 5mg/l (the discharge standard is 35mg/l), with implementation of "Shuanggou town sewage treatment plant takeover standards". ②

Shuanggou Distillery has set up a hazardous waste warehouse to collect hazardous waste generated in production and living. The warehouse is divided into: waste battery, desulfurizer, solid waste agent, liquid waste agent, daylight lamp tube, desulfurizer and other areas for classified storage so as to prevent cross-contamination. Shuanggou Distillery shall also declare the hazardous waste information through the dynamic management system of hazardous waste in Jiangsu province, and regularly submit the hazardous waste to qualified companies for legal disposal.

(3) Jiangsu Yanghe Brewery Joint-Stock Co., Ltd. Siyang Branch: ① The sewage treatment station covers an area of about 15,000 square meters, with a total investment of CNY 50 million. The designed treatment capacity is 6000 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*". ② In 2019, Siyang sewage treatment station ran efficiently. There were several projects with a total investment of CNY 10.0393 million, mainly including year-round online monitoring equipment, anaerobic inlet pipeline adjustment, pipeline intelligent monitoring, fan matching upgrade and pharmaceutical procurement. The annual output of biogas in the anaerobic treatment unit was 6.931 million cubic meters and that of steam was 94,200 tons.

(4) Guizhou Guijiu Co.,Ltd.: ① The factory is equipped with a sewage treatment system to treat production and household waste water. The sewage treatment system has a treatment capacity of 250 tons per day. The discharge of waste water shall be 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. ② The boiler operates with natural gas, and the waste gas is discharged directly. The exhaust gas emission shall be in accordance with the "*Boiler Air Pollutant Emission Standard*" (*GB13271-2014*) *Table 2 Gas Boiler Limited Discharge Standard* . ③ The solid waste (distillers) generated in the production is all processed by a third-party qualified company, and the treatment method is integrated utilization for the production of fertilizer. ④ Noise is mainly due to Qu Yao crusher, boiler room fan, packaging workshop, power distribution. The equipment is installed with absorption treatment or sound insulation in the room to reduce the impact of noise. The Company uses anaerobic UASB /good oxygen (contact oxidation) to treat mixed sewage in production and living.

(5) Hubei Lihuacun Distillery Co.,Ltd.: The waste water is treated by combined process in the factory; Each workshop is equipped with mufflers and independent machine room with the independent foundation and sound absorption material and sound insulation material for reducing the noise; Solid waste is treated by comprehensive treatment method.

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, Shuanggou Distillery and Siyang Branch of the Company have filed with Jiangsu Province Environmental Protection Department. The file numbers are 321300-2019-008-L, 32000020140604, 32000020140594 respectively. The emergency plan of environmental emergencies of Guijiu Company has been put on record in the local environmental protection administration and managed by Guizhou Province Environmental Emergencies Center. The emergency plan of environmental emergencies of Lihuacun Distillery has been put on record in the local environmental protection administration.

Environmental self-monitoring programme

The Company and its subsidiaries have all developed their own environmental monitoring programs and filed them with the competent authorities according to requirements of local environmental protection department. Everyday, The Company, Shuanggou Distillery, Siyang Branch of the Company conduct self-monitoring of the pollution indicators of COD, ammonia nitrogen, total phosphorus, total nitrogen, PH, etc., and regularly entrust a third party to conduct testing and issue a report. Guijiu Company regularly entrusts a third party to conduct testing and issue a report. There are several equipment installed in sewage outlet for automatic online monitoring COD, ammonia nitrogen, total phosphorus, total nitrogen, PH, flow meter.

Other environmental information that should be made public

N/A

Other environmental related information

The Company won the honorary title of "2019 National Green Factory" and the honorary title of "2019 Water Saving Enterprise in Jiangsu province".

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.

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	258,502,176	17.15%	0	0	0	-453,750	-453,750	258,048,426	17.12%
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	258,502,176	17.15%	0	0	0	-453,750	-453,750	258,048,426	17.12%
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	9,022,176	0.60%	0	0	0	-453,750	-453,750	8,568,426	0.57%
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	1,248,485,824	82.85%	0	0	0	453,750	453,750	1,248,939,574	82.88%
1.CNY common shares	1,248,485,824	82.85%	0	0	0	453,750	453,750	1,248,939,574	82.88%
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 October 29, 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 (including) and not more than CNY 1.5 billion (including). The repurchase price is not more than CNY 135.00 per share (including). 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 on 30 October 2019 and on 5 November 2019.

From the repurchase plan disclosed to 31 December 2019, the Company has not implemented the share repurchase.

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

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
Zheng Bujun	48,750	0	-3,750	45,000	Locked due to current executive position	N/A
Cong Xuenian	2,533,718	0	-450,000	2,083,718	Locked due to current executive position	N/A
Total	2,582,468	0	-453,750	2,128,718	--	--

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		78,298	Total number of common shareholders at the prior month-end before the disclosure date of the annual report		97,466	Total number of preference shareholders with resumed voting rights at the period-end(if any)(see Note 8)		0	Total number of preference shareholders with resumed voting rights at the period-end(if any)(see Note 8)		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 Joint-Stock Co., Ltd.	Domestic non-state-owned corporation	21.44%	323,138,626	0	249,480,000	73,658,626					
Shanghai Haiyan Logistics Development Co.,Ltd.	State-owned corporation	9.67%	145,708,137	0	0	145,708,137					
Hong Kong Securities Clearing Company Ltd. (HKSCC)	Outbound corporation	7.87%	118,585,244	20,447,821	0	118,585,244					
Shanghai Jieqiang Tobacco Sugar &Wine(Group)Co.,Ltd	State-owned corporation	4.02%	60,608,499	-846,976	0	60,608,499					
Bank of China Co.,Ltd. – Liquor index classification securities investment fund by China Merchants Fund	Domestic non-state-owned corporation	0.99%	14,917,557	5,683,258	0	14,917,557					
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					
Bank of China Co.,Ltd. – E-funds SME hybrid securities investment funds	Other	0.50%	7,480,001	4,379,964	0	7,480,001					
Xingyuan Asset Management Co.,Ltd. - clients' capital	Outbound corporation	0.48%	7,281,202	-2,684,900	0	7,281,202					

Strategic investors or general corporations to be top-ten shareholders due to placing of new shares(if any)(see Note 3)	N/A		
Related-parties or acting-in-concert	N/A		
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
Hong Kong Securities Clearing Company Ltd. (HKSCC)	118,585,244	CNY common shares	118,585,244
Jiangsu Blue Alliance Joint-Stock Co., Ltd.	73,658,626	CNY common shares	73,658,626
Shanghai Jieqiang Tobacco Sugar & Wine(Group)Co.,Ltd	60,608,499	CNY common shares	60,608,499
Bank of China Co.,Ltd. – Liquor index classification securities investment fund by China Merchants Fund	14,917,557	CNY common shares	14,917,557
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
Bank of China Co.,Ltd. – E-funds SME hybrid securities investment funds	7,480,001	CNY common shares	7,480,001
Xingyuan Asset Management Co.,Ltd. - clients' capital	7,281,202	CNY common shares	7,281,202
Strategic investors or general corporations becoming top 10 shareholders due to placing of new shares(if any)(see Notes 3)	N/A		
Explanation on the top 10 common shareholders participating in the 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	Credibility code	Main business scope
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 controlled or non-controlled 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	Credibility code	Main business scope
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 and Administration of State-owned Assets and State-owned Enterprises.
Share holdings of the controlling shareholder in other controlled or non-controlled listed companies at home or abroad	N/A			

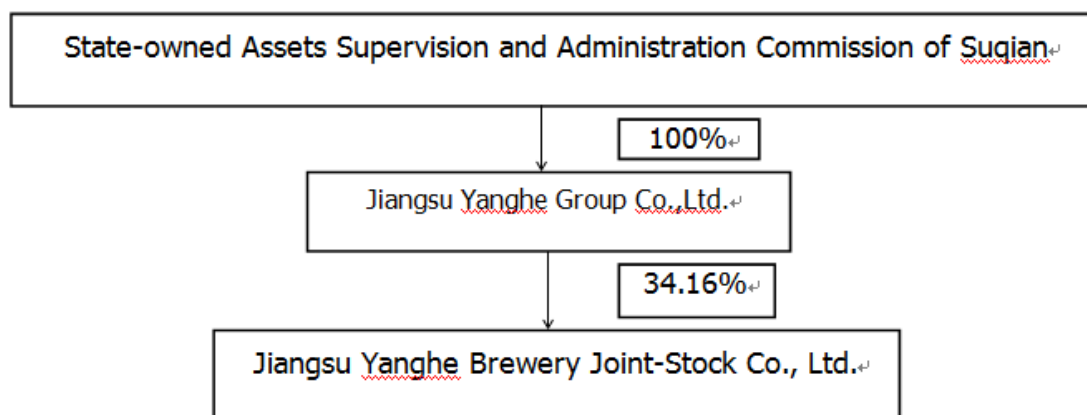
during the reporting period.	
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Change of the actual controller during the reporting period

Applicable N/A

No such cases in the reporting period.

Ownership and control relations between the actual controller and the Company



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 scope
Jiangsu Blue Alliance Joint-Stock Co., Ltd.	Zhao Qike	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)
Wang Yao	Chairman of the board	Incumbent	Male	55	10 February 2015	29 January 2021	30,002	0	0	0	30,002
Zhong Yu	Vice chairman of the board, President	Incumbent	Male	56	10 February 2015	29 January 2021	0	0	0	0	0
Liu Huashuang	Director, executive vice president	Incumbent	Male	50	29 January 2018	29 January 2021	0	0	0	0	0
Cong Xuenian	Director, Vice president, Secretary of the board, CFO	Incumbent	Male	54	10 February 2015	29 January 2021	2,778,291	0	0	0	2,778,291
Zhou Xinhu	Director, Vice president, Chief engineer	Incumbent	Male	58	10 February 2015	29 January 2021	2,878,291	0	0	0	2,878,291
Wang Kai	Director	Incumbent	Male	43	19 May 2017	29 January 2021	0	0	0	0	0
Xu Zhijian	Non-executive director	Incumbent	Male	56	10 February 2015	29 January 2021	0	0	0	0	0
Cai Yunqing	Non-executive director	Incumbent	Female	68	10 February 2015	29 January 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)
Ji Xueqing	Non-executive director	Incumbent	Male	49	10 February 2015	29 January 2021	0	0	0	0	0
Chen Tongguang	Non-executive director	Incumbent	Male	54	10 February 2015	29 January 2021	0	0	0	0	0
Feng Pantai	Chairman of supervisory committee	Incumbent	Male	60	10 February 2015	29 January 2021	5,677,986	0	0	0	5,677,986
Xu Youheng	Supervisor	Incumbent	Male	43	23 May 2019	29 January 2021	0	0	0	0	0
Chen Taiqing	Supervisor	Incumbent	Male	55	10 February 2015	29 January 2021	0	0	0	0	0
Chen Taisong	Supervisor	Incumbent	Male	52	10 February 2015	29 January 2021	0	0	0	0	0
Zhou Wenqi	Supervisor	Incumbent	Female	54	10 February 2015	29 January 2021	0	0	0	0	0
Lin Qing	Vice president	Incumbent	Female	45	10 February 2015	29 January 2021	0	0	0	0	0
Zheng Bujun	Vice president	Incumbent	Male	53	10 February 2015	29 January 2021	60,000	0	0	0	60,000
Han Feng	Director	Former	Male	58	10 February 2015	24 April 2020	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 Yiqin	Supervisor	Former	Male	59	10 February 2015	11 April 2020	0	0	0	0	0
Zhu Wei	Vice president	Former	Male	43	10 February 2015	18 January 2020	0	0	0	0	0
Total							11,424,570	0	0	0	11,424,570

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

√Applicable □ N/A

Name	Office title	Type	Date	Reason
Chen Yiqin	Supervisor	Former	11 April 2019	Job change

3. Employment information

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

3.1 Directors

Mr. Wang Yao, born in December 1965, Master of engineering from Jiangnan University, MBA from Nanjing University, researcher-level senior engineer, representative of the 19th National Congress of the Communist Party of China, craft-master of Chinese liquor. He used to serve as secretary of the party branch and director of crushing and qu-making workshop of Jiangsu Yanghe Brewery; chairman of the board, general manager and secretary of the party committee of Jiangsu Yanghe Group Color Printing Co.,Ltd.; deputy general manager, deputy secretary of party committee, secretary of the discipline inspection commission of Shuanggou Distillery; deputy general manager, vice secretary of party committee and president assistant of Jiangsu Su Wine Industry Co., Ltd.; general manager and vice president of Shuanggou Distillery; chairman of the board and secretary of the the party committee of Su Wine Trading Co., Ltd.. At present, he is chairman of the board and secretary of the the party committee of the Company.

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

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

Mr. Cong Xuenian, born in January 1966, Master degree, senior economist. He served as a chief accountant and finance director of Yanghe Brewery, finance minister of Yanghe Group; chief accountant, secretary of the board, financial administrator, director and vice president of the Company. At present, he is secretary of the board, financial administrator, director, and vice president of the Company, chairman of the board of Su Wine Fortune Management Co., Ltd. and chairman of the board of Jiangsu Yanghe Investment Management Co., Ltd..

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

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

Mr. Xu Zhijian, born in March 1964, Master and Doctor degree from university professor. He was a director of China&Netherlands Business Administration Education Center of Nanjing University, director of EMBA Program of Nanjing University&Cornell University, director of International Business Administration Education Center of Nanjing University, Assistant Dean of Business College of Nanjing University, Director of the Department of Business Administration of Nanjing University. At present, he is a non-executive director of the Company, Nanjing Port Co., Ltd., Jiangsu Maysta Chemical Co., Ltd., Glarun Technology Co., Ltd. and Yangzhou Rixin Biotechnology Co.,Ltd., and a professor of Business College of Nanjing University.

Ms. Cai Yunqing, born in December 1952, Doctor of medicine, professor and doctoral supervisor. She was a director and station-master assistant of food health department of sanitation and antiepidemic station of Jiangsu province, director of department of nutrition and food hygiene, school of public health, Nanjing Medical University, director of Institute of Nutrition and Food Science. At present, she is a non-executive director of the Company, supervisor of Chinese Nutrition Society, honorary president of Nutrition Society of Jiangsu Province, vice president of Jiangsu Intelligent Aged Research Association and health food evaluation expert of National Food and Drug Administration.

Mr. Ji Xueqing, born in July 1971, Master degree. He used to be a project manager of China Chuangye Investment Group Limited, chairman of the board and president of Nanjing Qinghe Investment Group Co., Ltd., senior vice president of Yonyou Network Technology Co., Ltd. At present, he is a non-executive director of the Company, non-executive director of Nanjing Balance Network Technology Co., Ltd. and NanJing Liandi Information Systems Co.,Ltd.,vice chairman of China University Innovation and Entrepreneurship Incubator Alliance, chairman of the board of Nanjing Suhe Venture Capital Center, director of Nanjing Liheng Investment Limited Partnership, supervisor of Xuzhou Zm-Besta Heavy Steel Structure Co., Ltd.,supervisor of Jiangsu Efful Science and Technology Co.,Ltd., partner of China soft Investment Group.

Mr. Chen Tongguang, born in April 1966, Bachelor degree, senior accountant. He was accountant of Jiangsu Huaiyin Electric Company, vice director of finance department of Jiangsu Agricultural College, vice director of Accounting Center and Finance department of Yangzhou University, vice and general manager of Yangda company of Yangzhou University Asset Operation Co., Ltd. At present, he is a non-executive director of the Company, director of quality operation and safety management department in Yangzhou University and non-executive director of Yangzhou Yangjie Electronic Technology Co., Ltd.

3.2 Supervisors

Mr. Feng Pantai, born in October 1960, College degree, senior economist. He was vice director of Sihong County Food Bureau, vice general manager of Yanghe Group, director and vice president of the Company. At present, he is the chairman of the supervisory committee, member of standing committee, chairman of labor union, director of Blue Alliance.

Mr. Chen Taiqing, born in May 1965, Master degree, Senior political engineer, member of communist party of China. He was member of the party committee of Yanghe Group, director of executive office, member of the Company's party committee, director of human resource department, director of

integrated department, president assistant, vice general manager of Yanghe Branch of the Company, vice general manager and secretary of discipline inspection committee of the Company. At present, he is a supervisor, vice secretary of the party committee, general manager and secretary of the party committee of Shuanggou Distillery.

Ms. Zhou Wenqi, born in April 1966, College degree, senior accountant. She was financial director of Shanghai Jieqiang No.3 and No.4 distribution center, financial assistant, deputy manager, manager of Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co., Ltd. At present, she is a supervisor of the Company and CFO of Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co., Ltd..

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

Mr. Xu youheng, born in March 1977, Master degree. He has served successively as director of organization department, director of cadre supervision department, director of cadre education department, director of office, vice director of the office of leading group for party construction of Suqian municipal party committee. At present, he is the Company's supervisor, vice secretary of the party committee and vice general manager of Suqian Industrial Development Group Co., Ltd.

3.3 Senior management

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

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

Mr. Cong xuenian, vice president of the Company, resume as above.

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

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

Mr. Zheng 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., vice general manager of Shuanggou Distillery, director of logistics and purchasing and president assistant of the Company. At present, he is a vice president, member of the standing committee of the Company, general manager and secretary of the party committee of Siyang Branch of the Company.

Mr. Fu Hongbin, born in January 1962, Chinese liquor craft master, senior winemaker. He successively served as the director of the management and quality department of Jiangsu Yanghe Group Co., Ltd., vice chief engineer of the Company, director of the quality department, general manager assistant of Yanghe Branch, the director of the quality department, vice general manager, president assistant of the Company, and the chairman of the board of directors of Guizhou Guijiu Group Co., Ltd. At present, he is a vice president of the Company, chairman of the board of directors and secretary of the party committee of Guizhou Guijiu Group Co., Ltd.

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 remunerations received from shareholder holding companies
Zhou Wenqi	Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co.,Ltd.	CFO	1 July 2013		Yes
Wang Kai	Shanghai Haiyan Logistics Development Co.,Ltd.	Vice general manager	1 March 2017		Yes
Feng Pantai	Jiangsu Blue Alliance Joint-Stock Co., Ltd.	Supervisor	19 July 2019		No

Position in other companies

Name	Name of other companies	Position in other companies	Beginning date	Ending date	Any remunerations received from other companies
Xu Zhijian	Nanjing University	Professor	11 November 2003		Yes
Xu Zhijian	Nanjing Port Co., Ltd.	Non-executive director	30 March 2016		Yes
Xu Zhijian	Jiangsu Maysta Chemical Co., Ltd.	Non-executive director	4 December 2015		Yes
Xu Zhijian	Glarun Technology Co.,Ltd.	Non-executive director	12 May 2017		Yes
Xu Zhijian	Yangzhou Rixing Bio-Tech Co., Ltd.	Non-executive director	12 December 2019		Yes
Cai Yunqing	Chinese Nutrition Society	Supervisor	1 May 2017		No
Cai Yunqing	Jiangsu Intelligent Aged Research Association	Vice president	1 March 2017		No
Cai Yunqing	Chinese Nutrition Society	Honorary president	1 April 2015		No
Cai Yunqing	State Food and Drug Administration	Evaluation experts of health food	1 August 2008		No
Ji Xueqing	Nanjing Suhe Venture Capital Center (Limited Partnership)	Chairman of the board	1 January 2017		No
Ji Xueqing	Xuzhou Zm-Besta Heavy Steel Structure Co., Ltd	Supervisor	1 March 2017		No
Ji Xueqing	China Soft Investment Group	Partner	1 January 2017		No
Ji Xueqing	Nanjing Balance Network	Non-executive	1 October 2017		Yes

	Technology Co., Ltd.	director			
Ji Xueqing	NanJing Liandi Information Systems Co.,Ltd.	Non-executive director	1 January 2017		No
Ji Xueqing	Jiangsu Efful Science and Technology Co.,Ltd	Supervisor	1 March 2018		No
Ji Xueqing	China University Innovation and Entrepreneurship Incubator Alliance	Vice president	1 July 2018		No
Ji Xueqing	Nanjing Liheng Investment Co.,Ltd.	Director	15 October 2019		No
Chen Tongguang	Quality Operation and Safety Management Department in Yangzhou University	Director	1 October 2013		Yes
Chen Tongguang	Yangzhou Yangjie Electronic Technology Co.,Ltd.	Non-executive director	19 June 2017		Yes

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 9th 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: 0,000CNY

Name	Position	Gender	Age	Incumbent/ Former	Total before-tax remuneration from the Company	Remuneration from related parties of the Company
Wang Yao	Chairman of the board	Male	55	Incumbent	145.6	No
Zhong Yu	Vice Chairman of the board, president	Male	56	Incumbent	131.06	No
Liu Huashuang	Director, executive vice president	Male	50	Incumbent	101.65	No
Cong Xuenian	Director, vice	Male	54	Incumbent	100.93	No

Name	Position	Gender	Age	Incumbent/ Former	Total before-tax remuneration from the Company	Remuneration from related parties of the Company
	president, secretary of the board, CFO					
Zhou Xinqu	Director, vice president, chief engineer	Male	58	Incumbent	101.08	No
Wang Kai	Director	Male	43	Incumbent	0	Yes
Xu Zhijian	Non-executive director	Male	56	Incumbent	6	No
Cai Yunqing	Non-executive director	Female	68	Incumbent	6	No
Ji Xueqing	Non-executive director	Male	49	Incumbent	6	No
Chen Tongguang	Non-executive director	Male	54	Incumbent	6	No
Feng Pantai	Chairman of supervisory committee	Male	60	Incumbent	98.18	No
Xu Youheng	Supervisor	Male	43	Incumbent	0	Yes
Zhou Wenqi	Supervisor	Female	54	Incumbent	0	Yes
Chen Taiqing	Supervisor	Male	55	Incumbent	100.66	No
Chen Taisong	Supervisor	Male	52	Incumbent	102.74	No
Lin Qing	Vice president	Female	45	Incumbent	98.19	No
Zheng Bujun	Vice president	Male	53	Incumbent	100.43	No
Han Feng	Director	Male	58	Former	0	Yes
Chen Yiqin	Supervisor	Male	59	Former	0	No
Zhu Wei	Vice president	Male	43	Former	112.34	No
Total					1,216.86	

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	7,130
Number of in-service staff of main subsidiaries	8,669
Total number of in-service staff	15,799
Total number of staff with remuneration during this period	15,799
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	6,023
Sales personnel	5,632
R&D personnel	1,862
Financial personnel	219
Administrative personnel	1,797
Inner retired personnel	266
Total	15,799
Educational backgrounds	
Educational background by category	Number of staff
Master	298
Bachelor	3,810
Junior college	4,317
Senior high school and below	7,374
Total	15,799

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 2019, in order to promote the implementation of training effect, the Company has successfully explored and innovated Yanghe "2234" training mode centering on "solving problems, improving efficiency and increasing benefits", and implemented it in each specific training.

Over the past year, for key training objects, the Company orderly promoted the "100" talents, strategic talents and leading cadres training projects. In order to ensure that new employees and rotating staff can quickly adapt to their posts, the Company regularly organized training for new employees and the work of "master leading apprentice". Continuously, the Company improved the management of the training system, and prepared the *Assessment Method for Students of Yanghe University* and the *Assessment Method for Lecturers of Yanghe University*. Dynamic management of lecturers was implemented, and 295 lecturers from Yanghe University were evaluated and selected. The Company standardized the job skill level appraisal and effectively promoted the improvement of production skills. According to the annual training plan, subsidiary companies organized training in marketing, production technology, functional management and other aspects to improve the business skills and comprehensive quality of employees. Business departments carry out professional training according to its business needs. 766 training sessions were organized and 20,455 employees were trained all around the year.

5.4 Labor outsourcing

Applicable N/A

Section X Corporate Governance

1. Basic situation of corporate governance

The Company constantly optimizes corporate governance structure and internal control system to enhance the corporate governance level strictly according to *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. The Company operates normatively with sound corporate governance and normative information disclosure. 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 hires legal advisor to issue the legal opinion for the shareholders' general meeting; 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 Behavior Guidelines of Directors of SME Board Listed Companies*. 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 have 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. 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 incompliance with the regulatory documents issued by the CSRC supervising the corporate governance of listed companies.

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, vice president, 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
2018 Annual general meeting of shareholders	General meeting of shareholders	78.45%	23 May 2019	24 May 2019	Announcement No. 2019-015, disclosed on www.cninfo.com.cn
2019 First extraordinary general meeting of shareholders	Extraordinary general meeting of shareholders	76.27%	20 September 2018	21 September 2019	Announcement No. 2019-022, disclosed on www.cninfo.com.cn

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(times)	Absence for two consecutive times	Presence (times)
Xu Zhijian	5	4	1	0	0	No	2
Cai Yunqing	5	4	1	0	0	No	1
Ji Xueqing	5	4	1	0	0	No	1
Chen Tongguang	5	4	1	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 advice of non-executive directors is adopted by the Company or not

Company adopted the advice of non-executive directors.

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

1).During the reporting period, the Strategic Committee held 1 meeting. It investigated 2018 the board work report in advance, made the 2019 annual work plan, offered scientific and reasonable suggestions and fulfilled the duties.

2).During the reporting period, the Nominations Committee held 1 meeting. It examined the qualification of Candidates nominated for 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 2018.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. 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 2019, based on the above rules, the Remuneration and Appraisal Committee examined the situation of the management's performance in 2018. In 2018, based on strategic planning for long-term development, the management has achieved the main purpose of sustainable development.

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 2020	
Disclosure index of the internal control self-assessment report	The internal control self-assessment report disclosed on www.cninfo.com.cn on 29 April 2020	
Ratio of the total assets of the appraised entitles to the consolidated total assets	99.03%	
Ratio of the operating revenues of the appraised entitles to the consolidated operating revenue	99.30%	
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 refers 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 > 3% of total operating revenue; Misstatement > 5% of gross profits; Misstatement > 2% of total assets. Material deficiencies: 1% of total operating revenue < Misstatement ≤ 3% of total operating revenue; 3% of gross profits < Misstatement ≤ 5% of gross profits; 1% of total assets < 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 < 1% General deficiencies: ratio of loss of total assets < 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

Auditor's report on internal control

Reviewed opinion paragraph in internal control audit report	
We believe that Yanghe Brewery Joint-Stock maintained effective internal control over financial reporting in all material respects on 31 December 2019 in accordance with the basic standards for corporate internal control and relevant regulations.	
Disclosure of internal control audit report	Disclosure
Date of disclosure of internal control audit report	29 April 2020
Index to disclosure of internal control audit reports	The internal control self-assessment report disclosed on www.cninfo.com.cn on 29 April 2020
Opinion types of internal control audit report	Standard and unqualified opinion
Whether there are material deficiencies in non-financial reporting	No

Whether the accounting firm issues the internal control audit report of the non-standard opinion

Yes No

Whether the internal control audit report issued by the accounting firm is consistent with the self-evaluation report of the board of directors

Yes No

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	28 April 2020
Name of Audit	Suya Jincheng Certified Public Accountants LLP
No. of auditor's report	Suya Audit [2020] No.567
Names of auditors	Kan Baoyong, Li Yan

Auditor's Report

To the shareholders of Jiangsu Yanghe Brewery Joint-Stock Co., Ltd.:

Opinion

We have audited the financial statements of Jiangsu Yanghe Brewery Joint-Stock Co., Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated balance sheet and balance sheet as at 31 December 2019, 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 2019 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.

1. Recognition of revenue	
Please refer to accounting policies in Note 22 of Notes V. Significant accounting policies and accounting estimates, and Note 31 of Notes VII. Notes to the main items of the consolidated financial statements.	
Key audit matters	How our audit addressed the key audit matter
The Company's specific condition of revenue recognition is that revenue is recognized after customer acceptance based on payment received or obtaining the rights of claiming payment for goods according to signed sales contracts or agreements. In 2019, the Company's annual operating revenue was CNY 23.126 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) 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. (3) 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. (4) 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. (5) Sampling inspection of calculation and accounting treatment of sales discount and sales allowance (6) 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.
2. Existence, valuation and allocation of inventories	
Please refer to accounting policies in Note 11 of Notes V. Significant accounting policies and accounting estimates and Note 7 of Notes VII. Notes to the Main Items of the Consolidated Financial Statements.	
Key audit matters	How our audit addressed the key audit matter
As at 31 December 2018, the book value of inventory is CNY 114.433 billion, accounting for 27.00% of the total assets and 38.18% of all current assets. The book value of the inventories at year end is relatively large and accounts for a	Our procedures in relation to existence, valuation, allocation of inventories included: (1) Understood and evaluated the effectiveness of management's design and implementation of inventory-related internal control. (2) Carried out the inventory analysis review

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>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

Kan Baoyong

Certified Public Accountant of China

Li Yan,

Certified Public Accountant of China

28 April 2020

II. Financial statements

The unit of statement in financial notes is: CNY

Prepared by: Jiangsu Yanghe Brewery Joint-Stock Co., Ltd.

Consolidated balance sheet As at 31 December 2019

Unit: CNY

Item	Balance as at 31 December, 2019	Balance as at 31 December, 2018
Current assets:		
Cash and cash equivalents	4,300,144,848.67	3,615,348,307.97
Settlement reserves		
Lending funds		
Financial assets held for trading	17,976,767,209.45	
Financial assets measured at fair value through current profit or loss		
Derivative financial assets		
Notes receivables	659,266,780.81	242,542,097.76
Accounts receivables	16,080,618.65	5,419,314.60
Account receivables financing		
Prepayment	200,115,325.19	18,984,169.54
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve		
Other receivables	37,521,590.52	47,908,184.37

Including:Interests receivable		
Dividends receivable		
Buying back the sale of financial assets		
Inventories	14,433,244,696.27	13,892,118,587.74
Contract assets		
Assets held for sale		
Non-current assets due within one year		1,120,000,000.00
Other current assets	183,119,654.47	16,932,480,348.96
Total current assets	37,806,260,724.03	35,874,801,010.94
Non-current assets:		
Disbursement of loans and advances		
Investment in debt instruments		
Available-for-sale financial assets		2,713,455,624.66
Investment in other debt instruments		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	25,361,651.38	9,423,328.82
Investment in other equity instruments		
Other non-current financial assets	5,050,851,671.16	
Investment property		
Fixed assets	7,256,557,503.85	7,833,665,282.19
Construction in progress	263,153,505.12	154,535,104.82
Productive biological assets		
Oil and gas assets		
Right-of-use asset		
Intangible assets	1,747,134,144.14	1,781,961,687.10
Development expenses		
Goodwill	276,001,989.95	276,001,989.95
Long-term deferred expenses	254,143.60	907,636.00
Deferred tax assets	825,064,057.57	714,003,966.82
Other non-current assets	204,398,450.18	205,012,184.92
Total non-current assets	15,648,777,116.95	13,688,966,805.28
Total assets	53,455,037,840.98	49,563,767,816.22
Current liabilities:		
Short-term loans		
Borrowings from the central bank		
Loans from other banks		
Financial liabilities held for trading		
Financial liabilities measured at fair value through current profit or loss		
Derivative financial liabilities		
Notes payable		
Accounts payables	1,330,649,116.82	1,261,282,397.89
Advance from customer	6,753,595,187.64	4,468,409,150.75
Contract liabilities		
Financial assets sold for repurchase		
Customer brokerage deposits		
Securities underwriting brokerage deposits		

Receivings from vicariously sold securities		
Employee benefits payable	116,094,163.25	185,751,373.59
Taxes payable	1,815,288,006.47	3,255,458,759.72
Other payables	6,521,146,762.07	6,457,301,511.01
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		
Total current liabilities	16,536,773,236.25	15,628,203,192.96
Non-current liabilities:		
Insurance contract reserves		
Long-term loans	72,723.00	109,088.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities		
Long-term payables	197,623,728.85	198,404,248.85
Long-term payroll payables		
Accrued liabilities		
Deferred income	89,756,500.00	98,513,500.00
Deferred tax liabilities	139,259,083.16	14,019,256.05
Other non-current liabilities		
Total non-current liabilities	426,712,035.01	311,046,092.90
Total liabilities	16,963,485,271.26	15,939,249,285.86
Shareholders' equity		
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	741,704,076.44
Less: treasury stock		
Other comprehensive income	-3,608,771.16	-141,964,710.15
Special reserves		
Surplus reserves	753,494,000.00	753,494,000.00
General risk reserve		
Undistributed profits	33,510,429,712.50	30,784,308,899.94
Total equity attributable to owners of the parent company	36,508,835,491.47	33,644,530,266.23
Non-controlling interests	-17,282,921.75	-20,011,735.87
Total owners' equity	36,491,552,569.72	33,624,518,530.36
Total liabilities and owners' equity	53,455,037,840.98	49,563,767,816.22

Legal representative: Wang Yao

Person in charge of accounting affairs: Cong Xuenian

Person in charge of accounting department: Yin Qiuming

Balance sheet of parent company

As at 31 December 2019

Unit: CNY

Item	Balance as at 31 December 2019	Balance as at 31 December 2018
Current assets:		
Cash and cash equivalents	3,741,676,596.22	1,849,574,170.07
Financial assets held for trading	6,991,814,305.98	
Financial assets measured at fair value through current profit or loss		
Derivative financial assets		
Notes receivables	493,500.00	143,456,446.32
Accounts receivables	900,252,229.11	697,277,202.71
Account receivables financing		
Prepayment	110,564,280.51	250,592,759.90
Other receivables	8,154,899,373.55	949,089,213.52
Including: Interests receivable		
Dividends receivable		713,143.77
Inventories	10,476,945,420.09	10,378,077,915.50
Contract assets		
Assets held for sale		
Non-current assets due within one year		700,000,000.00
Other current assets	303,163.88	12,338,796,250.84
Total current assets	30,376,948,869.34	27,306,863,958.86
Non-current assets:		
Investment in debt instruments		
Available-for-sale financial assets		1,231,283,468.30
Investment in other debt instruments		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	7,964,291,378.23	7,365,139,180.24
Investment in other equity instruments		
Other non-current financial assets	1,467,783,926.91	
Investment property		
Fixed assets	4,641,909,489.16	5,008,615,512.59
Construction in progress	183,652,813.42	92,262,796.92
Productive biological assets		
Oil and gas assets		
Right-of-use asset		
Intangible assets	1,230,216,202.93	1,252,482,032.31
Development expenses		
Goodwill		
Long-term deferred expenses		
Deferred tax assets	6,181,509.39	5,734,535.64
Other non-current assets	170,318,838.68	179,613,182.42
Total Non-current Assets	15,664,354,158.72	15,135,130,708.42
Total Assets	46,041,303,028.06	42,441,994,667.28
Current liabilities:		
Short-term loans		
Financial liabilities held for trading		
Financial liabilities measured at fair value through current profit or loss		

Derivative financial liabilities		
Notes payable		
Accounts payables	1,066,947,279.95	1,159,053,261.86
Advance from customer	16,238,064,053.40	14,339,833,591.92
Contract liabilities		
Employee benefits payable		
Taxes payable	202,771,495.61	1,069,550,625.85
Other payables	180,236,563.85	183,715,786.65
Including: Interests payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	17,688,019,392.81	16,752,153,266.28
Non-current liabilities:		
Long-term loans	72,723.00	109,088.00
Bonds payable		
Including : preference shares		
Perpetual bonds		
Lease liabilities		
Long-term payables	144,680,616.65	145,105,136.65
Long-term payroll payables		
Provisions		
Deferred income		
Deferred tax liabilities	49,541,198.05	
Other non-current liabilities		
Total non-current liabilities	194,294,537.70	145,214,224.65
Total liabilities	17,882,313,930.51	16,897,367,490.93
Owners' equity (or shareholders' equity)		
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	21,942,516,695.42
Total owners' equity	28,158,989,097.55	25,544,627,176.35
Total liabilities and owners' equity	46,041,303,028.06	42,441,994,667.28

Consolidated Income Statement For the year ended 31 December 2019

Unit: CNY

Item	Year 2019	Year 2018
1. Total operating revenue	23,126,476,885.07	24,159,801,994.68
Including: Operating revenue	23,126,476,885.07	24,159,801,994.68
Interest income		
Earned premium		

Fee and commission income		
2. Total operating costs	14,457,584,017.39	14,351,265,484.05
Including: cost of sales	6,626,362,251.24	6,353,242,198.27
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	3,201,479,826.09	3,769,929,974.08
Selling and distribution expenses	2,691,711,170.59	2,561,401,628.22
General and administrative expenses	1,856,491,727.00	1,704,265,102.61
Research and Development expenses	159,965,593.88	27,565,217.63
Financial expenses	-78,426,551.41	-65,138,636.76
Including: Interest expenses	2,618.00	3,273.00
Interest income	77,589,503.94	69,133,580.05
Plus: Other income	84,977,755.15	63,352,983.06
Investment income ("-" for losses)	850,554,207.62	918,292,794.49
Including: income from investment in associates and joint ventures	-4,447,288.34	1,819,591.30
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)	158,679,505.33	
Losses from credit impairment ("-" for losses)	-18,956,346.26	
Losses from asset impairment ("-" for losses)	-2,248,496.85	-1,098,948.45
Gains from disposal of assets ("-" for losses)	19,983,101.67	24,568,477.22
3. Operating profits ("-" for losses)	9,761,882,594.34	10,813,651,816.95
Plus: non-operating income	22,245,954.37	37,931,006.18
Less: non-operating expenses	13,324,291.70	12,397,034.29
4. Total profits before tax ("-" for total losses)	9,770,804,257.01	10,839,185,788.84
Less: income tax expenses	2,384,713,341.80	2,723,855,894.34
5. Net profit ("-" for net loss)	7,386,090,915.21	8,115,329,894.50
Classification by operating continuity		
Net profit from continuing operation ("-" for losses)	7,386,090,915.21	8,115,329,894.50
Net profit from discontinued operation ("-" for losses)		
Classification by owners		
Attributable to owners of the parent company	7,382,822,726.87	8,115,189,794.69
Attributable to non-controlling interests	3,268,188.34	140,099.81
6. Net of tax from other	-2,228,748.45	-142,861,056.33

comprehensive income		
Net of tax from other comprehensive income to the owner of the parent company	-2,238,030.31	-142,880,414.18
Other comprehensive income cannot reclassified into the profit and loss:		
Including: Changes in remeasured 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	-2,238,030.31	-142,880,414.18
Including: Share in other comprehensive income that will be classified into profit and loss under equity method	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		-140,593,969.30
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	-2,416,649.60	-2,286,444.88
Others		
Net of tax from other comprehensive income to non-controlling interests	9,281.86	19,357.85
7. Total comprehensive income	7,383,862,166.76	7,972,468,838.17
Total comprehensive income attributable to owners of the parent company	7,380,584,696.56	7,972,309,380.51
Total comprehensive income attributable to non-controlling interests	3,277,470.20	159,457.66
8. Earnings per share		
(1) Basic earnings per share	4.8991	5.3850
(2) Diluted earnings per share	4.8991	5.3850

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: Wang Yao

Person in charge of accounting affairs: Cong Xuenian

Person in charge of accounting department: Yin Qiuming

Income statement of parent company For the year ended 31 December 2019

Unit: CNY

Item	Year 2019	Year 2018
1. Operating revenue	9,617,136,329.14	9,720,079,677.82
Less: Cost of sales	5,300,856,882.21	5,063,636,970.41
Taxes and surcharges	2,584,040,346.46	3,135,358,096.00
Selling and distribution expenses	6,153,145.12	
General and administrative expenses	981,489,516.86	925,750,206.21
Research and Development expenses	157,807,557.00	25,250,014.30
Financial expenses	-56,610,787.22	-39,822,309.22
Including: Interest expenses	2,618.00	3,273.00
Interest income	58,715,233.69	40,645,696.27
Plus: Other income	15,964,590.12	10,553,184.71
Investment income ("-" for losses)	6,858,473,174.64	6,719,750,712.77
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)	-106,912,987.67	
Losses from credit impairment ("-" for losses)	-3,495,447.82	
Losses from asset impairment ("-" for losses)	-2,248,496.85	-291,592.62
Gains from disposal of assets ("-" for losses)	9,155,544.78	26,210,243.55
2. Operating profits ("-" For Losses)	7,414,336,045.91	7,366,129,248.53
Plus: non-operating income	3,926,021.74	4,826,890.48
Less: non-operating expenses	4,260,647.57	11,501,547.44
3. Total profits before tax ("-" For Total Losses)	7,414,001,420.08	7,359,454,591.57
Less: income tax expenses	207,035,832.38	311,578,769.83
4. Net profit ("-" For Net Loss)	7,206,965,587.70	7,047,875,821.74
Net profit from continuing operation ("-" for losses)	7,206,965,587.70	7,047,875,821.74
Net profit from discontinued operation ("-" for losses)		
5. Net of tax from other comprehensive income		
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		
6. Total comprehensive income	7,206,965,587.70	7,047,875,821.74
7. Earnings per share		
(1)Basic earnings per share		
(2)Diluted earnings per share		

Consolidated Statement of Cash Flows For the year ended 31 December 2019

Unit: CNY

Item	Year 2019	Year 2018
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	28,157,803,517.41	28,105,243,671.54
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		
Cash received from other operating activities	260,350,164.67	1,493,570,444.98
Sub-total of cash inflows from operating activities	28,418,153,682.08	29,598,814,116.52
Cash paid for goods purchased and services received	6,764,469,880.73	7,042,490,432.34
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	2,248,376,328.48	1,786,871,082.15
Cash paid for taxes and surcharges	9,642,918,810.91	8,525,778,929.78
Cash paid for other operating activities	2,964,496,790.55	3,186,924,855.97
Sub-total of cash outflows from operating activities	21,620,261,810.67	20,542,065,300.24
Net cash flows from operating activities	6,797,891,871.41	9,056,748,816.28
2. Cash flows from investing activities		
Cash received from disposal of investments	39,845,997,675.65	34,357,728,481.60
Cash received from returns on investments	828,033,083.69	859,477,665.90
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	24,075,082.94	45,125,913.95
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
Sub-total of cash inflows from investing activities	40,698,105,842.28	35,262,332,061.45
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	317,159,366.30	471,045,188.55
Cash paid for investments	41,674,161,609.88	38,140,628,997.25

Net increase in pledge loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Sub-total of cash outflows from investing activities	41,991,320,976.18	38,611,674,185.80
Net cash flows from investing activities	-1,293,215,133.90	-3,349,342,124.35
3. Cash flows from financing activities		
Cash received from investors		
Including: cash received by subsidiaries from investments by minority shareholders		
Cash received from borrowings		
Cash received from other financing activities		1,500,000.00
Sub-total of cash inflows from financing activities		1,500,000.00
Cash paid for debt repayments	36,365.00	36,364.00
Cash paid for distribution of dividends and profits or payment of interest	4,822,364,218.00	3,842,822,673.00
Including: dividends and profits paid to minority shareholders by subsidiaries		
Cash paid for other financing activities	750,000.00	
Sub-total of cash outflows from financing activities	4,823,150,583.00	3,842,859,037.00
Net cash flows from financing activities	-4,823,150,583.00	-3,841,359,037.00
4. Effect of fluctuation in exchange rate on cash and cash equivalents	3,270,386.19	-652,223.14
5. Net increase in cash and cash equivalents	684,796,540.70	1,865,395,431.79
Plus: balance of cash and cash equivalents at the beginning of the period	3,615,348,307.97	1,749,952,876.18
6. Balance of cash and cash equivalents at the end of the period	4,300,144,848.67	3,615,348,307.97

Cash flow statements of parent company
For the year ended 31 December 2019

Unit: CNY

Item	Year 2019	Year 2018
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	12,584,198,907.24	10,544,075,256.24
Refunds of taxes and surcharges		
Cash received from other operating	132,079,899.80	3,092,072,776.21

activities		
Sub-total of cash inflows from operating activities	12,716,278,807.04	13,636,148,032.45
Cash paid for goods purchased and services received	4,836,044,878.55	5,540,860,474.37
Cash paid to and on behalf of employees	1,068,195,037.31	757,469,214.50
Cash paid for taxes and surcharges	4,436,521,595.18	3,502,337,711.58
Cash paid for other operating activities	7,532,523,407.67	622,232,077.34
Sub-total of cash outflows from operating activities	17,873,284,918.71	10,422,899,477.79
Net cash flows from operating activities	-5,157,006,111.67	3,213,248,554.66
2. Cash flows from investing activities		
Cash received from disposal of investments	22,661,938,083.48	23,961,387,686.52
Cash received from returns on investments	6,816,504,503.68	6,665,894,034.18
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	11,230,158.55	43,946,408.08
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
Sub-total of cash inflows from investing activities	29,489,672,745.71	30,671,228,128.78
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	218,187,673.01	217,004,834.57
Cash paid for investments	17,400,106,712.99	29,083,948,000.00
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Sub-total of cash outflows from investing activities	17,618,294,386.00	29,300,952,834.57
Net cash flows from investing activities	11,871,378,359.71	1,370,275,294.21
3. Cash flows from financing activities		
Cash received from investors		
Cash received from loans		
Cash received from other financing activities		
Sub-total of cash inflows from financing activities		
Cash paid for debt repayments	36,365.00	36,364.00
Cash paid for distribution of dividends and profits or payment of interest	4,822,364,218.00	3,842,822,673.00
Cash paid for other financing activities		

Sub-total of cash outflows from financing activities	4,822,400,583.00	3,842,859,037.00
Net cash flows from financing activities	-4,822,400,583.00	-3,842,859,037.00
4. Effect of fluctuation in exchange rate on cash and cash equivalents	130,761.11	-652,488.00
5. Net increase in cash and cash equivalents	1,892,102,426.15	740,012,323.87
Plus: balance of cash and cash equivalents at the beginning of the period	1,849,574,170.07	1,109,561,846.20
6. Balance of cash and cash equivalents at the end of the period	3,741,676,596.22	1,849,574,170.07

Consolidated statement of changes in shareholders' equity For the year ended 31 December 2019

Unit: CNY

Item	Year 2019													Non-controlling interests	Total shareholders' equity
	Equity attributable to owners of the parent company														
	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												
1. Balance as at 31 December of last year	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 accounting policies							140,593,969.30				165,659,685.69		306,253,654.99	29,817.62	306,283,472.61
Adjustments for correction of accounting errors in prior year															
Business combinations under common control															
Others															
2. Balance as at January 1 of the current	1,506,988,000.00				741,704,076.44		-1,370,740.85		753,494,000.00		30,949,968,585.63		33,950,783,921.22	-19,981,918.25	33,930,802,002.97

year														
3.Increases/d eases in the current year (“-” for decreases)					-	-				2,560,461,1	2,558,051,	2,698,99	2,560,75	
				171,526.3		2,238,030.3				26.87	570.25	6.50	0,566.75	
				1		1								
(1) Total comprehensiv e income						-				7,382,822,7	7,380,584,	3,277,47	7,383,86	
						2,238,030.3				26.87	696.56	0.20	2,166.76	
						1								
(2) Capital contributed or reduced by owners					-						-	-	-	
				171,526.3							171,526.31	578,473.	750,000.	
				1								70	01	
Capital contributions by owners														
Capital contributions by other equity instruments holders														
Amounts of share-based payments recognized in owners' equity														
Others					-						-	-	-	
				171,526.3							171,526.31	578,473.	750,000.	
				1								70	01	
(3) Profit distribution										-	-	-	-	
										4,822,361,6	4,822,361,		4,822,36	
										00.00	600.00		1,600.00	
Withdrawal of														

surplus reserves															
Withdrawal of general risk reserve															
Profit distributed to owners (or shareholders)											4,822,361,600.00	-	4,822,361,600.00	-	4,822,361,600.00
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															
4. Balance as at 31 December of the current year	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

Item	Year 2018														
	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												
1. Balance as at 31 December of last year	1,506,988,000.00				741,704,076.44		915,704.03		753,494,000.00		26,511,938,505.25		29,515,040,285.72	-20,171,193.53	29,494,869,092.19
Plus: adjustments for changes in															

by other equity instruments holders															
Amounts of share-based payments recognized in owners' equity															
Others															
(3) Profit distribution											-	-	-		
Withdrawal of surplus reserves											3,842,819,400.00	3,842,819,400.00		3,842,819,400.00	
Withdrawal of general risk reserve															
Profit distributed to owners (or shareholders)											-	-	-		
Others											3,842,819,400.00	3,842,819,400.00		3,842,819,400.00	
(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															
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															
4. Balance as at 31 December of the current year	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

Statement of changes in shareholders' equity of parent company
For the year ended 31 December 2019

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 shareholder s' equity
		Preferred stock	Perpetual bond	Others								
1. Balance as at 31 December of last year	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												
2. Balance as at January 1 of the current year	1,506,988,000.00				1,341,628,480.93				753,494,000.00	22,172,274,628.92		25,774,385,109.85
3. Increases/decreases in the current year ("-" for decreases)										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											
4. Balance as at 31 December of the current year	1,506,988,000.00				1,341,628,480.93				753,494,000.00	24,556,878,616.62	28,158,989,097.55

Statement of Changes in Shareholders' Equity For the year ended 31 December 2018

Unit: CNY

Item	Year 2018											
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Others	Total shareholder s' equity
		Preferred stock	Perpetual bond	Others								
1. Balance as at 31 December of last year	1,506,988,000.00				1,341,628,480.93				753,494,000.00	18,737,460,273.68		22,339,570,754.61
Plus: adjustments for changes in accounting policies												
adjustments for correction of accounting errors in prior year												
Others												
2. Balance as at January 1 of the current year	1,506,988,000.00				1,341,628,480.93				753,494,000.00	18,737,460,273.68		22,339,570,754.61
3. Increases/decreases in the current year ("-" for decreases)										3,205,056,421.74		3,205,056,421.74
(1) Total comprehensive income										7,047,875,821.74		7,047,875,821.74
(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										3,842,819,400.00	3,842,819,400.00	
Profit distributed to owners (or shareholders)										-	-	
Others										3,842,819,400.00	3,842,819,400.00	
(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												
4. Balance as at 31 December of the current year	1,506,988,000.00				1,341,628,480.93				753,494,000.00	21,942,516,695.42		25,544,627,176.35

III. Company profile

Jiangsu Yanghe Brewery Joint-Stock 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 Brewery Joint-Stock Co., Ltd.* by the provincial government (SuZhengFu [2002]No.155), and it was a joint-stock 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 Brewery Joint-Stock 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
Yanghe Hong Kong Distillery Co., Ltd.	Newly establishment

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

Name	Reason
Jiangsu Guanmeng Information Technology Co., Ltd.	Liquidation and cancellation
Jiangsu Oubaosi International Trade Co., Ltd.	Liquidation and cancellation
Jiangsu Yanghe Packaging Co., Ltd.	Liquidation and cancellation
Dream Blue Haichuanhui (Shiyan) Trade and Investment Co., Ltd.	Liquidation and cancellation
Xuzhou Huaqu Wine Development Co., Ltd.	Liquidation and cancellation

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

Whether the Company needs to comply with the requirement of special industry

No

The notes of detailed accounting policies and accounting estimates:

See details in Note V. 27. Changes in significant accounting policies and accounting estimates.

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

Recognition basis of financial instruments

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

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.

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.

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.

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.

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.

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

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.
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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. Assets held for sale

(1) Scope of held for sale

Held for sale include individual asset and disposal group.

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 held for sale

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 assets held-for-sale

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.

(4) Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and meets one of the follow conditions:

- a) It represents either a separate major line of business or a geographical area of operations;
- b) It is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- c) It is a subsidiary acquired exclusively with aim to resale.

13. 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 Note 3.5, 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) If the 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.

b).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.

14. 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

Except for the fixed assets that have been fully depreciated but are still in use and the land, the Company makes provisions for depreciation of all fixed assets.

b) Depreciation of fixed assets of the Company is provided for on a straight-line basis from the month immediately following the month when they reach the working condition for their intended use. The depreciation amount and depreciation rate shall be calculated and recognized according to the category, estimated useful lives and estimated net residual value rate of fixed assets and respectively included into the costs of the relevant assets or the current profit and loss by purpose.

c) When making provision for impairment on fixed assets, the Company shall recalculate the depreciation rate and depreciation amount according to the book value, the estimated net residual value rate and useful lives of the fixed assets.

d) On the balance sheet date, the Company reviews the estimated useful life, estimated net residual value rate and depreciation method of the fixed assets. If there is any change, they shall be treated as changes in accounting estimate.

e) Decoration expense of fixed assets that meet the condition of capitalization shall be depreciated separately by adopting straight-line method within the short period between twice decoration and useful life of the fixed assets.

(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.

15. 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.

16. 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.

17. 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, except 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.

18. 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.

19. 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.

20. 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.

21. 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.

22. Revenue

Whether the new revenue standard has been implemented

Yes No

Operating revenue of the Company mainly includes revenue from sales of goods, revenue from rendering of service and revenue from transfer of asset use right, for which the recognition principles are as follows:

(1) Recognition principals of revenue from sales of goods

Revenue from sales of goods is recognized when the Company has transferred significant risks and rewards of ownership of the goods to the purchaser; the Company retains neither continuing managerial involvement usually related to the ownership nor effective control over the sold goods; revenues can be measured reliably; the relevant economic benefits are highly likely to flow into the Company; and the relevant costs incurred or to be incurred can be measured reliably.

The Company's specific condition of revenue recognition is that revenue is recognized after customer acceptance based on receiving payment or obtaining the rights of claiming payment for goods according to signed sales contracts or agreements.

The Company offers a certain percentage discount to dealers according to marketing policies and sales status of dealers of liquor products. The settlement with dealers is made regularly or irregularly. The sales revenue is recognized based on (net) invoice amount after discount when the discount is included to invoice. According to accrual basis principle, the discount incurred but not yet settled shall be recognized in sales

revenue and included to other payables.

(2) Recognition principals of revenue from rendering of service

Recognition principals of revenue from rendering of service under the circumstance that the outcome of service transactions can be estimated reliably

The Company recognizes revenue from rendering of service using the percentage-of-completion method on the balance sheet date when the outcome of service transactions can be estimated reliably.

When the amount of revenues can be measured reliably, related economic interests are likely to flow into the company, schedule of completion of the transitions can be measured reliably and the cost of transactions incurred or to be incurred can be measured reliably, the outcome of service transactions can be estimated reliably.

Recognition principals of revenue from rendering of service under the circumstance that the outcome of service transactions cannot be estimated reliably

If the outcome of rendering of services on the balance sheet date cannot be measured reliably, the revenues from rendering of services shall be recognized according to the following three conditions:

- a) If the labor costs that have already incurred can be fully compensated, the revenues from rendering of services are recognized at the amounts recovered or expected to be recovered and the labor costs that have already incurred shall be carried forward;
- b) If the labor costs that have already incurred can be partially compensated, the revenues from rendering of services are recognized at the recoverable amounts of compensated labor costs and the labor costs that have already incurred shall be carried forward;
- c) If it is expected that all the labor costs that have already incurred cannot be compensated, the labor costs that have already incurred are included into the current profit and loss (costs of primary business) and the revenues from rendering of services are not recognized.

(3) Recognition principals of revenue from transfer of asset use right

When economic benefits related to transactions are highly likely to flow into the Company and the amount of revenue can be reliably measured, the revenue from transfer of asset use right is recognized.

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 January 1, 2019, implement the accounting standard for business enterprises No.22-Financial instrument recognition and measurement, accounting standard for business enterprises No.23-Financial asset transfer, accounting standard for business enterprises No.24-Hedge accounting, and accounting standard for business enterprises No.37-Presentation of financial instruments revised by Ministry of Finance in 2017.		Reviewed and approved by the sixth meeting of the sixth board of directors.		According to the requirements of the new financial instrument standards, the relevant information of financial instruments shall be presented and the comparative financial statements shall not be retroactively adjusted.
Items	Balance as at 31 December 2018	Balance as at 1 January 2019	Adjustment	
Financial assets held for trading		17,900,259,775.43	17,900,259,775.43	
Accounts receivables	5,419,314.60	5,522,261.31	102,946.71	
Other receivables	47,908,184.37	51,367,132.22	3,458,947.85	
Non-current assets that mature within one year	1,120,000,000.00		-1,120,000,000.00	
Other current assets	16,932,480,348.96	146,726,838.22	-16,785,753,510.74	
Available-for-sale financial assets	2,713,455,624.66		-2,713,455,624.66	
Other non-current financial assets		3,124,148,754.77	3,124,148,754.77	
Deferred tax assets	714,003,966.82	713,088,032.20	-915,934.62	
Deferred tax liabilities	14,019,256.05	115,581,138.18	101,561,882.13	
Other comprehensive income	-141,964,710.15	-1,370,740.85	140,593,969.30	
Undistributed profits	30,784,308,899.94	30,949,968,585.63	165,659,685.69	
Minority equity	-20,011,735.87	-19,981,918.25	29,817.62	

Note: the above table only presents the items of the affected consolidated financial statements, excluding the items of the unaffected consolidated financial statements.

(2) Changes in significant accounting estimates

Applicable N/A

(3) Since 2019, the implementation of new financial instrument standards, 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 N/A

Consolidated Balance Sheet

Unit: CNY

Assets	Balance as at 31 December 2018	Balance as at 1 January 2019	Adjustment
Current assets:			
Cash and cash equivalents	3,615,348,307.97	3,615,348,307.97	
Settlement reserves			
Lending funds			
Financial assets held for trading		17,900,259,775.43	17,900,259,775.43
Financial assets measured at fair value through current profit or loss			
Derivative financial assets			
Notes receivables	242,542,097.76	242,542,097.76	
Accounts receivables	5,419,314.60	5,522,261.31	102,946.71
Account receivables financing			
Prepayment	18,984,169.54	18,984,169.54	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve			
Other receivables	47,908,184.37	51,367,132.22	3,458,947.85
Including: Interests receivable			
Dividends receivable			
Buying back the sale of financial assets			
Inventories	13,892,118,587.74	13,892,118,587.74	
Contract assets			
Assets held for sale			
Non-current assets due within one year	1,120,000,000.00		-1,120,000,000.00
Other current assets	16,932,480,348.96	146,726,838.22	-16,785,753,510.74
Total current assets	35,874,801,010.94	35,872,869,170.19	-1,931,840.75
Non-current assets:			
Disbursement of loans and advances			
Investment in debt instruments			
Available-for-sale financial assets	2,713,455,624.66		-2,713,455,624.66
Investment in other debt instruments			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	9,423,328.82	9,423,328.82	

Investment in other equity instruments			
Other non-current financial assets		3,124,148,754.77	3,124,148,754.77
Investment property			
Fixed assets	7,833,665,282.19	7,833,665,282.19	
Construction in progress	154,535,104.82	154,535,104.82	
Productive biological assets			
Oil and gas assets			
Right-of-use asset			
Intangible assets	1,781,961,687.10	1,781,961,687.10	
Development expenses			
Goodwill	276,001,989.95	276,001,989.95	
Long-term deferred expenses	907,636.00	907,636.00	
Deferred tax assets	714,003,966.82	713,088,032.20	-915,934.62
Other non-current assets	205,012,184.92	205,012,184.92	
Total non-current assets	13,688,966,805.28	14,098,744,000.77	409,777,195.49
Total assets	49,563,767,816.22	49,971,613,170.96	407,845,354.74
Current liabilities:			
Short-term loans			
Borrowings from the central bank			
Loans from other banks			
Financial liabilities held for trading			
Financial liabilities measured at fair value through current profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payables	1,261,282,397.89	1,261,282,397.89	
Advance from customer	4,468,409,150.75	4,468,409,150.75	
Contract liabilities			
Financial assets sold for repurchase			
Customer brokerage deposits			
Securities underwriting brokerage deposits			
Receivings from vicariously sold securities			
Employee benefits payable	185,751,373.59	185,751,373.59	
Taxes payable	3,255,458,759.72	3,255,458,759.72	
Other payables	6,457,301,511.01	6,457,301,511.01	
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			
Total current liabilities	15,628,203,192.96	15,628,203,192.96	
Non-current liabilities:			
Insurance contract reserves			
Long-term loans	109,088.00	109,088.00	
Bonds payable			

Including: Preference shares			
Perpetual bonds			
Lease liabilities			
Long-term payables	198,404,248.85	198,404,248.85	
Long-term payroll payables			
Accrued liabilities			
Deferred income	98,513,500.00	98,513,500.00	
Deferred tax liabilities	14,019,256.05	115,581,138.18	101,561,882.13
Other non-current liabilities			
Total non-current liabilities	311,046,092.90	412,607,975.03	101,561,882.13
Total liabilities	15,939,249,285.86	16,040,811,167.99	101,561,882.13
Shareholders' equity			
Share capital	1,506,988,000.00	1,506,988,000.00	
Other equity instruments			
Including: preference shares			
Perpetual bonds			
Capital reserves	741,704,076.44	741,704,076.44	
Less: treasury stock			
Other comprehensive income	-141,964,710.15	-1,370,740.85	140,593,969.30
Special reserves			
Surplus reserves	753,494,000.00	753,494,000.00	
General risk reserve			
Undistributed profits	30,784,308,899.94	30,949,968,585.63	165,659,685.69
Total equity attributable to owners of the parent company	33,644,530,266.23	33,950,783,921.22	306,253,654.99
Non-controlling interests	-20,011,735.87	-19,981,918.25	29,817.62
Total owners' equity	33,624,518,530.36	33,930,802,002.97	306,283,472.61
Total liabilities and owners' equity	49,563,767,816.22	49,971,613,170.96	407,845,354.74

Adjustment statement

The Company shall, from 1 January 2019, implement the accounting standard for business enterprises No.22-Financial instrument recognition and measurement, accounting standard for business enterprises No.23-Financial asset transfer, accounting standard for business enterprises No.24-Hedge accounting, and accounting standard for business enterprises No.37-Presentation of financial instruments revised by Ministry of Finance in 2017. According to the requirements of the new financial instrument standards, the relevant information of financial instruments shall be presented and the comparative financial statements shall not be retroactively adjusted. This change of accounting policies has been reviewed and approved by the sixth meeting of the sixth board of directors.

Balance sheet of parent company

As at December 31 2019

Unit: CNY

Assets	Balance as at 31 December 2018	Balance as at 1 January 2019	Adjustment
Current assets:			
Cash and cash equivalents	1,849,574,170.07	1,849,574,170.07	
Financial assets held for trading		12,993,382,950.99	12,993,382,950.99
Financial assets measured			

at fair value through current profit or loss			
Derivative financial assets			
Notes receivables	143,456,446.32	143,456,446.32	
Accounts receivables	697,277,202.71	697,277,202.71	
Account receivables financing			
Prepayment	250,592,759.90	250,592,759.90	
Other receivables	949,089,213.52	950,355,344.98	1,266,131.46
Including:Interests receivable			
Dividends receivable	713,143.77	713,143.77	
Inventories	10,378,077,915.50	10,378,077,915.50	
Contract assets			
Assets held for sale			
Non-current assets due within one year	700,000,000.00		-700,000,000.00
Other current assets	12,338,796,250.84	178,129.84	-12,338,618,121.00
Total current assets	27,306,863,958.86	27,262,894,920.31	-43,969,038.55
Non-current assets:			
Investment in debt instruments			
Available-for-sale financial assets	1,231,283,468.30		-1,231,283,468.30
Investment in other debt instruments			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	7,365,139,180.24	7,365,139,180.24	
Investment in other equity instruments			
Other non-current financial assets		1,581,596,418.19	1,581,596,418.19
Investment property			
Fixed assets	5,008,615,512.59	5,008,615,512.59	
Construction in progress	92,262,796.92	92,262,796.92	
Productive biological assets			
Oil and gas assets			
Right-of-use asset			
Intangible assets	1,252,482,032.31	1,252,482,032.31	
Development expenses			
Goodwill			
Long-term deferred expenses			
Deferred tax assets	5,734,535.64	5,418,002.77	-316,532.87
Other non-current assets	179,613,182.42	179,613,182.42	
Total Non-current Assets	15,135,130,708.42	15,485,127,125.44	349,996,417.02
Total Assets	42,441,994,667.28	42,748,022,045.75	306,027,378.47
Current liabilities:			
Short-term loans			
Financial liabilities held for trading			
Financial liabilities measured at fair value through current profit or loss			
Derivative financial liabilities			
Notes payable			

Accounts payables	1,159,053,261.86	1,159,053,261.86	
Advance from customer	14,339,833,591.92	14,339,833,591.92	
Contract liabilities			
Employee benefits payable			
Taxes payable	1,069,550,625.85	1,069,550,625.85	
Other payables	183,715,786.65	183,715,786.65	
Including: Interests payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	16,752,153,266.28	16,752,153,266.28	
Non-current liabilities:			
Long-term loans	109,088.00	109,088.00	
Bonds payable			
Including : preference shares			
Perpetual bonds			
Lease liabilities			
Long-term payables	145,105,136.65	145,105,136.65	
Long-term payroll payables			
Provisions			
Deferred income			
Deferred tax liabilities		76,269,444.97	76,269,444.97
Other non-current liabilities			
Total non-current liabilities	145,214,224.65	221,483,669.62	76,269,444.97
Total liabilities	16,897,367,490.93	16,973,636,935.90	76,269,444.97
Owners' equity (or shareholders' equity)			
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	21,942,516,695.42	22,172,274,628.92	229,757,933.50
Total owners' equity	25,544,627,176.35	25,774,385,109.85	229,757,933.50
Total liabilities and owners' equity	42,441,994,667.28	42,748,022,045.75	306,027,378.47

Adjustment statement

The Company shall, from 1 January 2019, implement the accounting standard for business enterprises No.22-Financial instrument recognition and measurement, accounting standard for business enterprises No.23-Financial asset transfer, accounting standard for business enterprises No.24-Hedge accounting, and accounting standard for business enterprises No.37-Presentation of financial instruments revised by Ministry of Finance in 2017. According to the requirements of the new financial instrument standards, the relevant information of financial instruments shall be presented and the comparative financial statements shall not be retroactively adjusted. This change of accounting

policies has been reviewed and approved by the sixth meeting of the sixth board of directors.

VI. Taxes

1. Major tax types and rates

Tax type	Taxation basis	Tax rate
Value-added tax (VAT)	Output tax-deductible input tax	16%、13%、11%、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%
Yanghe Chile SPA	27%
YangHe International Investment Ltd, ZYG Ltd	0
ZYG LTD	0
ZYG Technology Investment Ltd	0

2. Other information

1. VAT shall be calculated and paid according to the difference between the current output tax and the current deductible input tax, and the applicable output tax rates shall be 16%, 13%, 11%, 6% and 19%. Since 1 April 2019, the Company's VAT rate was adjusted to 13% from 16%, according to the *No. 39, 2019 Announcement on Deepening VAT Reform Policies* issued by Ministry of Finance, State Administration of Taxation and General Administration of Customs.

The VAT rate of Yanghe Chile SPA is 19%. JSSJ Industry (HK) Holdings Co., Ltd., Yanghe Hong Kong Distillery Co., Ltd., ZYG E-Commerce HK Limited, ZYG LTD., YangHe International Investment Ltd., ZYG Technology Investment Ltd., do not pay VAT.

2. 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.

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., 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	4,067.27	24,103.07
Bank deposit	4,282,803,604.61	3,602,515,767.58
Other cash and cash equivalents	17,337,176.79	12,808,437.32
Total	4,300,144,848.67	3,615,348,307.97
Including: total deposit outbound	62,676,784.36	61,636,932.89

2. Financial assets held for trading

Unit: CNY

Item	Closing balance	Opening balance
Financial asset at fair value through profit and loss	17,976,767,209.45	17,900,259,775.43
Including:		
Equity instrument	2,012,500.00	
Debt instrument	17,974,754,709.45	17,900,259,775.43
Including:		
Total	17,976,767,209.45	17,900,259,775.43

Other notes:

Debt instruments are invested in bank financial products and trust financial products that mature within one year.

3. Notes receivables

1) Classification of notes receivables

Unit: CNY

Item	Closing balance	Opening balance
Bank acceptance bill	659,266,780.81	242,542,097.76
Total	659,266,780.81	242,542,097.76

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 receivables by portfolio	659,266,780.81	100.00%			659,266,780.81	242,542,097.76	100.00%			242,542,097.76
Including:										
Bank acceptance bill portfolio	659,266,780.81	100.00%			659,266,780.81	242,542,097.76	100.00%			242,542,097.76
Total	659,266,780.81	100.00%			659,266,780.81	242,542,097.76	100.00%			242,542,097.76

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			

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	34,220,000.00	
Total	34,220,000.00	

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	18,852,659.14	100.00%	2,772,040.49	14.70%	16,080,618.65	7,711,012.90	100.00%	2,188,751.59	28.38%	5,522,261.31
Including:										
Risk portfolio	18,852,659.14	100.00%	2,772,040.49	14.70%	16,080,618.65	7,711,012.90	100.00%	2,188,751.59	28.38%	5,522,261.31
Total	18,852,659.14	100.00%	2,772,040.49		16,080,618.65	7,711,012.90	100.00%	2,188,751.59	28.38%	5,522,261.31

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: CNY 583,288.90

Unit: CNY

Overdue years	Closing balance		
	Accounts receivables	Provision for bad debt	Proportion of provision
Overdue within 1 year	15,656,172.67	469,685.18	3.00%
Overdue 1-2 years	60,589.99	6,059.00	10.00%
Overdue 2-3 years	982,028.54	196,405.70	20.00%
Overdue more than 3 years	2,153,867.94	2,099,890.61	97.49%
Total	18,852,659.14	2,772,040.49	--

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

Disclosed by aging

Unit: CNY

Aging	Book value
Within 1 year (including 1 year)	15,656,172.67
1-2 years	60,589.99
2-3 years	982,028.54
Over 3 years	2,153,867.94
3-4 years	103,011.45
4-5 years	12,358.03
Over 5 years	2,038,498.46
Total	18,852,659.14

(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	2,188,751.59	583,288.90				2,772,040.49
Total	2,188,751.59	583,288.90				2,772,040.49

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	8,231,298.10	43.66%	246,938.94
Second	4,617,249.37	24.49%	138,517.48
Third	600,000.00	3.18%	600,000.00
Fourth	529,923.18	2.81%	15,897.70
Fifth	497,284.97	2.64%	14,918.55
Total	14,475,755.62	76.78%	

5. Prepayment**(1) Analysis by aging**

Unit: CNY

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	198,626,119.93	99.26%	14,556,402.45	76.68%
1-2 years	972,506.99	0.48%	3,978,336.29	20.95%
2-3 years	413,485.27	0.21%		
Over 3 years	103,213.00	0.05%	449,430.80	2.37%
Total	200,115,325.19	--	18,984,169.54	--

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	177,970,000.00	88.93
Second	9,081,148.00	4.54
Third	2,959,716.80	1.48
Fourth	1,710,654.91	0.86
Fifth	1,109,424.00	0.55
Total	192,830,943.71	96.36

6. Other receivables

Unit: CNY

Item	Closing balance	Opening balance
Other receivables	37,521,590.52	51,367,132.22
Total	37,521,590.52	51,367,132.22

(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	15,338,991.78	16,812,560.00
Cooperation	3,910,000.00	3,910,000.00

Business loans, petty cash and others	28,136,955.41	24,873,608.88
Total	113,132,996.12	111,343,217.81

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 2019	491,627.89		59,484,457.70	59,976,085.59
Change of opening balance as at 1 January 2019 in current period	—	—	—	—
-- Move to phase 3	-122,271.81		122,271.81	
Provision in 2019	116,445.88		18,256,611.48	18,373,057.36
Write-off in 2019			2,080,000.00	2,080,000.00
Other changes			-657,737.35	-657,737.35
Balance as at 31 December 2019	485,801.96		75,125,603.64	75,611,405.60

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)	10,470,134.36
1-2 years	5,255,906.32
2-3 years	4,830,781.64
Over 3 years	92,576,173.80
3-4 years	297,652.17
4-5 years	1,557,935.70
Over 5 years	90,720,585.93
Total	113,132,996.12

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 receivables bad debt provision	59,976,085.59	18,373,057.36		2,080,000.00	-657,737.35	75,611,405.60
Total	59,976,085.59	18,373,057.36		2,080,000.00	-657,737.35	75,611,405.60

Significant amount of reversal or recovery during this period:

Unit: CNY

Company Name	Recovery amount	Method
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d) Other receivables actually written off during this period

Unit: CNY

Item	Written off amount
Other receivables actually written off	2,080,000.00

Significant other receivables actually written off

Unit: CNY

Company's name	Nature	Amount	Reason	Procedures performed	Arisen from related party transactions or not

Other statements:

e) 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	37.93%	19,872,137.40
Industrial Commercial Bank of China Ltd. Kaifeng Haode branch	Savings deposit (Infringement dispute)	22,839,924.27	Over 5 years	20.19%	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	13.26%	15,000,000.00
Nanjing Peilong Sports Culture Co., Ltd.	Cooperation	3,910,000.00	Over 5 years	3.45%	3,910,000.00
Advance money for another	Advance money for another	2,379,354.55	2-3 year	2.10%	71,380.64
Total	--	87,036,403.48	--	76.93%	61,693,442.31

7. Inventories

Whether the Company implement the new revenue standards.

 Yes 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	394,844,178.61	6,710,130.33	388,134,048.28	389,136,605.04	8,125,769.63	381,010,835.41
Work in progress	551,503,829.41		551,503,829.41	530,437,380.46		530,437,380.46
Stocks	1,704,339,664.69		1,704,339,664.69	1,637,109,450.86		1,637,109,450.86

Revolving materials				7,316,606.29	2,270,576.29	5,046,030.00
semi-finished goods	11,789,267,153.89		11,789,267,153.89	11,338,514,891.01		11,338,514,891.01
Total	14,439,954,826.60	6,710,130.33	14,433,244,696.27	13,902,514,933.66	10,396,345.92	13,892,118,587.74

(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	8,125,769.63	2,248,496.85		3,664,136.15		6,710,130.33
Revolving material	2,270,576.29			2,270,576.29		
Total	10,396,345.92	2,248,496.85		5,934,712.44		6,710,130.33

8. Other current assets

Whether the Company implement the new revenue standards.

 Yes No

Unit: CNY

Item	Closing balance	Opening balance
VAT to be deducted	159,457,511.39	116,379,452.59
Consumption tax to be deducted	7,020,885.09	21,568,108.81
Advance payment of income tax	16,641,257.99	8,779,276.82
Total	183,119,654.47	146,726,838.22

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		18,000,000.00		-6,220,574.92	178,619.29					-1,436,422.19	10,521,622.18	
Subtotal		18,000,000.00		-6,220,574.92	178,619.29					-1,436,422.19	10,521,622.18	
Associated enterprise												
Jiangsu Su Wine Culture Transmission Co., Ltd.	3,265,020.38			933,080.63						-510,000.00	4,141,514.81	
Nanjing	3,639,991.56			405,497.30							4,045,488.86	

Hesong Culture Technology Co.,Ltd.										
Jiangsu Xinghe Investment Management Co.,Ltd.	2,518,316.88	3,700,000.00		434,708.65					6,653,025.53	
Subtotal	9,423,328.82	3,700,000.00		1,773,286.58			-510,000.00	453,413.80	14,840,029.20	
Total	9,423,328.82	21,700,000.00		-4,447,288.34	178,619.29		-510,000.00	-983,008.39	25,361,651.38	

10. Other non-current financial assets

Unit: CNY

Item	Closing balance	Opening balance
Equity instrument investment	3,353,861,013.63	2,954,345,741.07
Debt instrument investment	1,696,990,657.53	169,803,013.70
Total	5,050,851,671.16	3,124,148,754.77

11. Fixed assets

Unit: CNY

Item	Closing balance	Opening balance
Fixed Assets	7,256,557,503.85	7,833,665,282.19
Total	7,256,557,503.85	7,833,665,282.19

(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	7,865,532,249.94	3,108,421,413.39	65,422,432.44	375,598,572.77	11,414,974,668.54
2. Increase in current period	53,028,448.79	60,408,091.23	3,412,539.74	40,148,648.11	156,997,727.87
(1) External purchase	4,150,356.67	32,546,829.31	3,412,539.74	40,148,648.11	80,258,373.83
(2) Transfer from construction in progress	48,878,092.12	27,861,261.92			76,739,354.04

(3) Increase from business combination					
3.Decrease in current period	8,492,400.49	14,297,062.81	2,288,522.41	5,363,766.13	30,441,751.84
(1) Disposal or retirement	8,492,400.49	14,297,062.81	2,288,522.41	5,363,766.13	30,441,751.84
(2)Decrease from business combination					
4.Closing Balance	7,910,068,298.24	3,154,532,441.81	66,546,449.77	410,383,454.75	11,541,530,644.57
Accumulated depreciation					
1.Opening Balance	1,906,007,391.12	1,376,632,624.04	45,545,370.10	253,124,001.09	3,581,309,386.35
2.Increase in current period	376,588,559.24	284,242,262.56	6,903,922.95	54,274,521.15	722,009,265.90
(1)Provision	376,588,559.24	284,242,262.56	6,903,922.95	54,274,521.15	722,009,265.90
3.Decrease in current period	5,162,158.07	6,297,808.98	2,122,891.02	4,762,653.46	18,345,511.53
(1) Disposal or retirement	5,162,158.07	6,297,808.98	2,122,891.02	4,762,653.46	18,345,511.53
4.Closing Balance	2,277,433,792.29	1,654,577,077.62	50,326,402.03	302,635,868.78	4,284,973,140.72
Provision for fixed asset impairment					
1.Opening Balance					
2.Increase in current period					
(1)Provision					
3.Decrease in current period					
(1)Disposal or retirement					
4.Closing Balance					
Book value					
1.Closing 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.Opening book value	5,959,524,858.82	1,731,788,789.35	19,877,062.34	122,474,571.68	7,833,665,282.19

(2)Fixed assets acquired from finance lease

Unit: CNY

Item	Original cost	Accumulated depreciation	Provision for impairment	Book value
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(3) Investment properties without certification of right

Unit: CNY

Item	Book value	Reason for not having the certification of right
Yanghe Blue-collar workers apartment	143,409,809.42	In process
Yanghe workshop etc.	84,604,173.30	In process
Total	228,013,982.72	

12. Construction in progress

Unit: CNY

Item	Closing balance	Opening balance
Construction in progress	263,153,505.12	153,747,041.24
Construction materials		788,063.58
Total	263,153,505.12	154,535,104.82

(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	7,668,674.65		7,668,674.65
Packaging logistics project of Shuanggou Distillery industry park	3,145,312.97		3,145,312.97	12,080,019.36		12,080,019.36
Shuanggou new area brewing project	13,132,641.22		13,132,641.22	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	26,209,114.57		26,209,114.57	11,167,656.92		11,167,656.92
Siyang base three-dimensional warehouse, packaging production line project	14,449,560.37		14,449,560.37	15,581,233.56		15,581,233.56
Qu-making third workshop sesame qu expansion phase II project	5,955,626.39		5,955,626.39	5,428,198.28		5,428,198.28
40,000 tons of pottery jar warehouse project	82,205,504.93		82,205,504.93			

Nanjing operation center building project	40,644,198.33		40,644,198.33		
Other projects	65,978,441.68		65,978,441.68	77,585,609.68	77,585,609.68
Total	263,153,505.12		263,153,505.12	153,747,041.24	153,747,041.24

(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	7,668,674.65	4,634,381.84	11,972,959.40		330,097.09	197.87%	Late stage				Other
Shuanggou new area bottle storage and packaging relocation project	495,000,000.00	12,080,019.36	2,199,188.86	11,133,895.25		3,145,312.97	207.12%	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	11,167,656.92	15,041,457.65			26,209,114.57	58.24%	Late stage				Other
Siyang base three-dimensional warehouse, packaging production line project	41,000,000.00	15,581,233.56	4,059,801.92	5,191,475.11		14,449,560.37	50.93%	Medium-term				Other
Qu-making third workshop sesame qu expansion phase II project	9,800,000.00	5,428,198.28	527,428.11			5,955,626.39	60.77%	Medium-term				Other
40,000 tons of pottery jar warehouse project	360,000,000.00		82,205,504.93			82,205,504.93	22.83%	Medium-term				Other

Nanjing operation center building project	800,000.00		40,644,198.33			40,644,198.33	5.08%	Early stage				Other
Total	2,729,490,000.00	76,161,431.56	149,311,961.64	28,298,329.76		197,175,063.44	--	--				--

(3) Construction materials

Unit: CNY

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Cable				6,320.03		6,320.03
Electric equipment				781,743.55		781,743.55
Total				788,063.58		788,063.58

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	1,946,066,638.06			399,851,465.43	105,654,667.78	2,451,572,771.27
Increase in current period	5,437,510.08				12,793,902.50	18,231,412.58
Including: Acquired	5,437,510.08				12,793,902.50	18,231,412.58
Internally developed						
Business combination						
Decrease in current period						
Including: Disposal						
Closing balance	1,951,504,148.14			399,851,465.43	118,448,570.28	2,469,804,183.85

Accumulated amortization of intangible assets						
Opening balance	247,135,065.66			384,868,550.40	37,607,468.11	669,611,084.17
Increase in current period	39,916,405.50			2,241,252.62	10,901,297.42	53,058,955.54
Including: Provision	39,916,405.50			2,241,252.62	10,901,297.42	53,058,955.54
Decrease in current period						
Including: Disposal						
Closing balance	287,051,471.16			387,109,803.02	48,508,765.53	722,670,039.71
Provision for impairment						
Opening balance						
Increase in current period						
Including: Provision						
Decrease in current period						
Including: Disposal						
Closing balance						
Book value of intangible assets						
Closing book value	1,664,452,676.98			12,741,662.41	69,939,804.75	1,747,134,144.14
Opening book value	1,698,931,572.40			14,982,915.03	68,047,199.67	1,781,961,687.10

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.

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 Zhaiyougou 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
Dream Blue Chuanhaihui (Shiyan) Trade Investment Co.,Ltd.	3,405,542.42		3,405,542.42		
Total	342,814,352.41		3,405,542.42		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 Zhaiyougou 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
Dream Blue Chuanhaihui (Shiyan) Trade Investment Co.,Ltd.	3,405,542.42			3,405,542.42		
Total	66,812,362.46			3,405,542.42		63,406,820.04

Related information of asset groups or asset group portfolio containing goodwill

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.

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 18.47% 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.

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	907,636.00	381,215.44	1,034,707.84		254,143.60
Total	907,636.00	381,215.44	1,034,707.84		254,143.60

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	81,682,220.18	20,415,104.69	69,593,195.47	16,780,145.22
Unrealized profit from internal transaction	41,036,182.10	10,259,045.53	49,459,513.99	12,364,878.51
Deductible losses	456,081,306.89	114,020,326.72	298,587,033.87	74,646,758.47
The difference between book value of debt and tax base	2,721,478,322.51	680,369,580.63	2,437,185,000.00	609,296,250.00
Total	3,300,278,031.68	825,064,057.57	2,854,824,743.33	713,088,032.20

(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	47,048,144.60	11,762,036.15	56,077,024.20	14,019,256.05
Changes in fair value of financial assets held for trading	516,851,327.69	127,497,047.01	405,199,394.80	101,561,882.13
Total	563,899,472.29	139,259,083.16	461,276,419.00	115,581,138.18

(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		825,064,057.57		713,088,032.20
Deferred tax liabilities		139,259,083.16		115,581,138.18

(4)Details of unrecognized deferred tax assets

Unit: CNY

Item	Closing balance	Opening balance
Deductible temporary differences	97,994,641.66	146,980,533.21
Deductible losses	155,606,254.87	214,056,848.93
Total	253,600,896.53	361,037,382.14

(5)Deductible losses from unrecognized deferred tax assets will due on the following years

Unit: CNY

Year	Closing balance	Opening balance	Note
2020		27,264,949.28	
2021	50,282,695.77	82,161,059.93	
2022	67,671,298.41	67,671,298.41	
2023	32,435,218.31	36,959,541.31	
2024	5,217,042.38		
Total	155,606,254.87	214,056,848.93	--

17.Other non-current assets

Whether the Company implement the new revenue standards

 Yes No

Unit: CNY

Item	Closing balance	Opening balance
Compensation for land demolition	158,606,824.94	158,606,824.94
Prepayment of construction equipment and house purchase	45,791,625.24	46,405,359.98
Total	204,398,450.18	205,012,184.92

18.Accounts payables**(1)Presentation of accounts payables**

Unit: CNY

Item	Closing balance	Opening balance
Material purchase	1,263,490,446.81	1,159,829,383.04
Construction and equipment payment	67,158,670.01	101,453,014.85
Total	1,330,649,116.82	1,261,282,397.89

19.Advance from customers

Whether the Company implement the new revenue standards

 Yes No**(1)Presentation of advances from customers**

Unit: CNY

Item	Closing balance	Opening balance
Advance from customers	6,753,595,187.64	4,468,409,150.75
Total	6,753,595,187.64	4,468,409,150.75

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	185,559,166.78	2,031,622,068.19	2,101,279,279.03	115,901,955.94
Post-employment benefits-defined contribution plans	192,206.81	146,921,590.75	146,921,590.25	192,207.31
Termination benefits		175,459.20	175,459.20	
Total	185,751,373.59	2,178,719,118.14	2,248,376,328.48	116,094,163.25

(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	181,365,224.92	1,778,242,627.14	1,843,778,130.83	115,829,721.23
Employees' welfare		97,954,214.71	97,954,214.71	
Social insurance premiums	14,860.09	70,992,345.87	70,992,345.88	14,860.08
Including: Medical Insurance	7,972.00	57,944,553.64	57,944,553.64	7,972.00
Work-related injury insurance	6,875.34	4,441,821.67	4,441,821.68	6,875.33
Maternity insurance premium	12.75	8,605,970.56	8,605,970.56	12.75
Housing funds	1,149,180.80	75,697,089.01	76,793,610.01	52,659.80
Labor union expenditures and employee education funds	3,029,900.97	8,735,791.46	11,760,977.60	4,714.83
Total	185,559,166.78	2,031,622,068.19	2,101,279,279.03	115,901,955.94

(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	191,322.73	142,700,163.30	142,700,162.80	191,323.23
Unemployment insurance premium	884.08	4,221,427.45	4,221,427.45	884.08
Total	192,206.81	146,921,590.75	146,921,590.25	192,207.31

21. Taxes payable

Unit: CNY

Item	Closing balance	Opening balance
Value-added tax	27,126,012.81	189,165,872.30

Consumption tax	184,097,543.52	718,733,315.03
Enterprise income tax	1,548,461,975.77	2,284,751,258.08
Individual Income Tax	11,273,828.79	8,034,721.58
Urban maintenance and construction tax	11,574,124.18	16,248,651.42
Land use tax	4,322,610.74	13,930,499.24
Property tax	14,349,066.89	5,044,392.51
Education Surcharge and Local Education Surcharge	11,016,464.11	15,946,560.04
Stamp tax	731,524.41	1,271,183.78
Integrated fund	2,954.09	560.58
Other tax	2,331,901.16	2,331,745.16
Total	1,815,288,006.47	3,255,458,759.72

22. Other payables

Unit: CNY

Item	Closing balance	Opening balance
Other payables	6,521,146,762.07	6,457,301,511.01
Total	6,521,146,762.07	6,457,301,511.01

(1) Other payables

(a) Categories by nature

Unit: CNY

Item	Closing balance	Opening balance
Dealer unsettled discount	2,558,631,122.51	2,298,765,700.00
Dealer deposit	2,668,012,523.41	2,929,101,334.21
Dealer risk pledged deposit	718,922,266.50	659,646,746.28
Accrued expenses	306,270,802.86	287,765,353.59
Quality guarantee deposit and performance deposit	180,729,458.44	188,186,132.55
Other payables	88,580,588.35	93,836,244.38
Total	6,521,146,762.07	6,457,301,511.01

(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	632,122,994.05	Dealer risk pledged deposit and dealer deposit
Total	632,122,994.05	--

23. Long-term loans

(1) Long-term loans by category

Unit: CNY

Item	Closing balance	Opening balance
Credit loans	72,723.00	109,088.00
Total	72,723.00	109,088.00

24. Long-term payables

Unit: CNY

Item	Closing balance	Opening balance
Special accounts payables	197,623,728.85	198,404,248.85
Total	197,623,728.85	198,404,248.85

(1) Long-term payables by nature

Unit: CNY

Item	Closing balance	Opening balance
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(2)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	198,404,248.85		780,520.00	197,623,728.85	
Total	198,404,248.85		780,520.00	197,623,728.85	--

25. Deferred incomes

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Reason
Government grants	98,513,500.00		8,757,000.00	89,756,500.00	
Total	98,513,500.00		8,757,000.00	89,756,500.00	--

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	30,310,600.00			4,257,000.00			26,053,600.00	Asset
Special fund for packaging logistics project in Shuanggou new area	18,000,000.00			3,000,000.00			15,000,000.00	Asset
Special fund for Harbin Binzhou brewery construction project	41,202,900.00						41,202,900.00	Asset
Shuanggou sewage treatment project	9,000,000.00			1,500,000.00			7,500,000.00	Asset

26. 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

27. Capital reserves

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Share premium	741,674,076.44		171,526.31	741,502,550.13
Other capital reserves	30,000.00			30,000.00
Total	741,704,076.44		171,526.31	741,532,550.13

Other statements, including the change in this period and the reasons for the change
 During this period, the decrease of capital reserves was CNY 171,526.31, resulting from capital decrease of minority shareholders of Dream Blue Haichuanhui (Shiyan) Trade Investment Co.,Ltd., the holding subsidiary of the Company.

28. 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	-1,370,740.85	-2,228,748.45				-2,238,030.31	9,281.86	-3,608,771.16
Including: other comprehensive income will be reclassified into profits or losses under the equity method		178,619.29				178,619.29		178,619.29
Difference from translation of financial statements in foreign currency	-1,370,740.85	-2,407,367.74				-2,416,649.60	9,281.86	-3,787,390.45
Total other comprehensive income	-1,370,740.85	-2,228,748.45				-2,238,030.31	9,281.86	-3,608,771.16

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.

29. 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 include increase or decrease changes and change reasons this period:

The statutory surplus reserve has reached 50% of the registered capital, and the statutory surplus reserve will not be accrued during this period.

30. Undistributed profits

Unit: CNY

Item	Current period	Previous period
Undistributed profit before adjustment at the end of the last year	30,784,308,899.94	26,511,938,505.25
Adjustment in the total undistributed profits at the beginning of year	165,659,685.69	0.00
Undistributed profit after adjustment at the beginning of year	30,949,968,585.63	26,511,938,505.25
Plus: net profit attributable to owners of the parent company for the current period	7,382,822,726.87	8,115,189,794.69
Ordinary share dividends payable	4,822,361,600.00	3,842,819,400.00
Undistributed profits at the end of the period	33,510,429,712.50	30,784,308,899.94

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 rule, undistributed profit at the beginning increases/decreases by CNY 165,659,685.69.

(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 merged scope, 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.

31. Operating income and operating costs

Unit: CNY

Item	Current period amount		Previous period amount	
	Operating income	Operating cost	Operating income	Operating cost
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 Company implement the new revenue standards

 Yes No
32. Taxes and surcharges

Unit: CNY

Item	Current period amount	Previous period amount
Consumption tax	2,605,319,409.77	3,052,824,791.60
Urban maintenance and construction tax	254,046,554.00	306,402,753.67
Educational surcharge	252,226,373.49	304,586,562.85
Property tax	61,403,035.90	61,463,159.37
Land use tax	17,976,049.12	22,733,353.58
Stamp tax	8,809,094.29	10,995,368.32
Increment tax on land value	1,567,679.81	10,699,953.12
Environmental protection tax	126,776.37	224,031.57
Others	4,853.34	
Total	3,201,479,826.09	3,769,929,974.08

33. Selling and distribution expenses

Unit: CNY

Item	Current period amount	Previous period amount
Advertising promotion expense	1,566,903,873.47	1,492,333,124.96
Payroll	502,836,431.55	505,358,495.38
Shipping and handling cost[Note]	10,327,005.41	5,385,839.29
Labor expense	156,239,051.28	94,353,482.05
Travel expense	365,735,100.77	371,943,599.53
Business entertainment expense	3,809,795.16	2,468,968.74
Other expense	85,859,912.95	89,558,118.27
Total	2,691,711,170.59	2,561,401,628.22

34. General and administrative expenses

Unit: CNY

Item	Current period amount	Previous period amount
Payroll	727,031,403.39	645,451,421.56
Travel expense	60,829,942.03	51,131,089.76
Office allowance	7,528,872.00	9,563,500.30
Wate, electric and steam expense	64,916,608.02	64,140,517.86
Business entertainment expense	18,999,148.74	17,889,974.15
Depreciation cost	489,966,400.69	473,056,556.54
Rental expense	2,562,113.84	9,114,114.28
Repair charge	54,009,927.49	42,487,322.35
Amortization of intangible assets	53,008,955.54	50,118,316.96
Vehicle use expense	20,175,918.19	19,765,733.87
Shipping and handling cost	41,141,371.90	43,220,136.60
Other expense	316,321,065.17	278,326,418.38
Total	1,856,491,727.00	1,704,265,102.61

35. Research & Development expenses

Unit: CNY

Item	Current period amount	Previous period amount
Material expenses	85,700,940.30	5,487,765.94
Payroll	54,476,101.25	13,387,099.46
Other expense	19,788,552.33	8,690,352.23
Total	159,965,593.88	27,565,217.63

Other statements:

During this period, seven raw liquor production R&D projects were newly registered in Suqian Municipal Science and Technology Bureau, resulting in a substantial increase in the amount of R&D expenses.

36. Financial expenses

Unit: CNY

Item	Current period amount	Previous period amount
Interest expense	2,618.00	3,273.00
Bill discount expense	633,304.85	
Less: Interest income	77,589,503.94	69,133,580.05
Plus: Losses from currency exchange (Less: income)	-3,270,386.19	652,223.14
Plus: Bank charges	1,797,415.87	3,339,447.15
Total	-78,426,551.41	-65,138,636.76

37. Other income

Unit: CNY

Sources of other income	Current period	Previous period
Government grants received	83,307,366.37	59,870,221.67
Withholding personal tax commission	1,670,388.78	3,482,761.39
Total	84,977,755.15	63,352,983.06

38. Investment income

Unit: CNY

Item	Current period amount	Previous period amount
Investment income from long-term equity investments under the equity method	-4,447,288.34	1,819,591.30
Investment income from disposing long-term equity investments	-43,877.59	
Investment income from financial assets held for trading during the holding period	40,267,966.45	
Investment income from disposal of financial assets held for trading	814,777,407.10	
Investment income from available-for-sale financial assets during the holding period		35,123,288.49
Investment income from disposal of available-for-sale financial assets		56,995,537.28
Other investment income		824,354,377.42
Total	850,554,207.62	918,292,794.49

Other statements:

Other investment income is generated from the financial products purchased by the Company.

39. 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	158,679,505.33	
Total	158,679,505.33	

40. Losses from credit impairment

Unit: CNY

Item	Current period amount	Previous period amount
Bad debt losses of other receivables	-18,373,057.36	
Bad debt losses of accounts receivables	-583,288.90	
Total	-18,956,346.26	

41. Losses from asset impairment

Whether the Company implemented the new revenue standards

 Yes No

Unit: CNY

Item	Current period amount	Previous period amount
Bad debt losses		-1,098,948.45
Losses from provision for stock obsolescence	-2,248,496.85	
Total	-2,248,496.85	-1,098,948.45

42. Gains from disposal of assets

Unit: CNY

Gains from disposal of assets	Current period amount	Previous period amount
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Gains from disposal of fixed assets	19,983,101.67	24,568,477.22
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43. Non-operating income

Unit: CNY

Item	Current period amount	Previous period amount	Amount included in non-recurring profit and loss in current period
Government grants	2,298,016.82		2,298,016.82
Liquidated damages income	11,254,294.46	15,698,217.08	11,254,294.46
Compensation payment	7,819,571.36	10,840,761.81	7,819,571.36
Account payables that are unable to pay	185,947.97	9,540,839.98	185,947.97
Others	688,123.76	1,851,187.31	688,123.76
Total	22,245,954.37	37,931,006.18	22,245,954.37

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

44. 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	5,546,180.00	8,890,000.00	5,546,180.00
Losses from retirement of fixed asset	6,141,958.08	2,364,904.26	6,141,958.08
Integrated fund	79,543.09	68,150.83	
Reparations	1,442,510.50	227,180.00	1,442,510.50
Others	114,100.03	846,799.20	114,100.03
Total	13,324,291.70	12,397,034.29	13,244,748.61

45. Income tax expense

(1) Statement of income tax expense

Unit: CNY

Item	Current period amount	Previous period amount
Current period income tax	2,472,964,546.78	2,792,139,209.45
Deferred income tax	-88,251,204.98	-68,283,315.11
Total	2,384,713,341.80	2,723,855,894.34

(2) Adjustment for accounting profit and income tax expense

Unit: CNY

Item	Current period amount
Total profit	9,770,804,257.01
Income tax expenses determined by statutory/applicable tax rate	2,442,701,064.25
Impact from subsidiaries' different tax rates	-531,987.54
Adjust for impact from income tax expense in previous period	-10,190,064.58
Impact from non-taxable income	4,164,697.62
Non-deductible costs, expenses and losses	3,890,772.90
Deductible from deferred tax assets in previous period	-26,525,499.33

Temporary differences due to unrecognized deferred tax asset during current period	793,275.42
Add the effect of the deduction	-29,588,916.94
Income tax expense	2,384,713,341.80

46. Net other comprehensive income

Please refer to Note VII-28. for details during this period.

47. Consolidated cash flow items

(1) Cash received from other operation activities

Unit: CNY

Item	Current period amount	Previous period amount
Risk deposit	59,275,520.22	41,386,027.21
Dealer deposit	2,602,491.66	1,078,922,221.42
Interest income	77,589,503.94	69,133,580.05
Liquidated damages income	11,254,294.46	15,698,217.08
Government grants	76,848,383.19	51,034,055.00
Commission for withholding tax	1,670,388.78	3,482,761.39
Others	31,109,582.42	233,913,582.83
Total	260,350,164.67	1,493,570,444.98

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	51,468,377.31	73,756,101.88
Advertising promotion expense	1,751,245,676.57	1,514,147,166.86
Rental expense	10,604,573.95	11,809,301.97
Repair charge	54,113,100.25	42,532,923.93
Travel expense	450,385,225.31	393,625,149.65
Entertainment expense	22,808,943.90	20,358,942.89
Insurance expense	5,386,711.21	4,809,096.29
Labor expense	183,149,910.74	135,194,429.87
Others	435,334,271.31	990,691,742.63
Total	2,964,496,790.55	3,186,924,855.97

Statements for cash paid for other operating activities:

(3) Cash received from other investing activities

Unit: CNY

Item	Current period amount	Previous period amount

Statements for cash received from other investing activities:

(4) Cash paid for other investing activities

Unit: CNY

Item	Current period amount	Previous period amount

Statements for cash paid from other investing activities:

(5) Cash received for other financing activities

Unit: CNY

Item	Current Period Amount	Previous period Amount
Letter of credit deposit		1,500,000.00
Total		1,500,000.00

Statements for cash received for other financing activities:

(6) Cash paid for other financing activities

Unit: CNY

Item	Current period amount	Previous period amount
A cash payment by minority shareholder	750,000.00	
Total	750,000.00	

Statements for cash paid for other financing activities:

48. 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	7,386,090,915.21	8,115,329,894.50
Add: Provision for asset impairment	21,204,843.11	1,098,948.45
Depreciation of fixed asset, oil & gas assets and productive biological assets	722,009,265.90	707,143,699.48
Amortization of intangible assets	53,058,955.54	50,118,316.96
Amortization of long-term deferred expenses	1,034,707.84	184,008.16
Losses from disposal of fixed assets, intangible assets and other long-term Assets	-19,983,101.67	-24,568,477.22
Losses on retirement of fixed assets	6,141,958.08	2,364,904.26
Losses from changes in fair value	-158,679,505.33	
Financial expense	-3,267,768.19	655,496.14
Losses on investments	-850,554,207.62	-918,292,794.49
Decrease in deferred tax asset	-111,976,025.37	-64,344,859.11
Increase in deferred tax liabilities	23,677,944.98	-3,938,515.05
Decrease in inventory	-537,439,892.94	-1,027,648,654.29
Decrease in operation receivables	-612,187,011.25	49,163,073.33
Increase in operation payables	878,760,793.12	2,169,483,775.16
Net cash flow from operating activities	6,797,891,871.41	9,056,748,816.28
Significant investing and financing activities not involving cash flow:	--	--
Net change in cash & cash equivalents	--	--
Closing balance of cash	4,300,144,848.67	3,615,348,307.97
Less: opening balance of cash equivalents	3,615,348,307.97	1,749,952,876.18
Net change in cash and cash equivalents	684,796,540.70	1,865,395,431.79

(2) Composition of cash and cash equivalents

Unit: CNY

Item	Closing balance	Opening balance
Cash	4,300,144,848.67	3,615,348,307.97
Including: cash on hand	4,067.27	24,103.07
Unrestricted bank deposit	4,282,803,604.61	3,602,515,767.58
Other unrestricted cash & cash equivalents	17,337,176.79	12,808,437.32
Closing balance of cash and cash Equivalents	4,300,144,848.67	3,615,348,307.97

49. 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	--	--	63,771,419.21
Including : USD	5,851,102.50	6.9762	40,818,461.26
EUR			
HKD	2,267,649.63	0.89578	2,031,315.19
CLP	2,259,388,389.00	0.0092599	20,921,642.76
Receivables	--	--	
Including : USD			
EUR			
HKD			
Other receivables			423,149.83
Including : HKD	472,381.42	0.89578	423,149.83
Other payables			1,312,830.59
Including : HKD	1,465,427.84	0.89578	1,312,700.95
CLP	14,000.00	0.0092599	129.64
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
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 Technology Investment Ltd	British Virgin Islands	USD	Currency in the main economic environment of business operations
Yanghe Chile 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

50. Government grants**(1) Details of government grants**

Unit: CNY

Item	Amount	Presentation	Amount included in profit or loss
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Awards and subsidies for the second batch of projects of Suqian guide fund for industrial development (industrial development) in 2018	1,500,000.00	Other income	1,500,000.00
The urgent needed talents for development of north Jiangsu special fund	1,687,500.00	Other income	1,687,500.00
Suqian Yanghe new district economic development bureau cash reward funds	5,543,000.00	Other income	5,543,000.00
Tap water sewage treatment return	1,558,900.00	Other income	1,558,900.00
Pollution discharge subsidies	3,000,000.00	Other income	3,000,000.00
2017 Suqian green demonstration enterprise bonus	300,000.00	Other income	300,000.00
2018 provincial financial incentive fund for enterprise R&D expenses	300,000.00	Other income	300,000.00
Steady position subsidies	1,565,984.27	Other income	1,565,984.27
Government tax incentives	5,290,000.00	Other income	5,290,000.00
Industrial support fund of Ningxiang economic and technological development zone	6,710,080.00	Other income	6,710,080.00
Nanjing Hexi financial cluster development special support funds	11,714,859.86	Other income	11,714,859.86
2018 Special fund for industrial and information technology development of Guizhou province (the second batch of energy conservation projects)	600,000.00	Other income	600,000.00
Special fund of Encouraging and promoting Sihong county tourism development	1,000,000.00	Other income	1,000,000.00
2018 Suqian municipal bureau of industry and information technology municipal guide fund for industrial development (green demonstration enterprise)	300,000.00	Other income	300,000.00
Office space rental subsidy	500,000.00	Other income	500,000.00
2019 financial incentive fund for enterprise R&D investment	500,000.00	Other income	500,000.00
Guiding funds for local industrial development	30,914,915.24	Other income	30,914,915.24
Shanggou recruit veterans VAT relief	1,984,000.00	Non-operating income	1,984,000.00
Others	1,879,143.82	Other income / Non-operating income	1,879,143.82
Transfer of current deferred earnings	8,757,000.00	Other income	8,757,000.00
Total	85,605,383.19		85,605,383.19

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:

A. Establishment of subsidiaries

In September 2018, the Company registered and established Yanghe Hong Kong Distillery Co., Ltd. in Hong Kong, which was invested in October 2019 and included in the consolidated financial statements from October 2019.

B. Cancellation of subsidiaries

(1) Jiangsu Guanmeng Information Technology Co., Ltd., the holding subsidiary, was liquidated and cancelled, and on 12 February 2019, it obtained the *Notice of approval for cancellation registration of the company* from Suzhou Xiangcheng District Market Supervision Administration. As of March 2019, it is no longer included in the consolidated scope of the consolidated financial statements.

(2) Jiangsu Oubaosi International Trade Co., Ltd., the holding subsidiary, was liquidated and cancelled. On 3 January 2019, it obtained the *Notice of approval for cancellation registration of the company* from Nanjing Jiangbei New District Management Committee Market Supervision Administration. As of February 2019, it is no longer included in the consolidated scope of the consolidated financial statements.

(3) Jiangsu Yanghe Packaging Co., Ltd., the holding subsidiary, was liquidated and cancelled, and on 2 February 2019, it obtained the *Notice of approval for cancellation registration of the company* from Suqian Municipal Administration for Industry and Commerce. As of March 2019, it is no longer included in the consolidated scope of the consolidated financial statements.

(4) Dream Blue Haichuanhui (Shiyan) Trade and Investment Co., Ltd., the holding subsidiary, was liquidated and cancelled, and on 21 September 2019, it obtained the *Notice of approval for cancellation registration of the company* from Shiyan Municipal Administration Approval Bureau. As of October 2019, it is no longer included in the consolidated scope of the consolidated financial statements.

(5) Xuzhou Huaqu Wine Development Co., Ltd., the holding subsidiary, was liquidated and cancelled, and on 24 October 2019, it obtained the *Notice of approval for cancellation registration of the company* from Xuzhou Market Supervision Administration. As of November 2019, it is 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	
Jiangsu Yanghe Package Co., Ltd.	Suqian, Jiangsu province	Suqian, Jiangsu province	Liquor package	100.00%		Establishment
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

Huaian Huaqu 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 Operation Co.,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 Operation Co.,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 Miluochun Liquor Industry Co.,Ltd.	Ningxiang, Hunan province	Ningxiang, Hunan province	Manufacture and sale of liquor and compound wine	100.00%		Business 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
Xuzhou Huaqu Wine Development Co.,Ltd.	Xuzhou, Jiangsu province	Xuzhou, Jiangsu province	Commerce		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 Zhaiyougou E-commerce Co.,Ltd	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Commerce		100.00%	Business combinations involving enterprises not under common control
Nanjing Tongmeng 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
Nanjing Oubaosi International Trade	Nanjing, Jiangsu	Nanjing, Jiangsu province	Import and export business		100.00%	Business combinations

Co.,Ltd.	province		of self-run goods, agency goods and technology			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 Tongmeng City Logistics Co.,Ltd.	Changzhou, Jiangsu province	Changzhou, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations 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 Zhaiyougou 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
Jinagsu Guanmeng Information Technology Co.,Ltd.	Suzhou, Jiangsu province	Suzhou, Jiangsu province	Information technology development		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-	Suqian, Jiangsu	Suqian, Jiangsu province	Commerce		100.00%	Establishment

commerce Co.,Ltd.	province					
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
Dream Blue Chuanhaihui (Shiyan) Trade Investment Co.,Ltd.	Shiyan, Hubei province	Shiyan, Hubei province	Industrial investment, Online business consultation	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 distribution, freight forwarder	100.00%		Establishment
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

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	10,521,622.18	
Aggregate of the following items calculated in proportion to shareholding	--	--
--Net profit	-6,220,574.92	
-- Other comprehensive income	178,619.29	
-- Total comprehensive income	-6,041,955.63	
Joint ventures:	--	--
Aggregated carrying amount of investments	14,840,029.20	9,423,328.82
Aggregate of the following items calculated in proportion to shareholding	--	--
--Net profit	1,773,286.58	1,819,591.30
-- Total comprehensive income	1,773,286.58	1,819,591.30

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 2019. 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	1,330,649,116.82				1,330,649,116.82
Other payables	6,521,146,762.07				6,521,146,762.07
Long-term loan	72,723.00				72,723.00
Long-term payables				197,623,728.85	197,623,728.85

(Continued)

Item	Opening balance				
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Account payables	1,261,282,397.89				1,261,282,397.89
Other payables	6,457,301,511.01				6,457,301,511.01
Long-term loan	109,088.00				109,088.00
Long-term payables				198,404,248.85	198,404,248.85

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	5,851,102.50	6.9762	40,818,461.26	5,234,261.55	6.8632	35,923,783.86
HKD	2,267,649.63	0.89578	2,031,315.19	1,153,729.70	0.8762	1,010,897.96
CLP	2,259,388,389.00	0.0092599	20,921,642.76	1,356,097,790.00	0.0098436	13,348,876.41
Other receivables						
Include: USD						
HKD	472,381.42	0.89578	423,149.83	273,999.76	0.8762	240,078.59
Account payables						
Include: USD				494,265.45	6.8632	3,392,242.64
CLP				6,139,589.00	0.009844	60,435.62
Other payables						
Include: HKD	1,465,427.84	0.89578	1,312,700.95	3,430,385.91	0.8762	3,005,704.13
CLP	14,000.00	0.0092599	129.64	168,352.00	0.009844	1,657.19
Net amount			62,881,738.45			44,063,597.24

The amount of foreign currency financial assets and financial liabilities of the company is small. Exchange rate fluctuations have little impact on the Company's operating performance.

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	
Disclosure of continuous measurement at fair value	--	--	--	--
(1) Debt instrument investment			19,671,745,366.98	19,671,745,366.98
(2) Equity instrument investment	331,714,847.11		3,024,158,666.52	3,355,873,513.63
Disclosure of discontinuous measurement at fair value	--	--	--	--

2. Determination basis of the market value of items measured continuously and discontinuously within Level 1 of the fair value hierarchy

Item	Fair value	Active market quote
------	------------	---------------------

		Transaction price	Sources
Continuous measurement at fair value			
(1) Financial assets held for trading			
Equity instrument investment	331,714,847.11	331,714,847.11	Local open market closing price
Total amount of assets measured at fair value continuously	331,714,847.11	331,714,847.11	

3. Items measured continuously and discontinuously within Level 3 of the fair value hierarchy, valuation technique adopted and quantitative and qualitative information of important parameters

Item	Fair value	Valuation technique
Continuous measurement at fair value		
Financial assets held for trading		
Debt instrument investment	19,671,745,366.98	The expected rate of return as an important reference to evaluate its fair value
Equity instrument investment	3,024,158,666.52	The investment cost or the net assets of the invested entity at the end of the period are used as an important reference to evaluate its fair value
Total amount of assets measured at fair value continuously	22,695,904,033.50	

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 110.00 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 Notes. 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
Suning Consumption Finance Co.,Ltd.	Joint stock company, holding 5% 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	22,491,676.84		No	23,075,164.23
Nanjing Hesong Culture Technology Co.,Ltd.	Advertising and general publicity expense	26,877,500.00		No	21,460,376.65
Jiangsu Diageo Wine Co. LTD	Liquor	9,426,504.96		No	

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	21,940,314.79	24,698,678.39
Jiangsu Su Wine Cultural Transmission Co.,Ltd.	Sales of liquor	27,033,928.43	34,464,141.85
Jiangsu Diageo Wine Co. Ltd	Sales of liquor	11,451,243.61	
Nanjing Hesong Culture Technology Co.,Ltd.	Consulting fee income	165,048.55	

Description of related transactions in the purchase and sale of goods, provision and receipt of services

(2) Other related party transactions

Jiangsu Yanghe Investment Management Co., Ltd., a holding subsidiary, recovered CNY 30,000.00 of time deposit from Suning Consumer Finance Co., Ltd., and charged CNY 9,497,222.22 of deposit interest.

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
Advance from customer	Shanghai Haiyan Logistics Development Co.,Ltd.	3,455,154.28	8,427,121.32
Advance from customer	Jiangsu Su Wine Cultural Transmission Co.,Ltd.	7,998,800.00	4,541,664.83
Other Payables	Shanghai Haiyan Logistics Development Co.,Ltd.	83,709.60	801,624.00
Other Payables	Jiangsu Su Wine Cultural Transmission Co.,Ltd.	900,000.00	933,060.00

XIII. Commitments and contingencies**1. Significant commitments**

Significant commitments existing on the balance sheet date

By the end of 31 December 2019, 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 2019, 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 planed to be distributed	4,502,987,691.00
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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	900,499,168.05	100.00%	246,938.94	0.03%	900,252,229.11	697,277,202.71	100.00%			697,277,202.71
Including:										
Risk portfolio	8,231,298.10	0.91%	246,938.94	3.00%	7,984,359.16					
Nature portfolio	892,267,869.95	99.09%			892,267,869.95	697,277,202.71	100.00%			697,277,202.71
Total	900,499,168.05	100.00%	246,938.94	0.03%	900,252,229.11	697,277,202.71	100.00%			697,277,202.71

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 : 246,938.94

Unit: CNY

Name of portfolio	Closing balance		
	Accounts receivables	Provision for bad debt	Proportion
Risk portfolio	8,231,298.10	246,938.94	3.00%
Total	8,231,298.10	246,938.94	--

Notes to determine provision for bad debt by portfolio:

Provision for bad debts by portfolio :

Unit: CNY

Name of portfolio	Closing balance

	Accounts receivables	Provision for bad debt	Proportion
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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)	900,499,168.05
Total	900,499,168.05

(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 Yanghe Liquor Operation Management Co.,Ltd	640,740,847.81	71.15%	
Jiangsu Shuanggou Liquor Co.,Ltd	118,240,639.81	13.13%	
Hubei Lihuacun Liquor Industry Co.,Ltd.	99,724,012.12	11.07%	
Siyang Lantu Liquor Operation Co.,Ltd.	30,783,590.93	3.42%	
Jiangsu Diageo Wine Co. Ltd	8,231,298.10	0.91%	246,938.94
Total	897,720,388.77	99.68%	

2. Other receivables

Unit: CNY

Item	Closing balance	Opening balance
Dividend receivable		713,143.77
Other receivables	8,154,899,373.55	949,642,201.21
Total	8,154,899,373.55	950,355,344.98

(1) 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	8,153,014,458.45	944,080,654.19
Cash deposit	15,020,000.00	15,807,031.24
Business loans and petty cash	3,429,429.04	3,953,955.18
Other receivables	3,038,490.82	1,189,201.13
Total	8,174,502,378.31	965,030,841.74

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 2019	161,933.81		15,226,706.72	15,388,640.53
Change of opening balance as at 1 January 2019 in current period	—	—	—	—
-- Return to phase 3	-44,464.94		44,464.94	
Provision in 2019			3,298,423.46	3,298,423.46
Reverse in 2019	49,914.58			49,914.58
Other changes	108.15		965,747.20	965,855.35
Balance as at 31 December 2019	67,662.44		19,535,342.32	19,603,004.76

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)	8,149,352,133.73
1-2 years	1,944,798.29
2-3 years	2,278,210.22
Over 3 years	20,927,236.07
3-4 years	150,376.89
4-5 years	1,377,525.00
Over 5 years	19,399,334.18
Total	8,174,502,378.31

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 debt	15,388,640.53	3,298,423.46	49,914.58		965,855.35	19,603,004.76

Total	15,388,640.53	3,298,423.46	49,914.58		965,855.35	19,603,004.76
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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	8,015,094,136.59	With in 1 year	98.05%	
Guizhou Guijiu Co.,Ltd.	Loan	85,648,130.32	With in 1 year	1.05%	
Hubei Lihuacun Liquor Industry Co.,Ltd.	Loan	25,450,000.00	With in 1 year	0.31%	
Jiangsu Juntai Properties Co.,Lt., Suqian Guotai Department Store Co.,Ltd. bankruptcy administrator deposit	deposit	15,000,000.00	Over 5 years	0.18%	15,000,000.00
Harbin Binzhou Brewery Co.,Ltd.	Loans	13,717,100.00	8,830,000.00 with in 1 year, 848,000.00 in 1 to 2 years, 290,000.00 in 2 to 3 years, 3,749,100.00 over 3 years	0.17%	
Total	--	8,154,909,366.91	--	99.76%	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	7,365,139,180.24		7,365,139,180.24
Total	7,964,291,378.23		7,964,291,378.23	7,365,139,180.24		7,365,139,180.24

(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		
Jiangsu Yanghe Package	153,109,422.39		153,109,422.39				

Co.,Ltd.							
Suqian Yanghe Guibinguan Co.,Ltd.	700,000.00					700,000.00	
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.	193,300,000.00	750,000,000.00				943,300,000.00	
Jiangsu Yanghe Weiketang Network Technology Co.,Ltd.	300,000.00					300,000.00	
Dream Blue Haichuanhui (Shiyan) Trade	15,738,379.62		15,738,379.62				

Investment Co., Ltd.							
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	7,365,139,180.24	768,000,000.00	168,847,802.01			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	8,802,985,205.67	4,522,356,318.57	8,929,113,755.67	4,329,862,499.55
Other business	814,151,123.47	778,500,563.64	790,965,922.15	733,774,470.86
Total	9,617,136,329.14	5,300,856,882.21	9,720,079,677.82	5,063,636,970.41

Does the company need to comply with the disclosure requirements of revenue.

No

Other statements:

5. Investment income

Unit: CNY

Item	Current period	Previous period
Investment income from long-term equity investments under the equity method	6,416,968,211.24	6,099,622,529.13
Investment income from disposing long-term equity investments	27,117,336.74	
Investment income from financial assets held for trading during the holding period	6,946,070.62	
Investment income from disposal of financial assets held for trading	407,441,556.04	
Investment income from available-for-sale financial assets during the holding period		16,371,813.72
Investment income from disposal of available-for-sale financial assets		56,995,537.28
Other investment income		546,760,832.64
Total	6,858,473,174.64	6,719,750,712.77

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	13,797,266.00	
Government grants accounted for, in the profit or loss for the current period (except for the government grants	85,605,383.19	

closely related to the business of the 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	973,456,912.43	
Other non-operating income and expenditure except above-mentioned items	12,845,147.02	
Other profit and loss items that conform to the definition of non-recurring profits and losses	1,670,388.78	
Less: Effect of income tax	260,122,467.95	
Effect of minority equity	319,932.41	
Total	826,932,697.06	--

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	21.21%	4.8991	4.8991
Net profits attributable to ordinary shareholders of the Company after deduction of extraordinary gain and loss	18.83%	4.3503	4.3503

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 2019 annual report signed by chairman.